

NEW MEXICO
LEGISLATIVE FINANCE COMMITTEE

LEGISLATING FOR RESULTS:

Appropriation Recommendations

Report to the Fifty-Fifth Legislature, Second Session
VOLUME 2



January 2022 for the 2023 Fiscal Year

Published by:

**New Mexico State Legislative Finance Committee
325 Don Gaspar, Suite 101, Santa Fe, New Mexico 87501**

David Abbey, Director
Charles Sallee, Deputy Director
Jeannae L. Leger, Assistant Director

FISCAL TEAM

Nina Chavez, Capital Outlay Analyst
Amanda Dick-Peddie, Fiscal Analyst
Ruby Ann Esquibel, Principal Analyst
Jennifer Faubion, Economist
Jessica Hitzman, Fiscal Analyst
Connor Jorgensen, Principal Analyst
Kelly Klundt, Principal Analyst
Sunny Liu, Senior Fiscal Analyst II
Alison Nichols, Senior Fiscal Analyst II
Steve Olson, Capital Outlay Analyst
Ellen Rabin, Fiscal Analyst
Ismael Torres, Chief Economist
Mark Valenzuela, Principal Analyst
Caitlyn Wan, Senior Fiscal Analyst I

SUPPORT STAFF TEAM

Sharon Boylan, Committee Services Coordinator
Adreena Lujan, Administrative Assistant III
Rene Lopez, Administrative Assistant II
Annamae Montoya, Financial Assistant III

Helen Gaussoin, Editor and Public Information

January, 2022

Table of Contents

	Code No.	Page No.
Legislative		
Legislative Branch	111-131	2
Judicial		
New Mexico Compilation Commission	208	4
Judicial Standards Commission	210	6
Court of Appeals	215	8
Supreme Court	216	9
Administrative Office of the Courts	218	11
All District Courts	231-243	18
First Judicial District Court	231	20
Second Judicial District Court	232	21
Third Judicial District Court	233	22
Fourth Judicial District Court	234	23
Fifth Judicial District Court	235	24
Sixth Judicial District Court	236	25
Seventh Judicial District Court	237	26
Eighth Judicial District Court	238	27
Ninth Judicial District Court	239	28
Tenth Judicial District Court	240	29
Eleventh Judicial District Court	241	30
Twelfth Judicial District Court	242	31
Thirteenth Judicial District Court	243	32
Bernalillo County Metropolitan Court	244	33
All District Attorney's	251-263 & 265	34
First Judicial District Attorney	251	36
Second Judicial District Attorney	252	38
Third Judicial District Attorney	253	40
Fourth Judicial District Attorney	254	42
Fifth Judicial District Attorney	255	43
Sixth Judicial District Attorney	256	44
Seventh Judicial District Attorney	257	45
Eighth Judicial District Attorney	258	46
Ninth Judicial District Attorney	259	47
Tenth Judicial District Attorney	260	48
Eleventh Judicial District Attorney, Division I	261	49
Eleventh Judicial District Attorney, Division II	265	50
Twelfth Judicial District Attorney	262	51
Thirteenth Judicial District Attorney	263	52
Administrative Office of the District Attorneys	264	54
Law Offices of the Public Defender	280	55
General Control		
Attorney General	305	58
State Auditor	308	62
Taxation and Revenue Department	333	65
State Investment Council	337	71

Table of Contents

	Code No.	Page No.
Administrative Hearings Office	340	74
Department of Finance and Administration	341	76
Public School Insurance Authority	342	85
Retiree Health Care Authority	343	90
General Services Department	350	94
Educational Retirement Board	352	104
New Mexico Sentencing Commission	354	107
Governor	356	110
Lieutenant Governor	360	112
Department of Information Technology	361	113
Public Employees Retirement Association	366	119
State Commission of Public Records	369	122
Secretary of State	370	125
Personnel Board	378	129
Public Employee Labor Relations Board	379	132
State Treasurer	394	134
 Commerce and Industry		
Board of Examiners for Architects	404	138
Ethics Commission	410	140
Border Authority	417	142
Tourism Department	418	144
Economic Development Department	419	149
Regulation and Licensing Department	420	156
Public Regulation Commission	430	166
Office of the Superintendent of Insurance	440	171
Medical Board	446	176
Board of Nursing	449	178
New Mexico State Fair	460	181
State Board of Licensure for Engineers & Land Surveyors	464	183
Gaming Control Board	465	185
State Racing Commission	469	187
Board of Veterinary Medicine	479	189
Cumbres and Toltec	490	191
Office of Military Base Planning and Support	491	193
Spaceport Authority	495	195
 Agriculture, Energy and Natural Resources		
Cultural Affairs Department	505	200
New Mexico Livestock Board	508	207
Department of Game and Fish	516	210
Energy, Minerals and Natural Resources Department	521	216
Youth Conservation Corps	522	224
Intertribal Ceremonial Office	538	226
Commissioner of Public Lands	539	228
State Engineer	550	230

Table of Contents

	Code No.	Page No.
Health, Hospitals and Human Services		
Office of African American Affairs	603	.238
Commission for Deaf and Hard-of-Hearing Persons	604	.240
Martin Luther King, Jr. Commission	605	.242
Commission for the Blind	606	.244
Indian Affairs Department.	609	.246
Early Childhood Education and Care Department	611	.249
Aging and Long-Term Services Department	624	.258
Human Services Department	630	.265
Workforce Solutions Department	631	.281
Workers' Compensation Administration	632	.290
Division of Vocational Rehabilitation	644	.293
Governor's Commission on Disability	645	.299
Developmental Disabilities Council	647	.302
Miners' Hospital of New Mexico	662	.306
Department of Health	665	.309
Department of Environment	667	.323
Office of the Natural Resources Trustee	668	.331
Veterans' Services Department	670	.333
Children, Youth and Families Department	690	.335
Public Safety		
Department of Military Affairs	705	.344
Adult Parole Board	760	.347
Juvenile Public Safety Advisory Board	765	.349
Corrections Department	770	.350
Crime Victims Reparation Commission	780	.360
Department of Public Safety	790	.365
Homeland Security and Emergency Management	795	.375
Transportation		
Department of Transportation	805	.382
Other Education		
Public Education Department	924	.390
Regional Education Cooperative	930	.393
Public School Facilities Authority	940	.396
Education Trust Board	949	.399
Higher Education		
Higher Education Department	950	.402
Higher Education Institutions	952-980	.417
Public School Support		
Public School Support	993	.472
Quasi		
New Mexico Mortgage Finance Authority	NMM	.491

Legislative

BUDGET SUMMARY
(Dollars in Thousands)

USES	FY21 2020-2021 Actuals	FY22 Operating Budget	FY23		
			Agency Request	LFC Recommen- dation	Percent Incr/(Decr) Over FY22
111 Legislative Council Service	5,263.9	6,363.1	7,050.9	7,050.9	10.8%
112 Legislative Finance Committee	4,432.5	4,485.1	4,843.9	4,843.9	8.0%
114 Senate Chief Clerk	967.5	1,780.7	1,875.7	1,875.7	5.3%
115 House Chief Clerk	1,299.3	1,734.0	1,803.1	1,803.1	4.0%
117 Legislative Education Study Committee	1,190.2	1,349.9	1,437.8	1,437.8	6.5%
119 Legislative Building Services (GAA)	3,785.1	4,345.7	4,485.7	4,563.0	5.0%
131 Interim Committee Expenses	477.4	1,000.0	1,000.0	1,000.0	0.0%
131 Pre-Session Expenses	310.3	425.0	450.0	450.0	5.9%
131 Legislative Internship Program	15.9	47.5	50.0	50.0	5.3%
131 Senate Rules Interim Committee	0.0	35.0	35.0	35.0	0.0%
131 National Dues & Membership Fees		419.5	418.0	418.0	-0.4%
131 Capital Buildings Planning Commission	0.0	0.0	150.0	150.0	
TOTAL	\$17,742.1	\$21,985.5	\$23,600.1	\$23,677.4	7.7%
NONRECURRING			FY22		
131 Legislative Information Systems	1,264.2	1,617.1	1,723.4	1,723.4	
NONRECURRING					
2022 Legislature		*6,181.5			
2021 Legislature		10,307.10			
2020 Legislature		5,183.20			
2019 Legislature		9,491.70			
2018 Legislature		5,654.50			

*Appropriation for the 2022 30-day legislative session will be made by the Legislature in January 2022. The budgeted amount of \$6,181.5 was provided by the Legislative Council Service.

Appropriation for the 2023 60-day legislative session will be made by the Legislature in January 2023.

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.

Judicial

Statutory Authority

The New Mexico Compilation Commission is 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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	529.9	529.9	539.5	529.9	0.0
Other Transfers	400.0	400.0	400.0	400.0	0.0
Other Revenues	633.0	555.0	575.0	575.0	3.6
Fund Balance	0.0	96.6	67.0	76.6	(20.7)
TOTAL SOURCES	1,562.9	1,581.5	1,581.5	1,581.5	0.0
USES					
Operations	1,026.4	1,581.5	1,581.5	1,581.5	0.0
TOTAL USES	1,026.4	1,581.5	1,581.5	1,581.5	0.0
FTE					
Permanent	6.0	5.0	5.0	5.0	0.0
Term	0.0	1.0	1.0	1.0	0.0
TOTAL FTE	6.0	6.0	6.0	6.0	0.0

At A Glance

The NMCC requested a general fund revenue increase of \$9.6 thousand and increased other revenue from filing, licensing and other fees by \$20 thousand to cover projected expenditures using less fund balance. For FY22, the commission was authorized by the Department of Finance and Administration to use \$9,600 from fund balance for the 1.5 percent compensation increase authorized for state employees in the 2021 GAA. For FY23, NMCC's request would replace that amount with general fund revenue. Prior to 2020, NMCC was an enterprise agency with no general fund support. In 2020, NMCC changed its model to support free public access and gain more control over the official dataset with less reliance on other state funds from sales. During this transition, NMCC is using fund balance prudently due to concerns about the loss of revenue over time from agencies switching to using the free online legal resource as opposed to buying print as before. NMCC's projected fund balance for FY23 is \$1.7 million.

The recommendation supports the total request but keeps general fund transfers flat with FY22 due to strong fund balances. Each fiscal year, in the "feed bill" that pays for legislative expenses, a \$400 thousand appropriation from legislative cash balances is made to NMCC to cover the Legislature's share of costs to develop the master database of official annotated laws, and the technology for free public access.

To comply with Covid-19 restrictions, New Mexico Compilation Commission (NMCC) published laws remotely using technology set up in 2019 to make the official dataset of New Mexico's laws available free to the public at www.NMOneSource.com. In April 2021, NMCC added the New Mexico Administrative Code published by the Commission on Public Records to the database.

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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Explanatory	Average number of nmonesource.com actions performed per month	0.0	435,046.0	N/A	N/A	N/A

Statutory Authority

An amendment to Article VI, Section 32, of the New Mexico Constitution creates the Judicial Standards Commission to provide a means for disciplining judges at all levels of the judiciary. The commission consists of 13 members: seven lay people appointed by the governor, two attorneys elected by the Board of Bar Commissioners, and four members appointed by the Supreme Court. The latter four positions are filled by a Supreme Court justice, a Court of Appeals judge, a district judge, and a magistrate judge. The seven lay members serve five-year terms, while the attorney and judge members serve four-year terms.

Mission

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

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	876.2	891.0	1,008.3	932.3	4.6
Other Transfers	3.0	0.0	0.0	0.0	0.0
TOTAL SOURCES	879.2	891.0	1,008.3	932.3	4.6
USES					
Operations	874.0	891.0	1,008.3	932.3	4.6
TOTAL USES	874.0	891.0	1,008.3	932.3	4.6
FTE					
Permanent	8.0	8.0	7.0	7.0	(12.5)
TOTAL FTE	8.0	8.0	7.0	7.0	(12.5)

At A Glance

The Judicial Standards Commission (JSC) requested a 13.2 percent increase in general fund revenue from the FY22 operating budget. The requested increase reflected current salaries and benefits for 6 FTE, filling one paralegal position above mid-point, targeted salary adjustments for 4 FTE, and an overall 10 percent increase for all 7 FTE to stay consistent with the judiciary's 10 percent salary increase request, because the JSC's pay schedule is not part of the judiciary's unified budget. The commission also asked for increases to cover expenses not incurred during the pandemic for staff and board travel and training, in-person meetings and trials, new laptops for commissioners, and rent for a new, smaller office space, among other expenses.

The State Ethics Commission Act, passed in 2019, included a provision that expanded the Judicial Standards Commission's jurisdiction to include hearing officers of the judicial branch. According to the commission, the only means by which these employees may be brought within the commission's oversight is by public vote to amend the Constitution. Until this unconstitutionality can be rectified by either rescinding the statutory provision or by passing an amendment to the Constitution, the commission says it will continue to dismiss complaints filed against hearing officers for lack of jurisdiction.

Out of 120 verified written complaints in FY21, the commission found grounds to recommend the resignation or retirement from judicial office of three judges: one McKinley County magistrate judge, one Española municipal court judge and one Santa Clara municipal judge. The remainder were dismissed as appellate in nature, beyond the commission's jurisdiction, or unsubstantiated.

The recommendation increases general fund revenue by 4.6 percent for 7 FTE with no compensation adjustments; board training on judicial ethics, discipline, and sanctions; increased lease costs; and upgrades to IT equipment to continue virtual proceedings.

JUDICIAL STANDARDS COMMISSION

The Judicial Standards Commission is an independent state agency within the Judicial Branch constitutionally charged with receiving, investigating, holding evidentiary trials, and making recommendations to the Supreme Court concerning complaints alleging judicial misconduct and disability against all state court judges, including Probate Courts, Municipal Courts, Magistrate Courts, Metropolitan Courts, District Courts, Court of Appeals, and the Supreme Court. The Commission receives complaints from the public, attorneys, court employees, organizations and judges. The Commission may initiate a complaint on its own motion or by its General Counsel.

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Efficiency	On knowledge of cause for emergency interim suspension, time for commission to file petition for temporary suspension, in days	0.0	2.0	0.0	0.0	2.0
Efficiency	For cases in which formal charges are filed, average time for formal hearings to be held, in meeting cycles	0.0	0.0	0.0	2.0	2.0

Statutory Authority

The Court of Appeals was established by constitutional amendment in 1965. Its statutory authority is found in Sections 34-5-1 through 34-5-14 NMSA 1978. The court has no original jurisdiction but reviews certain types of cases on appeal: violations of municipal or county ordinances where a fine or imprisonment is imposed; decisions of state administrative agencies; all actions under the Workers' Compensation Act, the New Mexico Occupational Disabling 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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	6,551.7	6,656.1	6,770.9	6,844.5	2.8
Other Transfers	17.9	0.0	0.0	0.0	0.0
Other Revenues	0.1	1.0	1.0	1.0	0.0
TOTAL SOURCES	6,569.7	6,657.1	6,771.9	6,845.5	2.8
USES					
Operations	6,542.6	6,657.1	6,771.9	6,845.5	2.8
TOTAL USES	6,542.6	6,657.1	6,771.9	6,845.5	2.8
FTE					
Permanent	62.5	62.5	62.5	62.5	0.0
TOTAL FTE	62.5	62.5	62.5	62.5	0.0

At A Glance

The Court of Appeals requested a general fund revenue increase of \$114.8 thousand, or 1.7 percent, from the FY20 operating budget primarily to cover increased maintenance and repair costs for the aging courthouse in Albuquerque, transcription costs as part of endeavors to decrease the time it takes to process cases, and information technology upgrades.

The court has been impacted by high judge turnover rates in recent years, which has contributed to a significant backlog. The recommendation supports the request, which is 231.7 thousand, or 3.9 percent, higher than actual spending for personnel. The increase should also help fund initiatives to reduce time to dispose of civil and criminal cases, contract with pro tem judges and attorneys to also help with processing cases, and cover other operational needs. The court included performance measures with its request but no targets due to lack of confidence in the data behind the reporting. In FY21, the court's disposition rate was 103 percent because 752 cases were disposed of and 731 new cases were filed. However, new cases filed was historically low from fewer cases entering the system and lower courts not processing cases at prepandemic levels.

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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Outcome	Age of active pending civil cases, in days	504.0	373.0	220.0	365.0	585.0
Outcome	Days to disposition for civil cases	609.0	440.0	180.0	375.0	555.0
Outcome	Days to disposition for criminal cases	664.0	509.0	180.0	425.0	605.0
Outcome	Age of active pending criminal cases, in days	516.0	414.0	180.0	425.0	605.0

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	6,249.3	6,585.0	6,789.8	6,801.4	3.3
Other Transfers	18.4	0.0	0.0	0.0	0.0
Other Revenues	1.1	1.5	1.5	1.5	0.0
TOTAL SOURCES	6,268.8	6,586.5	6,791.3	6,802.9	3.3
USES					
Operations	6,129.5	6,586.5	6,791.3	6,802.9	3.3
TOTAL USES	6,129.5	6,586.5	6,791.3	6,802.9	3.3
FTE					
Permanent	66.2	64.0	65.0	64.0	0.0
TOTAL FTE	66.2	64.0	65.0	64.0	0.0

At A Glance

The New Mexico Supreme Court requested a general fund revenue increase of \$204.8 thousand, or 3.1 percent, from the FY22 operating budget, in part to support public livestreaming and archiving of oral arguments. The committee recommendation does not include additional funding requested for personnel due to a large well-funded vacancy rate but supports the Supreme Court's request in the contractual services and other cost categories.

Budget Issues

The court requested increased funding for Supreme Court Law Library contracts, Supreme Court Building Commission utilities and maintenance agreements, and post-pandemic resumption of travel for court-related business. The court also asked for increased funding in anticipation of higher transcriptions costs for indigent criminal appeals as trials resume to pre-pandemic levels. Finally, the court submitted an expansion request of \$45.4 thousand for an additional security officer to be on grounds at all times.

As part of the Judicial Unified Budget and included in the Administrative Office of the Court's request, the Judicial Compensation Commission recommended a pay increase for 133 judges and justices, from approximately \$131 thousand to \$155 thousand, which is what judges and justices receive currently depending upon their jurisdiction, to approximately \$172 thousand to \$203 thousand, based on federal magistrate judge pay rates. This would represent an increase of approximately 31 percent in one year. According to the National Center for State Courts, however, pay for New Mexico justices' rank 48th and pay for general jurisdiction judges' rank 41st, when compared with other states. The cost of the proposal is \$6.9 million in recurring general fund revenue.

To provide greater public access to Supreme Court oral arguments, the court implemented livestreaming capability during the pandemic due to restrictions necessary to protect public health and plans to continue livestreaming oral arguments indefinitely. During this difficult time, the Supreme Court addressed questions surrounding the executive branch's authority to impose business restrictions during a pandemic and the constitutionality of directives banning in-person attendance during legislative sessions.

**BASE EXPANSION LISTING
FY 2022-2023**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	Security Officer	P216	45.4	0.0
TOTAL			45.4	0.0

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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	101.00%	97.00%	0.00%	100.00%	100.00%
Outcome	Percentage of criminal cases disposed of in 180 days or less (discretionary appeals - initial review)	29.00%	47.00%	180.00%	180.00%	180.00%
Outcome	Percentage of active pending criminal cases 510 days or less (appeals as of right)	387.00%	361.00%	365.00%	365.00%	365.00%
Outcome	Percentage of active pending civil cases 180 days or less (discretionary appeals - initial review)	275.00%	45.00%	180.00%	180.00%	180.00%
Outcome	Percentage of civil cases disposed of in 630 days or less (discretionary appeals - review granted)	528.00%	641.00%	420.00%	420.00%	420.00%

Statutory Authority

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

Mission

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

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	36,664.2	49,110.2	61,832.1	40,356.8	(17.8)
Other Transfers	3,717.9	6,727.6	2,913.1	2,913.1	(56.7)
Federal Revenues	1,219.0	2,330.6	2,330.6	2,330.6	0.0
Other Revenues	5,972.3	11,142.3	11,092.3	11,092.3	(0.4)
Fund Balance	2,469.4	5,438.1	11,460.7	10,635.7	95.6
TOTAL SOURCES	50,042.8	74,748.8	89,628.8	67,328.5	(9.9)
USES					
Personal Services and Employee Benefits	16,143.3	18,897.9	37,167.7	18,867.7	(0.2)
Contractual Services	13,385.1	16,056.6	19,573.4	17,598.2	9.6
Other	14,038.4	22,514.8	31,335.5	29,310.4	30.2
Other Financing Uses	1,537.4	1,551.4	1,552.2	1,552.2	0.1
TOTAL USES	45,104.2	59,020.7	89,628.8	67,328.5	14.1
FTE					
Permanent	154.0	146.5	170.5	165.5	13.0
Term	32.0	43.0	25.0	25.0	(41.9)
TOTAL FTE	186.0	189.5	195.5	190.5	0.5

At A Glance

The Administrative Office of the Courts requested an overall budget of \$89.6 million. The request included an increase of \$24.5 million, or 62 percent compared with the FY22 operating budget, in general fund revenue. Of the \$24 million general fund request, \$16.7 million was for compensation increases for judges and staff. The request also included \$1.2 million to restore general fund revenue that was "sanded" of the appropriation in FY22 and replaced with fund balance. The Administrative Office of the Courts also requested funding for education programs, increased lease costs, and expansions for guardianship and pretrial services.

The committee recommendation increases general fund revenue to the agency by \$3 million, or 8.1 percent. The increase funds the agency's top priorities, including increased general fund revenue to decrease reliance on the jury and witness and language access funds, funding for lease costs, and expansion of pretrial services, including an overnight monitoring program.

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. The Supreme Court's top priority for the FY23 unified budget was compensation, and the AOC budget included funding for a 10 percent salary increase for judicial employees and a 30 percent increase for all district, statewide, and metropolitan judges. The committee recommendation similarly prioritizes compensation and includes funding for a 10 percent increase for judges and a 2 percent increase for staff in the base of each statewide, district, and metropolitan court.

Administrative Services. For the Administrative Services Program, the agency requested a general fund revenue increase of \$19.4 million, or 194.4 percent compared with the FY22 operating budget, \$16 million of which was for judge and staff compensation. The agency request reduced other transfers by \$500 thousand and increased budgeted fund balance by \$2 million from the language access fund to purchase court navigator software. In FY22 the Legislature reduced general fund revenue to the program by \$925 thousand and increased budgeted fund balance to offset the reduction. The agency requested to fully restore the general fund revenue reduction. The request also included \$1 million to fully fund the University of New Mexico Judicial Education Center, currently funded through court fees and grants, and \$200 thousand for increased lease costs.

The LFC recommendation increases general fund revenue to the program by \$1.8 million, or 19 percent above the FY22 operating budget. The recommendation includes \$825 thousand to restore the general fund reduction made in FY22, and reduces budgeted fund balance by the same amount. The recommendation includes \$700 thousand to fully fund the agency's lease costs, \$217 thousand for staff salary increases, and \$100 thousand to reduce the UNM Judicial Education Center's reliance on grants and fees.

Statewide Judiciary Automation. The request for the Statewide Judiciary Automation program increased general fund revenue by \$1.5 million, or 28.6 percent over the FY22 operating budget, for a data sharing platform and to use general fund for personnel currently funded with the Supreme Court automation fund (SCAF). The request kept other revenues and transfers flat with FY22 but increased budgeted fund balance by \$4.7 million for a virtual court navigator, automated translation services, IT upgrades, and other software. The agency also requested a \$1.2 million, or 5.8 percent, decrease in personnel funding to align the agency budget with actual expenditures in the category. The LFC recommendation keeps general fund close to flat with the FY22 operating budget, with a small increase to fund rate changes. The recommendation supports the agency request for all other funding sources but budgets \$350 thousand of SCAF fund balance for a data-sharing platform for courts, district attorneys, public defenders, and corrections agencies.

Magistrate Court. The Magistrate Court Program request increased general fund revenue by \$1.7 million and kept all other funding sources flat with the FY22 operating budget. Of the general fund revenue increase, \$1.5 million was for magistrate court security personnel and \$209.6 thousand to restore a general fund revenue reduction made in FY22. The recommendation restores general fund revenue to the program but decreases the personal services and employee benefits category by 5.8 percent to leverage significant funded vacancies in the program. The recommendation supports the agency request for all other revenue sources. LFC may consider funding magistrate court security as a special appropriation.

Special Court Services. The AOC request increased general fund revenue by \$502.7 thousand in the base and \$1.2 million in expansions for the Special Court Services Program. In the base, the agency requested \$317 thousand for court-appointed attorneys, \$63.8 thousand for the supervised exchange program, and \$116 thousand for the Court-Appointed Special Advocate program. The request decreased other transfers by \$500 thousand, due to the agency budgeting a transfer from the Children, Youth and Families Department with a new accounting mechanism in FY23. The recommendation increases general fund revenue in the base by \$200 thousand for court-appointed special attorneys.

Base Expansion

The committee recommends three of the agency's 14 requested expansions. The recommendation includes \$188 thousand for a fostering connections program and a total of \$614 thousand for pretrial services, including funding an overnight monitoring program.

BASE EXPANSION LISTING FY 2022-2023

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	2 Internal Auditors	P610	158.0	0.0
0	3 Data Analysts	P559	300.0	0.0
0	Management Analyst	P559	65.0	0.0
0	S20804- CAAF Office of Family Representation	P620	241.0	0.0
0	S20804- Fostering Connections	P620	188.0	188.0
0	S20807- ATJ Director of Equity and Inclusion	P620	105.0	0.0
0	S20811 - 2 Pretrial Supervision Officer I s	P620	119.8	0.0
0	S20811- 2 Pretrial Background Investigators	P620	132.0	132.0
0	S20811- Pretrial Program Manager	P620	85.3	85.3
0	S20811- Pretrial Supervision Officer II	P620	68.9	68.9
0	S20812- 2 Guardianship Internal Auditors	P620	129.8	129.8

**BASE EXPANSION LISTING
FY 2022-2023**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	S20812- Guardianship Audit Supervisor	P620	81.1	81.1
0	S20812- Guardianship Paralegal	P620	80.0	99.1
0	S20812- Guardianship WINGS Moderator	P620	18.0	18.0
TOTAL			1,771.9	802.2

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)**

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	9,528.7	9,936.1	29,251.2	11,826.9	19.0
Other Transfers	1,943.8	813.6	313.6	313.6	(61.5)
Federal Revenues	1,219.0	2,330.6	2,330.6	2,330.6	0.0
Other Revenues	24.3	2,125.0	2,075.0	2,075.0	(2.4)
Fund Balance	0.0	3,133.7	5,158.7	4,333.7	38.3
TOTAL SOURCES	12,715.8	18,339.0	39,129.1	20,879.8	13.9
USES					
Personal Services and Employee Benefits	6,086.2	5,973.5	23,463.5	7,015.8	17.4
Contractual Services	3,716.2	3,470.9	4,196.0	4,090.2	17.8
Other	1,991.0	8,894.6	11,469.6	9,773.8	9.9
TOTAL USES	11,793.4	18,339.0	39,129.1	20,879.8	13.9
FTE					
Permanent	70.0	65.0	58.0	58.0	(10.8)
Term	4.0	2.0	2.0	2.0	0.0
TOTAL FTE	74.0	67.0	60.0	60.0	(10.4)

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Efficiency	Average cost per juror	\$49	\$55	\$55	\$55	\$55
Explanatory	Number of jury trials	216.0	517.0	N/A	N/A	N/A
Efficiency	Average interpreter cost per session	\$117	\$63	\$150	\$150	\$100

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	5,189.5	5,258.7	6,760.2	5,261.9	0.1
Other Transfers	11.2	0.0	0.0	0.0	0.0
Other Revenues	3,623.1	5,328.6	5,328.6	5,328.6	0.0
Fund Balance	0.0	0.0	4,700.0	4,700.0	0.0
TOTAL SOURCES	8,823.8	10,587.3	16,788.8	15,290.5	44.4
USES					
Personal Services and Employee Benefits	5,381.4	6,958.0	7,725.2	6,556.3	(5.8)
Contractual Services	450.9	907.5	907.5	907.5	0.0
Other	2,348.9	2,721.8	8,156.1	7,826.7	187.6
TOTAL USES	8,181.2	10,587.3	16,788.8	15,290.5	44.4
FTE					
Permanent	52.0	54.5	60.5	60.5	11.0
Term	6.0	6.0	0.0	0.0	(100.0)
TOTAL FTE	58.0	60.5	60.5	60.5	0.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Efficiency	Average time to respond to customer service requests, in days	0.0	0.0	1.0	1.0	1.0
Efficiency	Average time to resolve customer service requests, in days	1.0	0.0	5.0	5.0	1.0

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	10,510.2	10,318.0	12,255.9	10,527.6	2.0
Other Transfers	4.8	0.0	0.0	0.0	0.0
Other Revenues	2,324.9	3,688.7	3,688.7	3,688.7	0.0
Fund Balance	0.0	359.6	359.6	359.6	0.0
TOTAL SOURCES	12,839.9	14,366.3	16,304.2	14,575.9	1.5

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
USES					
Personal Services and Employee Benefits	2,609.1	3,675.3	2,439.5	2,439.5	(33.6)
Contractual Services	275.3	525.9	2,901.2	1,172.8	123.0
Other	9,478.0	10,165.1	10,963.5	10,963.6	7.9
TOTAL USES	12,362.4	14,366.3	16,304.2	14,575.9	1.5
FTE					
Permanent	13.0	9.0	11.0	9.0	0.0
Term	15.0	22.0	22.0	22.0	0.0
TOTAL FTE	28.0	31.0	33.0	31.0	0.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Explanatory	Number of desk audits completed	NEW	0.0	N/A	N/A	N/A
Explanatory	Number of internal audits delivered	NEW	0.0	N/A	N/A	N/A

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.

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	11,435.8	11,813.2	13,564.8	12,740.4	7.8
Other Transfers	1,758.1	2,942.5	2,599.5	2,599.5	(11.7)
Fund Balance	2,469.4	972.4	1,242.4	1,242.4	27.8
TOTAL SOURCES	15,663.3	15,728.1	17,406.7	16,582.3	5.4
USES					
Personal Services and Employee Benefits	0.0	2,291.1	3,539.5	2,856.1	24.7
Contractual Services	0.0	11,152.3	11,568.7	11,427.7	2.5
Other	0.0	733.3	746.3	746.3	1.8
Other Financing Uses	0.0	1,551.4	1,552.2	1,552.2	0.1
TOTAL USES	0.0	15,728.1	17,406.7	16,582.3	5.4
FTE					
Permanent	19.0	18.0	41.0	38.0	111.1
Term	7.0	13.0	1.0	1.0	(92.3)
TOTAL FTE	26.0	31.0	42.0	39.0	25.8

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Explanatory	Number of monthly supervised child visitations and exchanges conducted	951.0	11,211.0	N/A	N/A	N/A
Outcome	Statewide recidivism rate for drug-court participants	18.00%	10.39%	12.00%	12.00%	12.00%
Outcome	Three-year intent-to-treat recidivism rate of drug court program participants (statewide)	23.00%	14.18%	25.00%	25.00%	25.00%
Outcome	Employment rate of adult drug court program graduates for current fiscal year (statewide)	97.00%	90.81%	90.00%	90.00%	90.00%
Outcome	Education rate of juvenile drug court program graduates for current fiscal year (statewide)	100.00%	100.00%	100.00%	100.00%	100.00%
Outcome	Recidivism rate for DWI court participants (statewide)	7.00%	7.58%	10.00%	0.00%	10.00%
Explanatory	Graduation rate for drug court participants (statewide)	59.00%	49.71%	N/A	N/A	N/A
Explanatory	Graduation rate for DWI court participants (statewide)	80.00%	78.95%	N/A	N/A	N/A
Explanatory	Cost per client per day for all drug court participants	\$25	\$29	N/A	N/A	N/A
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	14.00%	N/A	N/A	N/A
Explanatory	Number of cases to which court-appointed special advocate volunteers are assigned	280.0	2,430.0	N/A	N/A	N/A
Outcome	Average time, in days, to completed adjudication in abuse and neglect cases	124.0	161.0	180.0	0.0	160.0
Explanatory	Percent of released defendants who comply with conditions of their release, appear for all scheduled court appearances, and are not charged with a new offense during pretrial supervision	NEW	0.00%	N/A	N/A	N/A
Explanatory	Ratio of defendants whose supervision level or detention status corresponds with assessed risk	NEW	0/0	N/A	N/A	N/A
Explanatory	Percent of supervised defendants who make all scheduled court appearances	NEW	0.00%	N/A	N/A	N/A
Explanatory	Percent of supervised defendants who are not charged with a new offense during the pretrial stage	NEW	0.00%	N/A	N/A	N/A

AOC - SPECIAL COURT SERVICES APPROPRIATIONS

BUDGET SUMMARY

(dollars in thousands)

FY 2020 - 2023

	FY20 Actuals	FY21 Budget	FY22 Budget	FY23 Agency Request	FY23 Recommendation	Percent incr (decr)
SOURCES						
General fund transfers	10,190.9	10194.2	11,784.20	13,689.2	12,740.4	8.1%
Other transfers	1,380.0	1600.7	3271.5	2,599.5	2,599.5	-20.5%
Federal program revenues	-	-		-		
Other program revenues	-	142.50		-		
General revenues	-	-		-		
Fund balance	532.3	-	972.40	1,242.4	1,242.4	27.8%
TOTAL REVENUE	12,103.2	11,937.4	16,028.1	17,531.1	16,582.3	3.5%
USES						
(a) CASA	1,316.8	1356.7	1,398.6	1,456.5	1,398.6	0.0%
(b) Supervised Visitation	881.1	881.1	849.7	913.5	849.7	0.0%
(c) Water Rights	938.9	443.2	925.4	882.4	882.4	-4.6%
(d) Court-appointed Attorneys	5,787.1	6037.1	6,217.5	6,722.5	6,530.5	5.0%
(e) Children's Mediation	276.4	276.4	277.1	277.1	277.1	0.0%
(f) Judge' Pro Temp	30.3	30.3	99.1	69.1	69.1	-30.3%
(g) Access to Justice	124.7	124.7	126.3	236.3	126.3	0.0%
(h) Statewide Alternative Dispute Resolution	3.3	3.3	196.6	196.6	196.6	0.0%
(i) Drug Court	2,744.6	2784.6	4,357.2	4,357.2	4,357.2	0.0%
(j) Pre-trial Services	-	-	1,280.6	1,686.6	1,569.8	22.6%
(k) AOC Adult Guardianship		0	300.0	733.3	325.0	8.3%
Other expenditures						N/A
TOTAL EXPENDITURES	12,103.2	11,937.4	16,028.1	17,531.1	16,582.3	3.5%

Statutory Authority

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

Mission

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

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	107,196.6	111,049.1	116,008.5	115,767.2	4.2
Other Transfers	7,242.0	8,201.0	8,093.7	9,207.9	12.3
Federal Revenues	278.6	397.3	423.7	423.7	6.6
Other Revenues	3,767.5	4,707.8	4,946.2	4,946.2	5.1
Fund Balance	884.3	1,187.0	1,200.4	1,200.4	1.1
TOTAL SOURCES	119,369.0	125,542.2	130,672.5	131,545.4	4.8
USES					
Operations	117,769.3	125,542.3	130,672.5	130,431.2	3.9
TOTAL USES	117,769.3	125,542.3	130,672.5	130,431.2	3.9
FTE					
Permanent	1,348.0	1,215.3	1,373.8	1,362.0	12.1
Term	83.3	91.0	98.0	99.9	9.7
Temporary	1.0	1.0	2.0	1.0	0.0
TOTAL FTE	1,432.3	1,307.3	1,473.8	1,462.9	11.9

At A Glance

District and metropolitan courts requested a total general fund revenue increase of \$5.6 million, or 4.1 percent compared with the FY22 operating budget. The majority of the requested increase was for personnel funding to support new or expanded pretrial and specialty court services. The 5th and 13th judicial district courts also requested one new judgeship each based on the 2020 census data and increased workload.

The LFC recommends a \$5.5 million, or 4.1 percent, general fund revenue increase for district and metropolitan courts. The LFC recommendation includes compensation increases for recruitment and retention, increased direct court services, and funding for the two requested judgeships.

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. For FY23, the Supreme Court's top unified budget priority was compensation. The unified budget request included a 30 percent increase for judges and a 10 percent increase for judicial staff, requested by the Administrative Office of the Courts. LFC recognizes the need to recruit and retain experienced judges and ensure judicial branch salaries are competitive with other state agencies. The committee recommendation includes a total of \$4.6 million in additional general fund revenue to fund a 10 percent increase for judges and a 2 percent average increase for lower-paid court employees, in addition to any other recommended compensation increases.

The Courts, Corrections, and Justice interim committee recognized the need to expand pretrial services, which provide in-house drug testing, screening, and reporting on defendants to inform judges and improve appearance rates, in district courts across the state. The LFC recommendation includes an additional \$708.8 thousand in general fund revenue for pretrial services, and approximately \$1 million for treatment courts and specialized programs, such as the Indian Child Welfare Act program, domestic violence court, and veteran's court.

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

The 5th and 13th judicial district courts requested 1 new judgeship each, based on population and workload growth. The LFC recommendation supports both judgeships, contingent on enabling legislation.

The requests included six expansions for pretrial services, one each in the 3rd, 8th, and 11th judicial districts and three in the 5th judicial district. The LFC recommendation supports the majority of the request for pretrial services but funds services in the base rather than as expansions. The LFC district and metropolitan court recommendation for all revenue sources totals \$160.4 million, of which \$141.9 million is from the general fund. The recommendation supports the agency’s request for all other revenue sources.

Recommended Language

The general fund appropriation to the fifth judicial district court includes two hundred fifty thousand dollars (\$250,000) for an additional judgeship and associated costs contingent on enactment of enabling legislation of first regular session of the fifty-fifth legislature.

The general fund appropriation to the thirteenth judicial district court includes two hundred fifty thousand dollars (\$250,000) for an additional judgeship and associated costs contingent on enactment of enabling legislation of the first regular session of the fifty-fifth legislature.

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	10,359.2	10,723.5	11,090.6	11,191.9	4.4
Other Transfers	648.8	791.3	785.5	785.5	(0.7)
Other Revenues	193.3	469.4	469.4	469.4	0.0
Fund Balance	0.0	0.0	80.9	80.9	0.0
TOTAL SOURCES	11,201.3	11,984.2	12,426.4	12,527.7	4.5
USES					
Operations	11,088.0	11,984.2	12,426.4	12,527.7	4.5
TOTAL USES	11,088.0	11,984.2	12,426.4	12,527.7	4.5
FTE					
Permanent	132.5	135.5	135.5	135.5	0.0
Term	6.0	7.8	7.8	7.8	0.0
Temporary	0.0	1.0	1.0	1.0	0.0
TOTAL FTE	138.5	144.3	144.3	144.3	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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	106.00%	134.82%	100.00%	100.00%	100.00%
Explanatory	Number of active cases pending	9,405.0	7,333.0	N/A	N/A	N/A
Outcome	Days to disposition for civil cases	276.0	290.0	540.0	540.0	540.0
Outcome	Age of active pending criminal cases, in days	461.0	697.0	365.0	365.0	365.0
Outcome	Age of active pending civil cases, in days	396.0	473.0	540.0	540.0	540.0
Outcome	Days to disposition for criminal cases	151.0	191.0	365.0	365.0	365.0
Explanatory	Number of jury trials	33.0	22.0	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	25,716.4	26,895.5	27,221.5	27,809.7	3.4
Other Transfers	1,232.9	1,773.2	1,556.0	1,556.0	(12.2)
Federal Revenues	197.8	220.2	298.7	298.7	35.6
Other Revenues	2,429.6	2,884.2	3,166.3	3,166.3	9.8
Fund Balance	675.0	624.3	566.8	566.8	(9.2)
TOTAL SOURCES	30,251.7	32,397.4	32,809.3	33,397.5	3.1
USES					
Operations	29,637.3	32,397.5	32,809.3	33,397.5	3.1
TOTAL USES	29,637.3	32,397.5	32,809.3	33,397.5	3.1
FTE					
Permanent	350.0	337.5	338.5	338.5	0.3
Term	38.3	51.0	50.0	50.0	(2.0)
TOTAL FTE	388.3	388.5	388.5	388.5	0.0

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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	95.00%	145.85%	100.00%	100.00%	100.00%
Explanatory	Number of active cases pending	27,013.0	16,780.0	N/A	N/A	N/A
Outcome	Days to disposition for criminal cases	112.0	185.0	365.0	365.0	365.0
Outcome	Age of active pending criminal cases, in days	259.0	407.0	365.0	365.0	365.0
Outcome	Days to disposition for civil cases	178.0	206.0	540.0	540.0	540.0
Outcome	Age of active pending civil cases, in days	498.0	527.0	540.0	540.0	540.0
Explanatory	Number of jury trials	78.0	32.0	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	10,020.4	10,293.1	11,031.5	10,664.5	3.6
Other Transfers	1,102.3	1,055.6	1,219.7	1,219.7	15.5
Federal Revenues	80.3	125.0	125.0	125.0	0.0
Other Revenues	185.6	222.6	222.5	222.5	0.0
Fund Balance	0.0	26.0	22.0	22.0	(15.4)
TOTAL SOURCES	11,388.6	11,722.3	12,620.7	12,253.7	4.5
USES					
Operations	11,276.4	11,722.3	12,620.7	12,253.7	4.5
TOTAL USES	11,276.4	11,722.3	12,620.7	12,253.7	4.5
FTE					
Permanent	126.0	125.8	131.8	124.0	(1.4)
Term	7.5	9.3	9.3	11.1	20.0
Temporary	1.0	0.0	1.0	0.0	0.0
TOTAL FTE	134.5	135.1	142.1	135.1	0.0

BASE EXPANSION LISTING
FY 2022-2023

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	Pretrial Services Program	P233	365.6	0.0
TOTAL			365.6	0.0

THIRD JUDICIAL DISTRICT COURT

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

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	104.00%	118.75%	100.00%	100.00%	100.00%
Outcome	Age of active pending criminal cases, in days	200.0	387.0	365.0	365.0	365.0
Outcome	Days to disposition for civil cases	248.0	224.0	540.0	540.0	540.0
Outcome	Age of active pending civil cases, in days	3,546.0	404.0	540.0	540.0	540.0
Outcome	Days to disposition for criminal cases	159.0	243.0	365.0	365.0	365.0
Explanatory	Number of jury trials	31.0	27.0	N/A	N/A	N/A
Explanatory	Number of active cases pending	25,827.0	6,363.0	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	3,824.4	3,942.8	4,157.1	4,152.7	5.3
Other Transfers	339.5	259.2	259.2	259.2	0.0
Other Revenues	35.9	48.3	48.3	48.3	0.0
TOTAL SOURCES	4,199.8	4,250.3	4,464.6	4,460.2	4.9
USES					
Operations	4,196.8	4,250.3	4,464.6	4,460.2	4.9
TOTAL USES	4,196.8	4,250.3	4,464.6	4,460.2	4.9
FTE					
Permanent	47.5	48.5	48.5	48.5	0.0
TOTAL FTE	47.5	48.5	48.5	48.5	0.0

BASE EXPANSION LISTING
FY 2022-2023

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	Adult Drug Court Case Manager Contractual Services	P234	75.0	0.0
TOTAL			75.0	0.0

FOURTH JUDICIAL DISTRICT COURT

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

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	102.00%	156.46%	100.00%	100.00%	100.00%
Outcome	Days to disposition for civil cases	118.0	168.0	540.0	540.0	540.0
Outcome	Age of active pending criminal cases, in days	293.0	260.0	365.0	365.0	365.0
Outcome	Age of active pending civil cases, in days	340.0	385.0	540.0	540.0	540.0
Outcome	Days to disposition for criminal cases	121.0	223.0	365.0	365.0	365.0
Explanatory	Number of active cases pending	1,711.0	1,377.0	N/A	N/A	N/A
Explanatory	Number of jury trials	6.0	5.0	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	10,385.4	10,660.5	11,287.6	11,344.0	6.4
Other Transfers	524.3	567.2	644.4	644.4	13.6
Other Revenues	233.5	284.4	283.4	283.4	(0.4)
TOTAL SOURCES	11,143.2	11,512.1	12,215.4	12,271.8	6.6
USES					
Operations	10,980.5	11,512.1	12,215.4	12,271.8	6.6
TOTAL USES	10,980.5	11,512.1	12,215.4	12,271.8	6.6
FTE					
Permanent	123.5	127.0	133.5	131.5	3.5
Term	1.0	1.0	1.0	1.0	0.0
TOTAL FTE	124.5	128.0	134.5	132.5	3.5

BASE EXPANSION LISTING
FY 2022-2023

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	FIFTH JUDICIAL DISTRICT COURT EXPANSION	P235	307.6	0.0
TOTAL			307.6	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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	113.00%	128.67%	100.00%	100.00%	100.00%
Outcome	Days to disposition for civil cases	185.0	205.0	540.0	540.0	540.0
Outcome	Age of active pending criminal cases, in days	173.0	227.0	365.0	365.0	365.0
Outcome	Days to disposition for criminal cases	166.0	204.0	365.0	365.0	365.0
Outcome	Age of active pending civil cases, in days	3,408.0	288.0	540.0	540.0	540.0
Explanatory	Number of jury trials	65.0	46.0	N/A	N/A	N/A
Explanatory	Number of active cases pending	10,634.0	6,294.0	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	5,377.0	5,523.0	6,126.1	5,788.4	4.8
Other Transfers	261.2	246.1	237.7	237.7	(3.4)
Other Revenues	43.8	84.0	48.0	48.0	(42.9)
Fund Balance	0.0	0.0	29.0	29.0	0.0
TOTAL SOURCES	5,682.0	5,853.1	6,440.8	6,103.1	4.3
USES					
Operations	5,643.4	5,853.1	6,440.8	6,103.1	4.3
TOTAL USES	5,643.4	5,853.1	6,440.8	6,103.1	4.3
FTE					
Permanent	64.0	64.5	64.5	64.5	0.0
Term	2.0	0.5	0.5	0.5	0.0
TOTAL FTE	66.0	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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	109.00%	133.36%	100.00%	100.00%	100.00%
Outcome	Days to disposition for civil cases	196.0	204.0	540.0	540.0	540.0
Explanatory	Number of active cases pending	1,888.0	1,580.0	N/A	N/A	N/A
Outcome	Age of active pending civil cases, in days	264.0	261.0	365.0	365.0	365.0
Explanatory	Number of jury trials	14.0	9.0	N/A	N/A	N/A
Outcome	Days to disposition for criminal cases	126.0	132.0	540.0	540.0	540.0
Outcome	Age of active pending criminal cases, in days	149.0	175.0	365.0	365.0	365.0

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	3,993.1	4,091.4	4,235.0	4,230.6	3.4
Other Transfers	410.7	483.6	476.8	476.8	(1.4)
Other Revenues	22.9	36.0	36.0	36.0	0.0
TOTAL SOURCES	4,426.7	4,611.0	4,747.8	4,743.4	2.9
USES					
Operations	4,261.3	4,611.0	4,747.8	4,743.4	2.9
TOTAL USES	4,261.3	4,611.0	4,747.8	4,743.4	2.9
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	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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	104.00%	110.64%	100.00%	100.00%	100.00%
Outcome	Age of active pending civil cases, in days	532.0	678.0	540.0	540.0	540.0
Outcome	Days to disposition for criminal cases	161.0	179.0	365.0	365.0	365.0
Explanatory	Number of jury trials	5.0	3.0	N/A	N/A	N/A
Outcome	Age of active pending criminal cases, in days	184.0	241.0	365.0	365.0	365.0
Outcome	Days to disposition for civil cases	270.0	256.0	180.0	180.0	180.0
Explanatory	Number of active cases pending	2,128.0	2,066.0	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	4,566.3	4,734.3	5,010.6	4,968.9	5.0
Other Transfers	209.1	177.9	223.0	223.0	25.4
Other Revenues	38.6	106.0	106.0	106.0	0.0
Fund Balance	209.3	33.7	33.7	33.7	0.0
TOTAL SOURCES	5,023.3	5,051.9	5,373.3	5,331.6	5.5
USES					
Operations	4,833.8	5,051.9	5,373.3	5,331.6	5.5
TOTAL USES	4,833.8	5,051.9	5,373.3	5,331.6	5.5
FTE					
Permanent	54.5	57.0	57.0	57.0	0.0
TOTAL FTE	54.5	57.0	57.0	57.0	0.0

BASE EXPANSION LISTING
FY 2022-2023

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Family Domestic Violence Court	P238	97.6	0.0
TOTAL			97.6	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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	104.00%	125.04%	100.00%	100.00%	100.00%
Outcome	Age of active pending criminal cases, in days	267.0	305.0	365.0	365.0	365.0
Explanatory	Number of jury trials	52.0	22.0	N/A	N/A	N/A
Outcome	Days to disposition for criminal cases	229.0	266.0	365.0	365.0	365.0
Explanatory	Number of active cases pending	2,317.0	1,948.0	N/A	N/A	N/A
Outcome	Age of active pending civil cases, in days	430.0	521.0	540.0	540.0	540.0
Outcome	Days to disposition for civil cases	224.0	216.0	540.0	540.0	540.0

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	4,989.9	5,139.5	5,422.1	5,389.3	4.9
Other Transfers	712.0	728.1	653.1	1,767.3	142.7
Other Revenues	60.6	84.0	69.0	69.0	(17.9)
TOTAL SOURCES	5,762.5	5,951.6	6,144.2	7,225.6	21.4
USES					
Operations	5,737.1	5,951.6	6,144.2	6,111.4	2.7
TOTAL USES	5,737.1	5,951.6	6,144.2	6,111.4	2.7
FTE					
Permanent	63.0	62.0	63.0	63.0	1.6
Term	6.5	6.5	6.0	6.0	(7.7)
TOTAL FTE	69.5	68.5	69.0	69.0	0.7

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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	109.00%	129.59%	100.00%	100.00%	100.00%
Explanatory	Number of active cases pending	3,059.0	2,272.0	N/A	N/A	N/A
Outcome	Days to disposition for criminal cases	167.0	245.0	365.0	365.0	365.0
Explanatory	Number of jury trials	11.0	52.0	N/A	N/A	N/A
Outcome	Age of active pending civil cases, in days	803.0	1,074.0	540.0	540.0	540.0
Outcome	Days to disposition for civil cases	244.0	212.0	540.0	540.0	540.0
Outcome	Age of active pending criminal cases, in days	504.0	270.0	365.0	365.0	365.0

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,797.6	1,856.6	1,902.3	1,905.3	2.6
Other Transfers	6.3	0.0	0.0	0.0	0.0
Other Revenues	7.9	0.0	8.4	8.4	0.0
TOTAL SOURCES	1,811.8	1,856.6	1,910.7	1,913.7	3.1
USES					
Operations	1,801.3	1,856.6	1,910.7	1,913.7	3.1
TOTAL USES	1,801.3	1,856.6	1,910.7	1,913.7	3.1
FTE					
Permanent	19.0	19.0	19.0	19.0	0.0
TOTAL FTE	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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	101.00%	109.62%	100.00%	100.00%	100.00%
Outcome	Days to disposition for civil cases	307.0	228.0	540.0	540.0	540.0
Explanatory	Number of active cases pending	670.0	636.0	N/A	N/A	N/A
Outcome	Age of active pending criminal cases, in days	174.0	214.0	365.0	365.0	365.0
Outcome	Days to disposition for criminal cases	142.0	183.0	365.0	365.0	365.0
Explanatory	Number of jury trials	29.0	2.0	N/A	N/A	N/A
Outcome	Age of active pending civil cases, in days	450.0	624.0	540.0	540.0	540.0

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	10,373.7	10,940.9	11,276.9	11,294.3	3.2
Other Transfers	929.0	904.4	980.6	980.6	8.4
Other Revenues	150.2	197.0	197.0	197.0	0.0
Fund Balance	0.0	212.0	212.0	212.0	0.0
TOTAL SOURCES	11,452.9	12,254.3	12,666.5	12,683.9	3.5
USES					
Operations	11,393.5	12,254.3	12,666.5	12,683.9	3.5
TOTAL USES	11,393.5	12,254.3	12,666.5	12,683.9	3.5
FTE					
Permanent	132.0	0.0	131.0	129.0	0.0
Term	8.0	0.0	10.5	10.5	0.0
TOTAL FTE	140.0	0.0	141.5	139.5	0.0

BASE EXPANSION LISTING
FY 2022-2023

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Pretrial Services	P241	181.4	0.0
TOTAL			181.4	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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	112.00%	129.32%	100.00%	100.00%	100.00%
Outcome	Age of active pending criminal cases, in days	191.0	212.0	365.0	365.0	365.0
Outcome	Days to disposition for criminal cases	168.0	184.0	365.0	365.0	365.0
Explanatory	Number of active cases pending	6,504.0	4,220.0	N/A	N/A	N/A
Outcome	Age of active pending civil cases, in days	904.0	520.0	540.0	540.0	540.0
Outcome	Days to disposition for civil cases	248.0	230.0	540.0	540.0	540.0
Explanatory	Number of jury trials	89.0	23.0	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	5,169.0	5,310.9	5,495.6	5,496.0	3.5
Other Transfers	152.9	125.4	125.5	125.5	0.1
Federal Revenues	0.4	52.1	0.0	0.0	(100.0)
Other Revenues	57.3	81.9	81.9	81.9	0.0
Fund Balance	0.0	55.1	55.1	55.1	0.0
TOTAL SOURCES	5,379.6	5,625.4	5,758.1	5,758.5	2.4
USES					
Operations	5,372.5	5,625.4	5,758.1	5,758.5	2.4
TOTAL USES	5,372.5	5,625.4	5,758.1	5,758.5	2.4
FTE					
Permanent	66.0	65.5	67.5	67.5	3.1
Term	1.0	2.0	0.0	0.0	(100.0)
TOTAL FTE	67.0	67.5	67.5	67.5	0.0

TWELFTH JUDICIAL DISTRICT COURT

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

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	107.00%	142.27%	100.00%	100.00%	100.00%
Outcome	Days to disposition for civil cases	264.0	305.0	540.0	540.0	540.0
Outcome	Age of active pending criminal cases, in days	253.0	357.0	365.0	365.0	365.0
Explanatory	Number of active cases pending	4,123.0	3,164.0	N/A	N/A	N/A
Outcome	Days to disposition for criminal cases	225.0	232.0	365.0	365.0	365.0
Outcome	Age of active pending civil cases, in days	489.0	523.0	540.0	0.0	540.0
Explanatory	Number of jury trials	22.0	70.0	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	10,624.2	10,937.1	11,751.6	11,531.6	5.4
Other Transfers	713.1	1,089.0	932.2	932.2	(14.4)
Other Revenues	308.3	210.0	210.0	210.0	0.0
Fund Balance	0.0	235.9	200.9	200.9	(14.8)
TOTAL SOURCES	11,645.6	12,472.0	13,094.7	12,874.7	3.2
USES					
Operations	11,547.5	12,472.0	13,094.7	12,874.7	3.2
TOTAL USES	11,547.5	12,472.0	13,094.7	12,874.7	3.2
FTE					
Permanent	121.0	124.0	135.0	135.0	8.9
Term	9.0	9.0	9.0	9.0	0.0
TOTAL FTE	130.0	133.0	144.0	144.0	8.3

THIRTEENTH JUDICIAL DISTRICT COURT

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

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	106.00%	140.33%	100.00%	200.00%	200.00%
Outcome	Age of active pending civil cases, in days	418.0	417.0	540.0	200.0	200.0
Outcome	Days to disposition for civil cases	275.0	288.0	540.0	120.0	120.0
Outcome	Age of active pending criminal cases, in days	303.0	376.0	365.0	180.0	180.0
Explanatory	Number of jury trials	2.0	12.0	N/A	N/A	N/A
Outcome	Days to disposition for criminal cases	245.0	274.0	365.0	90.0	90.0
Explanatory	Number of active cases pending	10,506.0	7,207.0	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	24,855.9	25,392.0	26,064.0	26,177.9	3.1
Other Transfers	388.3	549.3	547.2	547.2	(0.4)
Federal Revenues	386.6	789.1	789.1	789.1	0.0
Other Revenues	1,826.2	2,542.5	2,369.7	2,369.7	(6.8)
Fund Balance	0.0	110.0	57.3	57.3	(47.9)
TOTAL SOURCES	27,457.0	29,382.9	29,827.3	29,941.2	1.9
USES					
Operations	27,451.7	29,382.9	29,827.3	29,941.2	1.9
TOTAL USES	27,451.7	29,382.9	29,827.3	29,941.2	1.9
FTE					
Permanent	308.6	302.0	302.0	302.0	0.0
Term	25.0	33.5	34.5	34.5	3.0
TOTAL FTE	333.6	335.5	336.5	336.5	0.3

COURT REGULAR

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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	The number of outgoing cases as a percentage of the number of incoming cases	119.00%	88.98%	100.00%	100.00%	100.00%
Explanatory	Number of active cases pending	13,731.0	12,412.0	N/A	N/A	N/A
Outcome	Days to disposition for criminal cases	100.0	100.0	180.0	180.0	180.0
Outcome	Age of active pending criminal cases, in days	TBD	103.0	180.0	180.0	180.0
Outcome	Age of active pending civil cases, in days	TBD	165.0	180.0	180.0	180.0
Outcome	Days to disposition for civil cases	150.0	154.0	180.0	180.0	180.0
Explanatory	Number of jury trials	28.0	13.0	N/A	N/A	N/A

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	77,290.6	79,066.8	89,776.9	83,157.1	5.2
Other Transfers	2,030.2	2,087.2	1,452.5	1,636.2	(21.6)
Federal Revenues	2,252.1	2,912.3	2,063.2	2,063.2	(29.2)
Other Revenues	657.0	677.2	763.9	763.9	12.8
Fund Balance	72.7	384.2	150.0	300.0	(21.9)
TOTAL SOURCES	82,302.6	85,127.7	94,206.5	87,920.4	3.3
USES					
Personal Services and Employee Benefits	73,173.0	77,928.3	86,809.1	80,653.8	3.5
Contractual Services	1,869.2	1,974.2	1,857.8	1,807.8	(8.4)
Other	6,279.7	5,225.2	5,539.6	5,458.8	4.5
TOTAL USES	81,321.9	85,127.7	94,206.5	87,920.4	3.3
FTE					
Permanent	949.8	924.0	966.0	931.0	0.8
Term	67.0	76.0	72.0	72.0	(5.3)
Temporary	7.0	3.0	4.0	4.0	33.3
TOTAL FTE	1,023.8	1,003.0	1,042.0	1,007.0	0.4

At A Glance

Statewide, district attorney offices requested a general fund revenue increase of \$10.7 million, or 13.5 percent, compared with FY22 funding levels. The requested general fund increase was partially offset by the loss of other transfer revenue anticipated for FY23; nongeneral fund revenue fell by \$1.6 million, bringing the total increase to \$9.1 million, or 10.7 percent. The increases were focused on the personal services and employee benefits category for attorney raises, recruitment and retention, and vacancy rate reduction.

The committee recommendation increases general fund revenue by \$3.5 million, or 4.4 percent, compared with the FY22 operating budget. The LFC recommendation funds the top priority of the unified budget, providing a 3.5 percent salary increase for attorneys.

Budget Issues

For several years, the Legislature has encouraged the district attorneys, working through the Association of District Attorneys, to submit budget requests that reflect only the top priorities of all district attorney offices in the state. For FY23, the association identified two priorities: upgrading the case management system (see Administrative Office of the District Attorneys, 264), and providing a 5 percent increase for attorneys.

The district attorneys are responsible for maintaining their own pay plan outside of the state classified pay system. The New Mexico District Attorneys Association is in the process of conducting a five-year review of the pay plan. Providing compensation adequate to recruit and retain employees has been a major area of concern across the state and district attorney offices have wide latitude to provide salary increases to staff. In FY21, eight district attorney offices provided \$383.6 thousand in lump-sum raises to 80 employees, an average cash payment of \$4,800. While maintaining salary competitiveness is critical to recruitment and retention of skilled prosecutors, compensation increases should be centrally planned to avoid unnecessary competition among district attorney offices.

Despite an increase in crime across the state, the number of cases filed with the district attorneys has fallen from 18.5 thousand in FY19 to 15.4 thousand in FY21, a reduction of 16.5 percent. While the district attorneys provided the total case numbers, the district attorneys did not provide perfor-

mance data on four out of five of their key performance measures in FY21, further demonstrating the inability to cooperate with each other and the Administrative Office of the District Attorneys.

The committee recommends an average 5.2 percent general fund increase, which is composed of four portions: sufficient funding to provide all attorneys an average 3.5 percent salary increase, sufficient funding to provide attorneys in rural areas an additional 3 percent salary increase, a 2.5 percent base budget increase, and a targeted workload adjustment. The workload adjustment was applied to district attorney offices that received within 10 percent of the average appropriation per case during the FY19 to FY21 period. The funding was further targeted based on growth in case counts and cases per attorney over this period. The LFC recommendation provides increases ranging from 3.9 percent to 6.7 percent. The recommended increases for attorney positions are in addition to the across-the-board salary increases for all state employees included in the LFC recommendation. Combined, these recommendations increase all attorney salaries by 10.5 percent on average and up to 13.5 percent for attorneys in rural areas.

Base Expansion Listing

Several district attorney offices requested expansion positions. The committee did not recommend any additional positions because the district attorneys had combined vacancy savings of \$3.7 million and 100 vacant FTE at the time of budget submission. The committee recommends the district attorneys convert existing FTE positions and use vacancy savings to create additional positions.

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	6,058.4	6,258.0	7,234.2	6,555.7	4.8
Other Transfers	176.0	183.7	0.0	183.7	0.0
Federal Revenues	120.1	120.1	120.1	120.1	0.0
Other Revenues	165.7	0.0	0.0	0.0	0.0
Fund Balance	0.0	10.0	0.0	0.0	(100.0)
TOTAL SOURCES	6,520.2	6,571.8	7,354.3	6,859.5	4.4
USES					
Personal Services and Employee Benefits	5,863.9	6,146.0	6,928.5	6,433.7	4.7
Contractual Services	45.1	22.8	22.8	22.8	0.0
Other	396.0	403.0	403.0	403.0	0.0
TOTAL USES	6,305.0	6,571.8	7,354.3	6,859.5	4.4
FTE					
Permanent	77.0	71.0	82.0	71.0	0.0
Term	4.0	5.0	5.0	5.0	0.0
TOTAL FTE	81.0	76.0	87.0	76.0	0.0

BASE EXPANSION LISTING
FY 2022-2023

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Assistant Trial Attorney	P251	368.8	0.0
2	Prosecution Specialist	P251	144.0	0.0
3	Senior Investigator	P251	80.0	0.0
4	Senior Legal Secretary	P251	181.1	0.0
5	Victim Witness Assistant	P251	66.2	0.0
TOTAL			840.1	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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Efficiency	Average time from filing of charges to final disposition for adults, in months	8.0	10.0	0.0	9.0	9.0
Outcome	Number of cases prosecuted	3,709.0	2,674.0	4,600.0	3,000.0	3,000.0
Explanatory	Number of cases referred for screening	2,784.0	4,731.0	N/A	N/A	N/A
Output	Number of cases handled per attorney	175.0	179.0	185.0	150.0	150.0
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	259.0	115.0	170.0	170.0	170.0
Outcome	Average number of cases added to attorney caseloads	175.0	179.0	185.0	150.0	150.0
* Explanatory	Percent of pretrial detention motions granted	NEW	40.10%	N/A	N/A	N/A
Explanatory	Percent of cases diverted to alternative sentencing treatment	NEW	0.00%	N/A	N/A	N/A
Explanatory	Average time from filing petition to final disposition for juveniles, in months	4.0	6.0	N/A	N/A	N/A
* Explanatory	Number of pretrial detention motions made	NEW	132.0	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	24,390.3	24,825.1	27,232.6	25,904.0	4.3
Other Transfers	790.8	894.1	957.5	957.5	7.1
Federal Revenues	923.0	1,621.8	697.6	697.6	(57.0)
Other Revenues	376.0	437.8	447.9	447.9	2.3
TOTAL SOURCES	26,480.1	27,778.8	29,335.6	28,007.0	0.8
USES					
Personal Services and Employee Benefits	23,495.1	24,213.4	26,276.9	24,948.3	3.0
Contractual Services	1,098.4	1,253.5	919.9	919.9	(26.6)
Other	1,886.4	2,311.9	2,138.8	2,138.8	(7.5)
TOTAL USES	26,479.9	27,778.8	29,335.6	28,007.0	0.8
FTE					
Permanent	300.8	295.0	305.0	300.0	1.7
Term	26.0	30.0	29.0	29.0	(3.3)
Temporary	5.0	3.0	4.0	4.0	33.3
TOTAL FTE	331.8	328.0	338.0	333.0	1.5

BASE EXPANSION LISTING
FY 2022-2023

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Independent Investigations Bureau	P252	194.8	0.0
2	Conviction Integrity Unit	P252	255.3	0.0
TOTAL			450.1	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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Explanatory	Number of cases referred for screening	20,446.0	17,979.0	N/A	N/A	N/A
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	101.0	464.0	300.0	300.0	300.0
Output	Number of cases handled per attorney	200.0	401.0	175.0	175.0	175.0
Efficiency	Average time from filing petition to final disposition for juveniles, in months	3.0	6.0	6.0	6.0	6.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Efficiency	Average time from filing charges to final disposition for adults, in months	1.0	9.0	9.0	9.0	9.0
Outcome	Number of cases prosecuted	15,629.0	11,936.0	18,000.0	18,000.0	18,000.0
* Explanatory	Number of pretrial detention motions made	1,193.0	1,133.0	N/A	N/A	N/A
Outcome	Average number of cases added to attorney caseloads	200.0	186.0	185.0	185.0	185.0
* Explanatory	Percent of pretrial detention motions granted	0.2%	54.0%	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	5,410.5	5,468.3	6,025.4	5,704.4	4.3
Other Transfers	182.6	161.7	61.7	61.7	(61.8)
Federal Revenues	353.9	340.9	340.9	340.9	0.0
Fund Balance	56.0	200.0	150.0	150.0	(25.0)
TOTAL SOURCES	6,003.0	6,170.9	6,578.0	6,257.0	1.4
USES					
Personal Services and Employee Benefits	5,091.9	5,881.0	6,207.8	5,967.6	1.5
Contractual Services	30.4	20.7	20.2	20.2	(2.4)
Other	855.7	269.2	350.0	269.2	0.0
TOTAL USES	5,978.0	6,170.9	6,578.0	6,257.0	1.4
FTE					
Permanent	65.0	63.0	65.0	63.0	0.0
Term	6.0	7.0	7.0	7.0	0.0
TOTAL FTE	71.0	70.0	72.0	70.0	0.0

BASE EXPANSION LISTING
FY 2022-2023

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Pre Trial Detention Program Specialist	P253	72.8	0.0
2	Assistant Trial Attorney	P253	92.3	0.0
TOTAL			165.1	0.0

THIRD JUDICIAL DISTRICT ATTORNEY

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

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Efficiency	Average time from filing of charges to final disposition for adults, in months	8.0	18.0	7.0	12.0	12.0
Explanatory	Number of cases referred for screening	5,710.0	4,365.0	N/A	N/A	N/A
Outcome	Number of cases prosecuted	4,952.0	3,086.0	5,500.0	0.0	3,100.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	105.0	23.0	100.0	50.0	50.0
* Explanatory	Percent of pretrial detention motions granted	39.80%	31.00%	N/A	N/A	N/A
* Explanatory	Number of pretrial detention motions made	171.0	166.0	N/A	N/A	N/A
Outcome	Average number of cases added to attorney caseloads	355.0	380.0	230.0	230.0	230.0
Efficiency	Average time from filing petition to final disposition for juveniles, in months	4.0	7.0	6.0	6.0	6.0

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	3,561.4	3,622.3	4,120.6	3,784.8	4.5
Other Transfers	15.6	0.0	0.0	0.0	0.0
Fund Balance	0.0	69.1	0.0	0.0	(100.0)
TOTAL SOURCES	3,577.0	3,691.4	4,120.6	3,784.8	2.5
USES					
Personal Services and Employee Benefits	3,083.7	3,502.1	3,831.2	3,495.4	(0.2)
Contractual Services	59.3	29.3	78.6	78.6	168.3
Other	414.2	160.0	210.8	210.8	31.8
TOTAL USES	3,557.2	3,691.4	4,120.6	3,784.8	2.5
FTE					
Permanent	42.0	42.0	42.0	42.0	0.0
TOTAL FTE	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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Number of cases referred for screening	1,734.0	1,812.0	0.0	1,800.0	1,800.0
Explanatory	Average time from filing of charges to final disposition for adults, in months	7.0	8.0	N/A	N/A	N/A
Outcome	Number of cases prosecuted	1,398.0	1,445.0	1,400.0	1,400.0	1,400.0
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	34.0	51.0	37.0	50.0	50.0
* Explanatory	Number of pretrial detention motions made	NEW	12.0	N/A	N/A	N/A
* Explanatory	Percent of pretrial detention motions granted	NEW	100.00%	N/A	N/A	N/A
Outcome	Average number of cases added to attorney caseloads	248.0	259.0	250.0	225.0	225.0
Explanatory	Average time from filing of petition to final disposition for juveniles, in months	3.0	4.0	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	5,998.4	6,105.9	6,908.9	6,509.9	6.6
Other Transfers	293.2	128.3	0.0	0.0	(100.0)
Federal Revenues	278.6	287.7	287.7	287.7	0.0
Fund Balance	0.0	10.0	0.0	0.0	(100.0)
TOTAL SOURCES	6,570.2	6,531.9	7,196.6	6,797.6	4.1
USES					
Personal Services and Employee Benefits	5,962.6	6,266.9	6,931.6	6,532.6	4.2
Contractual Services	31.1	25.6	25.6	25.6	0.0
Other	438.6	239.4	239.4	239.4	0.0
TOTAL USES	6,432.3	6,531.9	7,196.6	6,797.6	4.1
FTE					
Permanent	75.0	75.0	79.0	77.0	2.7
Term	6.0	6.0	4.0	4.0	(33.3)
TOTAL FTE	81.0	81.0	83.0	81.0	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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Efficiency	Average time from filing of charges to final disposition for adults, in months	7.0	7.0	6.0	6.0	6.0
Outcome	Number of cases prosecuted	6,133.0	6,584.0	7,000.0	7,000.0	7,000.0
Explanatory	Number of cases referred for screening	7,163.0	0.0	N/A	N/A	N/A
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	71.0	60.0	100.0	100.0	100.0
* Explanatory	Percent of pretrial detention motions granted	71.00%	0.00%	N/A	N/A	N/A
Efficiency	Average time from filing petition to final disposition for juveniles, in months	5.0	5.0	4.0	4.0	4.0
* Explanatory	Number of pretrial detention motions made	130.0	149.0	N/A	N/A	N/A
Outcome	Average number of cases added to attorney caseloads	318.0	337.0	200.0	300.0	300.0

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	3,260.3	3,326.0	3,815.7	3,541.1	6.5
Other Transfers	129.3	105.2	105.3	105.3	0.1
Federal Revenues	99.8	112.7	112.8	112.8	0.1
Fund Balance	0.0	23.8	0.0	0.0	(100.0)
TOTAL SOURCES	3,489.4	3,567.7	4,033.8	3,759.2	5.4
USES					
Personal Services and Employee Benefits	3,271.0	3,369.3	3,740.8	3,466.2	2.9
Contractual Services	13.9	13.8	14.2	14.2	2.9
Other	203.7	184.6	278.8	278.8	51.0
TOTAL USES	3,488.6	3,567.7	4,033.8	3,759.2	5.4
FTE					
Permanent	35.0	35.0	36.0	36.0	2.9
Term	5.0	5.0	4.0	4.0	(20.0)
TOTAL FTE	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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Efficiency	Average time from filing of charges to final disposition for adults, in months	6.0	8.0	2.0	10.0	10.0
Outcome	Number of cases prosecuted	2,302.0	2,182.0	2,300.0	2,100.0	2,100.0
Explanatory	Number of cases referred for screening	2,621.0	2,610.0	N/A	N/A	N/A
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	30.0	20.0	25.0	20.0	20.0
* Explanatory	Percent of pretrial detention motions granted	1.00%	80.76%	N/A	N/A	N/A
Efficiency	Average time from filing petition to final disposition for juveniles, in months	2.0	3.0	2.0	2.0	2.0
* Explanatory	Number of pretrial detention motions made	30.0	26.0	N/A	N/A	N/A
Outcome	Average number of cases added to attorney caseloads	276.0	290.0	200.0	150.0	150.0

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	2,859.1	2,906.6	3,139.0	3,050.9	5.0
Other Transfers	12.0	0.0	0.0	0.0	0.0
Fund Balance	0.0	10.0	0.0	0.0	(100.0)
TOTAL SOURCES	2,871.1	2,916.6	3,139.0	3,050.9	4.6
USES					
Personal Services and Employee Benefits	2,680.4	2,756.4	2,948.0	2,859.9	3.8
Contractual Services	13.5	14.0	14.8	14.8	5.7
Other	136.8	146.2	176.2	176.2	20.5
TOTAL USES	2,830.7	2,916.6	3,139.0	3,050.9	4.6
FTE					
Permanent	36.0	36.0	36.0	36.0	0.0
TOTAL FTE	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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	34.0	10.0	40.0	40.0	40.0
Efficiency	Average time from filing of petition to final disposition for juveniles, in months	3.0	3.0	5.0	5.0	5.0
Efficiency	Average time from filing of petition to final disposition for adults, in months	7.0	8.0	7.0	7.0	7.0
Outcome	Number of cases prosecuted	1,471.0	1,298.0	1,600.0	1,600.0	1,600.0
* Explanatory	Number of pretrial detention motions made	16.0	39.0	N/A	N/A	N/A
* Explanatory	Percent of pretrial detention motions granted	93.80%	79.00%	N/A	N/A	N/A
Outcome	Average number of cases added to attorney caseloads	184.0	195.0	185.0	185.0	185.0
Explanatory	Number of cases referred for screening	1,747.0	1,654.0	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	3,208.5	3,265.6	3,458.4	3,408.9	4.4
Other Transfers	13.7	0.0	0.0	0.0	0.0
TOTAL SOURCES	3,222.2	3,265.6	3,458.4	3,408.9	4.4
USES					
Personal Services and Employee Benefits	2,821.5	3,108.7	3,171.0	3,171.5	2.0
Contractual Services	130.3	16.8	124.8	74.8	345.2
Other	234.2	140.1	162.6	162.6	16.1
TOTAL USES	3,186.0	3,265.6	3,458.4	3,408.9	4.4
FTE					
Permanent	35.0	35.0	35.0	35.0	0.0
TOTAL FTE	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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Explanatory	Number of cases referred for screening	1,758.0	1,544.0	N/A	N/A	N/A
Outcome	Number of cases prosecuted	1,493.0	1,274.0	1,500.0	1,500.0	1,500.0
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	103.0	80.0	100.0	80.0	80.0
Efficiency	Average time from filing of petition to final disposition for juveniles, in months	4.0	3.0	4.0	12.0	12.0
Efficiency	Average time from filing of charges to final disposition for adults, in months	9.0	8.0	12.0	12.0	12.0
Outcome	Average number of cases added to attorney caseloads	226.0	205.0	185.0	150.0	150.0
* Explanatory	Number of pretrial detention motions made	38.0	30.0	N/A	N/A	N/A
* Explanatory	Percent of pretrial detention motions granted	76.00%	63.00%	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	3,534.0	3,647.4	3,829.2	3,847.2	5.5
Other Transfers	15.3	0.0	0.0	0.0	0.0
TOTAL SOURCES	3,549.3	3,647.4	3,829.2	3,847.2	5.5
USES					
Personal Services and Employee Benefits	3,321.8	3,483.9	3,664.5	3,682.5	5.7
Contractual Services	12.5	12.5	13.0	13.0	4.0
Other	209.6	151.0	151.7	151.7	0.5
TOTAL USES	3,543.9	3,647.4	3,829.2	3,847.2	5.5
FTE					
Permanent	41.0	40.0	40.0	40.0	0.0
TOTAL FTE	41.0	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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Number of cases prosecuted	2,503.0	2,405.0	2,800.0	2,750.0	2,750.0
Explanatory	Number of cases referred for screening	3,709.0	0.0	N/A	N/A	N/A
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	92.0	68.0	75.0	70.0	70.0
Efficiency	Average time from filing of petition to final disposition for juveniles, in months	3.0	5.0	3.0	4.0	4.0
Efficiency	Average time from filing of charges to final disposition for adults, in months	7.0	9.0	8.0	8.0	8.0
* Explanatory	Percent of pretrial detention motions granted	NEW	37.00%	N/A	N/A	N/A
* Explanatory	Number of pretrial detention motions made	NEW	105.0	N/A	N/A	N/A
Outcome	Average number of cases added to attorney caseloads	271.0	239.0	180.0	190.0	190.0

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,563.8	1,587.8	1,730.8	1,650.5	3.9
Other Transfers	6.1	0.0	0.0	0.0	0.0
TOTAL SOURCES	1,569.9	1,587.8	1,730.8	1,650.5	3.9
USES					
Personal Services and Employee Benefits	1,302.0	1,398.9	1,541.9	1,461.6	4.5
Contractual Services	20.6	25.0	25.0	25.0	0.0
Other	238.4	163.9	163.9	163.9	0.0
TOTAL USES	1,561.0	1,587.8	1,730.8	1,650.5	3.9
FTE					
Permanent	15.0	14.0	14.0	14.0	0.0
TOTAL FTE	15.0	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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Number of cases prosecuted	626.0	578.0	800.0	575.0	575.0
Explanatory	Number of cases referred for screening	670.0	661.0	N/A	N/A	N/A
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	12.0	6.0	15.0	10.0	10.0
Efficiency	Average time from filing of petition to final disposition for juveniles, in months	4.0	3.0	4.0	4.0	4.0
Efficiency	Average time from filing of charges to final disposition for adults, in months	6.0	8.0	6.0	6.0	6.0
Outcome	Average number of cases added to attorney caseloads	268.0	441.0	185.0	250.0	250.0
* Explanatory	Number of pretrial detention motions made	NEW	0.0	N/A	N/A	N/A
* Explanatory	Percent of pretrial detention motions granted	NEW	0.00%	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	5,022.8	5,362.9	6,307.2	5,722.3	6.7
Other Transfers	150.7	137.7	98.0	98.0	(28.8)
Federal Revenues	249.7	234.3	234.3	234.3	0.0
Fund Balance	0.0	61.3	0.0	0.0	(100.0)
TOTAL SOURCES	5,423.2	5,796.2	6,639.5	6,054.6	4.5
USES					
Personal Services and Employee Benefits	4,726.0	5,317.0	6,111.1	5,526.2	3.9
Contractual Services	217.5	218.0	218.0	218.0	0.0
Other	270.6	261.2	310.4	310.4	18.8
TOTAL USES	5,214.1	5,796.2	6,639.5	6,054.6	4.5
FTE					
Permanent	61.0	59.0	60.0	60.0	1.7
Term	6.0	6.0	5.0	5.0	(16.7)
Temporary	2.0	0.0	0.0	0.0	0.0
TOTAL FTE	69.0	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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Explanatory	Number of cases referred for screening	5,128.0	4,955.0	N/A	N/A	N/A
Outcome	Number of cases prosecuted	4,045.0	3,950.0	4,000.0	4,000.0	4,000.0
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	207.0	43.0	120.0	100.0	100.0
Efficiency	Average time from filing charges to final disposition for adults, in months	7.0	8.0	7.0	8.0	8.0
Efficiency	Average time from filing petition to final disposition for juveniles, in months	4.0	6.0	4.0	6.0	6.0
* Explanatory	Percent of pretrial detention motions granted	NEW	0.00%	N/A	N/A	N/A
* Explanatory	Number of pretrial detention motions made	NEW	0.0	N/A	N/A	N/A
Outcome	Average number of cases added to attorney caseloads	302.0	291.0	250.0	180.0	180.0

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	2,818.6	2,862.7	3,189.3	3,052.1	6.6
Other Transfers	12.7	0.0	0.0	0.0	0.0
Other Revenues	37.6	239.4	216.5	216.5	(9.6)
TOTAL SOURCES	2,868.9	3,102.1	3,405.8	3,268.6	5.4
USES					
Personal Services and Employee Benefits	2,371.3	2,850.7	3,124.4	2,987.2	4.8
Contractual Services	55.0	105.9	105.9	105.9	0.0
Other	208.5	145.5	175.5	175.5	20.6
TOTAL USES	2,634.8	3,102.1	3,405.8	3,268.6	5.4
FTE					
Permanent	37.0	34.0	34.0	34.0	0.0
Term	2.0	4.0	4.0	4.0	0.0
TOTAL FTE	39.0	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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Number of cases prosecuted	1,341.0	1,473.0	1,500.0	1,475.0	1,475.0
Explanatory	Number of cases referred for screening	2,279.0	2,327.0	N/A	N/A	N/A
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	0.0	0.0	20.0	5.0	5.0
Efficiency	Average time from filing of petition to final disposition for juveniles, in months	5.0	5.0	7.0	6.0	6.0
Outcome	Average number of cases added to attorney caseloads	414.0	517.0	185.0	300.0	300.0
* Explanatory	Number of pretrial detention motions made	NEW	0.0	N/A	N/A	N/A
Efficiency	Average time from filing of charges to final disposition for adults, in months	5.0	6.0	7.0	6.0	6.0
* Explanatory	Percent of pretrial detention motions granted	NEW	0.00%	N/A	N/A	N/A

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	3,718.8	3,831.8	4,433.1	4,036.3	5.3
Other Transfers	204.5	230.0	230.0	230.0	0.0
Federal Revenues	227.0	194.8	194.8	194.8	0.0
Fund Balance	16.7	0.0	0.0	0.0	0.0
TOTAL SOURCES	4,167.0	4,256.6	4,857.9	4,461.1	4.8
USES					
Personal Services and Employee Benefits	3,729.1	3,929.3	4,458.4	4,061.6	3.4
Contractual Services	33.6	100.0	100.0	100.0	0.0
Other	379.0	227.3	299.5	299.5	31.8
TOTAL USES	4,141.7	4,256.6	4,857.9	4,461.1	4.8
FTE					
Permanent	45.0	43.0	43.0	43.0	0.0
Term	11.0	11.0	11.0	11.0	0.0
TOTAL FTE	56.0	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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Number of cases prosecuted	2,493.0	2,175.0	2,600.0	2,600.0	2,600.0
Explanatory	Number of cases referred for screening	2,850.0	2,459.0	N/A	N/A	N/A
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	99.0	99.0	100.0	100.0	100.0
Efficiency	Average time from filing petition to final disposition for juveniles, in months	3.0	4.0	4.0	4.0	4.0
Efficiency	Average time from filing of charges to final disposition for adults, in months	10.0	11.0	12.0	12.0	12.0
* Explanatory	Number of pretrial detention motions made	73.0	22.0	N/A	N/A	N/A
* Explanatory	Percent of pretrial detention motions granted	62.00%	80.00%	N/A	N/A	N/A
Outcome	Average number of cases added to attorney caseloads	219.0	176.0	185.0	185.0	185.0

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	5,885.7	5,996.4	8,352.5	6,389.0	6.5
Other Transfers	27.7	246.5	0.0	0.0	(100.0)
Federal Revenues	0.0	0.0	75.0	75.0	0.0
Other Revenues	77.6	0.0	99.5	99.5	0.0
Fund Balance	0.0	0.0	0.0	150.0	0.0
TOTAL SOURCES	5,991.0	6,242.9	8,527.0	6,713.5	7.5
USES					
Personal Services and Employee Benefits	5,452.8	5,704.7	7,873.0	6,059.5	6.2
Contractual Services	107.9	116.3	175.0	175.0	50.5
Other	408.1	421.9	479.0	479.0	13.5
TOTAL USES	5,968.8	6,242.9	8,527.0	6,713.5	7.5
FTE					
Permanent	85.0	82.0	95.0	80.0	(2.4)
Term	1.0	2.0	3.0	3.0	50.0
TOTAL FTE	86.0	84.0	98.0	83.0	(1.2)

BASE EXPANSION LISTING
FY 2022-2023

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	FY 23 Expansion Request	P263	1,443.5	0.0
TOTAL			1,443.5	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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Number of cases prosecuted	4,779.0	5,019.0	5,500.0	5,500.0	5,500.0
Explanatory	Number of cases referred for screening	5,674.0	5,836.0	N/A	N/A	N/A
Output	Number of cases in which defendant was referred into a pre-prosecution diversion program	139.0	142.0	175.0	175.0	175.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Efficiency	Average time from filing petition to final disposition for juveniles, in months	6.0	9.0	4.0	4.0	4.0
Efficiency	Average time from filing charges to final disposition for adults, in months	10.0	10.0	9.0	9.0	9.0
* Explanatory	Number of pretrial detention motions made	NEW	0.0	N/A	N/A	N/A
* Explanatory	Percent of pretrial detention motions granted	NEW	0.00%	N/A	N/A	N/A
Outcome	Average number of cases added to attorney caseloads	196.0	201.0	185.0	175.0	175.0

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	2,439.5	2,466.8	3,844.1	2,553.1	3.5
Other Transfers	4.4	1.7	0.0	0.0	(100.0)
Other Revenues	153.0	304.9	170.0	306.6	0.6
Fund Balance	521.3	0.0	0.0	0.0	0.0
TOTAL SOURCES	3,118.2	2,773.4	4,014.1	2,859.7	3.1
USES					
Personal Services and Employee Benefits	1,568.3	1,697.8	1,948.4	1,697.8	0.0
Contractual Services	326.0	297.3	756.5	297.3	0.0
Other	719.2	778.3	1,309.2	864.6	11.1
TOTAL USES	2,613.5	2,773.4	4,014.1	2,859.7	3.1
FTE					
Permanent	17.0	17.0	18.0	17.0	0.0
TOTAL FTE	17.0	17.0	18.0	17.0	0.0

Base Expansion

The agency requested two expansion application developer positions to support the case management system. The system is 17 years old and AODA has reached the end of its useful life. The additional FTE positions would support this system. The LFC recommendation includes funding in the agency's base budget, which may be used to support the agencies effort to replace the case management system.

BASE EXPANSION LISTING
FY 2022-2023

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	IT Application Developer 1	P264	91.5	0.0
2	IT Applications Developer 2	P264	91.5	0.0
TOTAL			183.0	0.0

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 that they may obtain and access the necessary resources to effectively and efficiently carry out their prosecutorial, investigative and programmatic functions.

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Efficiency	Average time to resolve IT helpdesk tickets in hours	193.0	383.0	7.0	8.0	8.0
Output	Number of continuing legal education hours provided by AODA at training events	2,894.0	4,578.0	5,300.0	5,300.0	5,300.0
Outcome	Percent of application development issues resolved	0.00%	0.00%	100.00%	100.00%	100.00%
Outcome	Number of IT and application helpdesk requests received	1,132.0	1,588.0	0.0	1,000.0	1,000.0

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	56,024.2	57,823.9	63,379.4	60,800.0	5.1
Other Transfers	185.3	0.0	543.5	543.5	0.0
Other Revenues	288.3	453.6	453.6	453.6	0.0
Fund Balance	0.0	140.0	150.0	150.0	7.1
TOTAL SOURCES	56,497.8	58,417.5	64,526.5	61,947.1	6.0
USES					
Personal Services and Employee Benefits	36,511.3	36,994.0	40,942.3	39,447.9	6.6
Contractual Services	13,670.6	14,930.8	17,810.5	16,725.5	12.0
Other	5,704.6	6,492.7	5,773.7	5,773.7	(11.1)
TOTAL USES	55,886.5	58,417.5	64,526.5	61,947.1	6.0
FTE					
Permanent	433.0	443.0	480.0	469.0	5.9
Term	3.0	5.0	5.0	5.0	0.0
Temporary	3.0	14.0	21.0	14.0	0.0
TOTAL FTE	439.0	462.0	506.0	488.0	5.6

At A Glance

The Public Defender Department (PDD) requested a total budget of \$64.5 million, a \$6.1 million, or 10 percent, increase over the FY22 adjusted operating budget. The overall request included an increase in general fund revenue of \$5.5 million, or 9.6 percent and a slight increase in budgeted fund balance. The requested increase included funding to adjust contract attorney fees in rural areas, cover increased lease costs, create new social worker contracts, and hire 30 administrative and legal FTE.

The committee recommendation increases general fund revenue by \$2.9 million, or 5.1 percent compared with the FY22 operating budget, and supports the agency request for all other revenue sources.

Budget Issues

PDD continues to make progress in improving performance reporting and management and adapting to criminal justice reforms. In the last few years, PDD used creative recruitment tactics and geographic pay differentials to attract and retain attorneys, lowering the vacancy rate from a high of 20 percent in FY17 to just 6 percent in FY21. However, increased workload and competition from private practice post closures caused the agency to lose 35 attorneys in the first quarter of FY22, for a total vacancy rate of 12.1 percent. Some judicial districts 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. In recent years, the

Legislature has provided targeted funding for PDD to compensate some contract attorneys who handle time-intensive and complex cases on an hourly basis.

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 FY22 budget is for lease costs. PDD requested an additional \$37 thousand in general fund revenue for increased lease costs and expanded office space.

The committee recommendation increases general fund revenue by \$2.6 million and supports the agency request for all other revenue sources. The recommended increase includes an additional \$1.6 million in personnel funding to improve recruitment and retention efforts, continue geographic pay differentials for rural defense, hire 8 new legal FTE, and provide targeted salary increases to address gender and longevity pay discrepancies. The recommendation increases contractual services funding by \$1.9 million for social worker contracts and to adjust contract attorney fees, including an additional \$415 thousand to increase rural contract attorney pay. For other costs, the agency requested a slight increase for lease costs and a \$759.5 thousand decrease in general fund revenue to align miscellaneous spending with actuals, which the LFC recommendation supports.

PUBLIC DEFENDER COMMISSION

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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Number of alternative sentencing treatment placements for felony, misdemeanor and juvenile clients	8,003.0	6,312.0	10,000.0	5,000.0	5,000.0
Quality	Percent of felony cases resulting in a reduction of original formally filed charges	80.00%	46.00%	70.00%	70.00%	70.00%
Quality	Percent of misdemeanor cases resulting in a reduction of the original formally filed charges	76.00%	49.00%	80.00%	70.00%	80.00%
Quality	Percent of juvenile cases resulting in a reduction of the original formally filed charges	67.00%	50.00%	65.00%	70.00%	70.00%
Output	Number of alternative sentencing treatment placements in felony, misdemeanor and juvenile cases for clients of contract attorneys	1,047.0	0.0	1,000.0	0.0	1,000.0
Output	Number of cases dismissed in felony, misdemeanor, and juvenile cases	24,667.0	0.0	7,000.0	0.0	0.0
Output	Number of cases closed by attorneys	54,607.0	0.0	30,000.0	0.0	0.0
Output	Average number of cases opened by district	61,294.0	0.0	25,000.0	0.0	0.0
Output	Difference between the number of cases opened and closed by office	89.0	0.0	60.0	0.0	0.0
* Output	Average cases assigned to attorneys yearly	248.0	223.0	330.0	330.0	330.0
Output	Average time to case disposition, in months	6.0	8.0	6.0	6.0	6.0

General Control

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	14,612.8	14,319.4	16,242.6	14,319.4	0.0
Other Transfers	7,342.6	11,699.3	9,438.7	11,067.7	(5.4)
Federal Revenues	2,733.7	4,239.2	3,934.2	4,228.4	(0.3)
Other Revenues	38,808.4	0.0	0.0	0.0	0.0
Fund Balance	0.0	0.0	143.6	143.6	0.0
TOTAL SOURCES	63,497.5	30,257.9	29,759.1	29,759.1	(1.6)
USES					
Personal Services and Employee Benefits	19,352.2	21,518.8	22,826.9	22,826.9	6.1
Contractual Services	907.4	1,397.2	1,417.9	1,417.9	1.5
Other	3,659.3	4,341.9	5,514.3	5,514.3	27.0
Other Financing Uses	7,316.4	3,000.0	0.0	0.0	(100.0)
TOTAL USES	31,235.3	30,257.9	29,759.1	29,759.1	(1.6)
FTE					
Permanent	204.0	203.0	216.0	216.0	6.4
Term	12.0	17.0	14.0	14.0	(17.6)
Temporary	1.1	2.0	3.0	3.0	50.0
TOTAL FTE	217.1	222.0	233.0	233.0	5.0

At A Glance

The New Mexico Attorney General (NMAG) requested a total budget of \$29.8 million, a \$498.8 thousand, or 1.6 percent, decrease relative to the FY22 operating budget. However, the FY22 operating budget contained a transfer of \$3 million from the NMAG's consumer settlement fund to the Department of Health. When this nonrecurring transfer is removed, the base budget increase is \$2.5 million, or 9.2 percent. The request increased general fund revenue by \$1.9 million, or 13.4 percent, and increased the consumer settlement fund by \$1 million. Additionally, the request reduced federal funds by \$599 thousand because these federal grant funds are awarded annually and are not guaranteed for FY23. The federal grant funding is likely to continue. The request included a \$1.3 million increase for personnel and \$1.2 million for other operational costs. The agency requested an additional 11 FTE; 10 in the Legal Services Program and 1 in the Medicaid Fraud Program.

The LFC recommendation fully funds the agency request for expenditure authority but holds the general fund appropriation flat while increasing the consumer settlement appropriation by \$2.7 million, or 32 percent. The LFC recommendation increases the use of nearly \$300 thousand in federal funds, reflecting the likelihood of their continuation in FY23.

Budget Issues

The Legislature has worked with NMAG to reduce dependence on use of settlement revenue in the base budget, increasing the proportion of general fund from 40 percent in FY17 to 47 percent by FY22. However, the balance of the consumer settlement fund has increased significantly over this time, increasing from \$9.1 million in 2017 to \$25.3 million at the close of FY21. While the consumer settlement revenue is volatile, the strong fund balance suggests the program could use this funding source to pay for recurring costs, such as personnel with low risk of overexpending the balance for the foreseeable future.

Legal Services. In the Legal Services Program, NMAG requested a \$2.5 million, or 10.1 percent, increase. The requested increase included \$1.3 million for personnel and \$1.3 million for other operational costs. The request also reduced contract spending by \$55 thousand. The personnel increase was requested to address the conversion of staff positions from exempt to classified at an estimated cost of \$600 thousand. In addition, the request included an additional 10 FTE for the Special Prosecutions Division. These positions will be paid for with a combination of the increase in personnel funding and existing vacancy savings estimated at \$1.8 million. Additionally, the agency requested \$1.3 million for operational costs, including expert witness fees, increased filing fees, and discovery, transcription, and other administrative costs.

The Legal Services Program is responsible for arbitration of the tobacco master settlement agreement, which provides funding from sanctions on tobacco companies for tobacco cessation and other public health initiatives in the state. Due to 2004 arbitration findings that New Mexico 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 \$28 million to \$32 million in settlement revenue for FY22, a slight reduction from the \$34 million in revenue for FY21.

In 2019, the state 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 estimated the adjustment cost to be approximately \$600 thousand, which can be absorbed by the agency's significant funded vacancy rate. The agency will implement the increases in FY22 but has not done so yet.

The committee recommendation fully funds the agency request for expenditure authority. However, the committee does not recommend a general fund increase and pays for the budget increase through the consumer settlement fund and federal funds. The consumer settlement fund is expected to have a balance of \$14.3 million by the close of FY22, a significant increase from the \$8.6 million reported at the close of FY18. The LFC recommendation assumes federal funding will be continued in FY23 and includes \$294.2 thousand from federal sources over the requested amount.

Medicaid Fraud. NMAG requested a near-flat budget for FY23. The request reduced funding in the other category, which supports operational expenses, and increased the contractual services category to pay for IT services and the personnel category to ensure the program has sufficient funding to pay staff and fill needed positions without need for a budget adjustment. The LFC recommendation fully funds the agency request.

In FY20, the most recent year for which national comparison data are available, NMAG recovered \$6.4 million in Medicaid fraud cases and the state ranked 29th in the nation for the percent of Medicaid spending recovered.

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	13,812.7	13,519.3	15,442.5	13,519.3	0.0
Other Transfers	7,342.6	11,557.3	9,438.7	11,067.7	(4.2)
Federal Revenues	427.4	1,412.9	1,102.9	1,397.1	(1.1)
Other Revenues	38,808.4	0.0	0.0	0.0	0.0
TOTAL SOURCES	60,391.1	26,489.5	25,984.1	25,984.1	(1.9)

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
USES					
Personal Services and Employee Benefits	16,933.3	18,719.5	19,979.4	19,979.4	6.7
Contractual Services	655.2	1,139.0	1,083.9	1,083.9	(4.8)
Other	3,263.1	3,631.0	4,920.8	4,920.8	35.5
Other Financing Uses	7,316.4	3,000.0	0.0	0.0	(100.0)
TOTAL USES	28,168.0	26,489.5	25,984.1	25,984.1	(1.9)
FTE					
Permanent	178.0	177.0	190.0	190.0	7.3
Term	12.0	17.0	14.0	14.0	(17.6)
Temporary	1.0	2.0	2.0	2.0	0.0
TOTAL FTE	191.0	196.0	206.0	206.0	5.1

Recommended Language

The internal service/interagency transfers appropriation to the legal services program of the attorney general includes eleven million sixty-seven thousand seven hundred dollars (\$11,067,700) from the consumer settlement fund of the office of the attorney general.

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Number of registrants at presentations conducted throughout the state and online	72,630.0	77,255.0	50,000.0	50,000.0	50,000.0
Output	Number of administrative prosecutions on professional licenses	239.0	165.0	100.0	100.0	150.0
Output	Number of investigations and prosecutions involving child victims	653.0	745.0	400.0	400.0	500.0
Output	Number of public corruption and first or second degree felony matters accepted for investigation and/or prosecution that do not involve child victims	120.0	74.0	40.0	40.0	70.0
Outcome	Percent of investigations for noncompliance with the Open Meetings Act and Inspection of Public Records Act initiated within 30 days of referral	100.00%	1.00%	100.00%	1.00%	100.00%
Explanatory	Number of noncompliance investigations for the Open Meetings Act and Inspection of Public Records Act	285.0	227.0	N/A	N/A	N/A
Outcome	Percent of consumer and constituent complaints resolved within sixty days of formal complaint or referral receipt	94.00%	93.70%	90.00%	90.00%	90.00%
Explanatory	Average time from filing to final disposition in criminal cases, in months	7.0	17.0	N/A	N/A	N/A
Explanatory	Number of cases reviewed for prosecution	261.0	112.0	N/A	N/A	N/A

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	800.1	800.1	800.1	800.1	0.0
Other Transfers	0.0	142.0	0.0	0.0	(100.0)
Federal Revenues	2,306.4	2,826.3	2,831.3	2,831.3	0.2
Fund Balance	0.0	0.0	143.6	143.6	0.0
TOTAL SOURCES	3,106.5	3,768.4	3,775.0	3,775.0	0.2
USES					
Personal Services and Employee Benefits	2,418.9	2,799.3	2,847.5	2,847.5	1.7
Contractual Services	252.1	258.2	334.0	334.0	29.4
Other	396.2	710.9	593.5	593.5	(16.5)
TOTAL USES	3,067.2	3,768.4	3,775.0	3,775.0	0.2
FTE					
Permanent	26.0	26.0	26.0	26.0	0.0
Temporary	0.1	0.0	1.0	1.0	0.0
TOTAL FTE	26.1	26.0	27.0	27.0	3.8

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Explanatory	Total medicaid fraud recoveries identified, in thousands	\$6,000	\$5,697	N/A	N/A	N/A
Output	Number of program improvement recommendations forwarded to New Mexico agencies and the United States department of health and human services	5.0	10.0	5.0	5.0	5.0
Efficiency	Percent of case investigations under the medicaid fraud control unit's jurisdiction completed within 180 days of receipt	78.00%	65.52%	65.00%	65.00%	65.00%
Efficiency	Percent of referrals from the department of human services where medicaid fraud control unit responds within 15 days	76.00%	82.14%	85.00%	85.00%	85.00%

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	3,220.8	3,260.5	3,858.4	3,459.1	6.1
Other Transfers	0.0	0.0	750.0	0.0	0.0
Other Revenues	263.2	300.0	0.0	300.0	0.0
Fund Balance	0.0	460.7	0.0	450.0	(2.3)
TOTAL SOURCES	3,484.0	4,021.2	4,608.4	4,209.1	4.7
USES					
Personal Services and Employee Benefits	2,913.7	3,399.0	4,004.4	3,605.1	6.1
Contractual Services	93.7	78.1	86.0	86.0	10.1
Other	422.1	544.1	518.0	518.0	(4.8)
TOTAL USES	3,429.5	4,021.2	4,608.4	4,209.1	4.7
FTE					
Permanent	39.0	38.0	41.0	41.0	7.9
TOTAL FTE	39.0	38.0	41.0	41.0	7.9

At A Glance

The Office of the State Auditor (OSA) requested a general fund budget of \$3.85 million for FY23, an 18 percent increase from the agency's FY22 operating budget. The general fund request included an expansion request of \$224.6 thousand for 3 additional FTE for the office's guardianship and conservator review work. The agency's total FY23 budget request was \$4.6 million, a 15 percent increase from the previous year, and included \$750 thousand in fee revenues. The committee recommendation supports the expansion request, and recommends an overall general fund increase of 6.1 percent, and an overall budget increase of 4.7 percent.

Budget Issues

The Office of the State Auditor requested a general fund base budget increase of 11 percent for FY23. The requested increase primarily consisted of funding for personnel to fill vacant positions. The office had seven vacancies as of October 2021, a vacancy rate of approximately 18 percent. OSA requested a slight decrease in other costs in its base budget, projecting decreased travel costs and a renegotiated, lower lease cost. The committee recommendation supports a flat base personnel budget, given that the agency has funding in FY22 to hire approximately 3 additional FTE.

The office also requested \$224.6 thousand in general fund revenues for 3 expansion FTE – two senior auditors and a staff auditor for guardianship and conservatorship review responsibilities. The committee recommendation supports the requested expansion.

In FY21, OSA generated \$263 thousand in audit fee revenue. Projected ending audit fee fund balance for FY22 is \$700.8 thousand and projected fund balance for FY23, based on the agency budget request, is \$250.8 thousand. In previous years, the office included a request to use audit fee revenue collected in the year of the budget request, plus fund balance from previously collected fee revenue. For FY23, based on guidance from the Department of Finance and Administration, the office requested both funding sources as a single line item, under "other transfers." The committee recommendation budgets the two line items separately, with \$300 thousand from fee revenues and \$450 thousand from fund balance.

The agency conducted two special audits in FY21—an audit of the General Services Department’s compliance with the Americans with Disabilities Act and an audit of the Albuquerque Police Department. In FY21, OSA held virtual trainings on the Audit Act, reaching approximately 1,700 participants. The agency also issued several risk advisories, including advisories related to unemployment insurance scams and driver’s license renewal scams, as well as Covid-19 emergency procurement risks. As of September 2021, OSA’s “at-risk” list cited 27 public entities at risk due to late audit reports, including 14 land grants and four municipalities. The list also cited five municipalities and one state agency at risk due to adverse or disclaimed audit opinions.

Base Expansion

The Office of the State Auditor requested a general fund expansion of \$224.6 thousand for 3 FTE to fulfill new duties related to review of conservatorships. A conservator is a court-appointed individual responsible for financial and other affairs of someone who is incapacitated or incompetent. Following enactment of 2021 legislation (Chapter 128), the office is now required to review all conservatorship reports from the courts and decide whether to audit cases. Previously, OSA was only required to review a small number of cases referred annually from judges. However, under the new law, OSA must review all cases filed annually, which the office estimates could total approximately 1,600. Once reports are received, OSA has 15 days to decide whether to accept a case, and 90 days to complete its audit. OSA estimates each audit could take up to 150 hours of staff time but does not know yet how many cases it will end up accepting. The office currently has 3 FTE working on review of conservator and guardianship reports, part of an existing memorandum of understanding with the Administrative Office of the Courts, and requested 3 additional FTE as part of its expanded responsibilities.

The expansion request included \$206.1 thousand for additional personnel, plus \$18.5 thousand for related costs. The recommendation supports the expansion request.

BASE EXPANSION LISTING FY 2022-2023

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	IT and Other Purchases for Additional FTE	P628	18.5	18.5
0	Staff Auditor - SA-I	P628	0.0	64.2
1	Senior Auditor - SA II	P628	141.9	141.9
4	Staff Auditor - SA-I	P628	64.2	0.0
TOTAL			224.6	224.6

STATE AUDITOR

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

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Total audit fees generated	\$333,712	\$279,313	\$300,000	\$300,000	\$300,000
Explanatory	Percent of audits submitted by regulatory due date	85.40%	79.51%	N/A	N/A	N/A
Output	Number of training sessions performed	22.0	9.0	22.0	22.0	22.0
Output	Number of working paper reviews of independent public accountants	24.0	18.0	20.0	10.0	20.0
Explanatory	Number of conservatorship reports reviewed	3.0	2.0	N/A	N/A	N/A
Outcome	Percent of audit reports reviewed and approved within thirty business days of receipt	NEW	39.66%	50.00%	50.00%	50.00%

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Number of attendees participating in training sessions	NEW	1,750.0	1,750.0	1,750.0	1,750.0
Output	Number of outreach events in rural (B-Type) counties	NEW	4.0	4.0	4.0	4.0
Explanatory	Number of small local public entities that received grants through the small political subdivision grant program to assist with audit expenditures	32.0	13.0	N/A	N/A	N/A
Explanatory	Number of grants awarded to small local public entities through the small political subdivision grant program to assist with audit expenditures	48.0	14.0	N/A	N/A	N/A
Explanatory	Number of allegations of fraud, waste and abuse examined by the special investigations division	276.0	359.0	N/A	N/A	N/A

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	63,807.9	65,333.0	71,981.4	68,026.3	4.1
Other Transfers	257.6	0.0	0.0	0.0	0.0
Federal Revenues	1,207.2	3,103.3	1,645.2	1,645.2	(47.0)
Other Revenues	30,874.5	40,565.5	37,748.4	37,842.9	(6.7)
TOTAL SOURCES	96,147.2	109,001.8	111,375.0	107,514.4	(1.4)
USES					
Personal Services and Employee Benefits	55,833.8	60,618.6	66,624.6	62,984.7	3.9
Contractual Services	9,881.1	14,083.1	13,796.1	13,796.1	(2.0)
Other	17,946.5	22,205.6	22,954.3	22,639.1	2.0
Other Financing Uses	6,166.4	12,094.5	8,000.0	8,094.5	(33.1)
TOTAL USES	89,827.8	109,001.8	111,375.0	107,514.4	(1.4)
FTE					
Permanent	1,037.2	1,005.7	1,011.7	1,009.7	0.4
Term	17.0	28.0	25.0	25.0	(10.7)
Temporary	0.0	5.8	5.8	5.8	0.0
TOTAL FTE	1,054.2	1,039.5	1,042.5	1,040.5	0.1

At A Glance

For FY23, TRD requested a general fund revenue increase of \$6.6 million, or 10.2 percent, above the FY22 operating budget. Requested increases were primarily for vacancy reductions across program, as well as IT maintenance and other IT costs. The general fund request included expansion requests of \$180.8 thousand for 3 additional FTE—2 in the Motor Vehicle Division (MVD) and 1 in program support. The total budget request for FY23 was \$111.4 million, an increase of 2.2 percent from FY22.

The committee recommends a general fund revenue increase of \$2.7 million, or 4.1 percent, above the FY22 operating budget, allowing for filling of vacancies and targeted pay increases to support recruitment and retention, as well as 1 expansion FTE. The committee recommends a total FY23 budget of \$107.5 million, a 1.4 percent decrease from the prior-year operating budget.

Budget Issues

TRD requested approximately \$5.3 million in general fund revenues to fill vacancies, including \$2.7 million in the Tax Administration Program, \$1.2 million in MVD, and \$1.3 million in Program Support. In addition, the agency requested 2 expansion FTE in MVD at a cost of \$108.4 thousand to support private partner offices and 1 expansion FTE in Program Support at a cost of \$72.4 thousand to work on financial distributions. The agency requested close to \$650 thousand in general fund revenues for IT maintenance contracts and IT software and hardware costs.

TRD also requested \$30.3 million in fee revenues for MVD, \$1.5 million in federal funding for tax administration, and \$1.1 million in assessments, fees, and other revenues for tax administration.

TRD continues to see high vacancy rates across programs. The Tax Fraud Investigations Division had a vacancy rate of nearly 29 percent as of October 2021, while the Property Tax Division had a 27 percent vacancy rate and the Tax Administration Program had a 25 percent vacancy rate. The agency's overall vacancy rate increased steadily between March 2020 and March 2021, and then began to slowly decline. Currently, the overall agency vacancy rate is approximately 21 percent. The agency has significant vacancy savings—close to \$3.5 million across programs—suggesting challenges in recruitment and retention. The committee recommendation provides sufficient funding to hire over 80 FTE. Recommended personnel budget increases could also be used for targeted pay increases to help hire and retain staff.

In prior years, TRD relied on approximately \$5.7 million in revenues from administrative fees. However, following removal of language in the General Appropriation Act of 2019, this fee revenue was no longer available, forcing TRD to rely more on other sources of revenue, including the general fund. The FY23 budget recommendation continues to increase the agency's general fund appropriation to provide more budget stability.

Audit and Compliance. In FY21, the Audit and Compliance Division (ACD) improved its collection rate for collectible audit assessments, increasing collections by over 10 percentage points since the third quarter of FY20. ACD attributes better performance to a data analytics tool it implemented in FY20 that identifies the most collectible audits, as well as expansion of its managed audit program, which leads to more collectible assessments. The agency intends to continue to promote and expand the managed audit program. Collections still fall below the 65 percent target, however.

A 2021 LFC progress report estimated the state's tax gap, or tax dollars owed to the state but not paid, at approximately \$743 million. This number has grown 17 percent in the last five years, partly because agency efforts have resulted in greater identification of owed taxes. New investments in IT tools have helped the agency improve its auditing efficiencies. However, collecting unpaid taxes remains a challenge, in part due to high vacancy rates. For FY23, the agency requested up to \$7.8 million in information technology funding for an updated analytics solution that would include developing predictive models to identify collectible audits and increase collections. The agency is considering two options to purchase and implement the software—one option would modify the current tax system of record, GenTax, to include enhanced compliance and collections functionality and the other option would implement a separate analytics system that could be integrated with GenTax.

Motor Vehicle Division. Due to the pandemic, MVD offices had limited capacity for most of 2020 and 2021, operating on an appointment-only basis. MVD offices reopened at 100 staff capacity in the fourth quarter of FY21 but remained on an appointment-only model. The agency also resumed tracking of field office wait times, after over a year with no data. The average wait time—eight minutes in the fourth quarter—was better than the target, likely a result of the appointment-only model and increased availability of online services. Office volumes have dropped significantly since prepandemic levels, averaging 57 thousand visits per month since reopening in April, compared with an average of 125 thousand per month in the months leading up to the pandemic. Recent LFC reviews have found that most state-run MVD offices have same-day or next-day availability. Conversely, call center wait times averaged over 15 minutes, above the four-minute target, and MVD continues to struggle with call center vacancies amidst increased demand for phone services. TRD does not collect detailed information on service quality or wait times in contracted private partner offices, which would be beneficial to track.

Base Expansion

TRD requested \$108.4 thousand in general fund revenues for 2 expansion FTE in MVD to support private partner offices and \$72.4 thousand for 1 FTE in Program Support to fulfill new duties related to recent legislative changes. The agency also requested \$98.7 thousand in other state funds for 1 FTE to support county mapping systems in the Property Tax Division. The committee recommendation supports the requested expansions in Program Support and the Property Tax Division. The recommendation does not support the requested MVD expansion, given the high funded vacancy rate in that program.

BASE EXPANSION LISTING FY 2022-2023

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	ASD Expansion Request - Revenue line	P572	72.4	72.4
0	MVD Expansion two positions - GF Revenue	P574	108.4	0.0
0	Taxation and Revenue Property Tax	P575	98.7	98.7
TOTAL			279.5	171.1

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	26,569.0	29,329.0	32,283.0	30,365.8	3.5
Other Transfers	138.0	0.0	0.0	0.0	0.0
Federal Revenues	818.1	1,526.8	1,524.4	1,524.4	(0.2)
Other Revenues	713.8	1,130.1	1,127.5	1,127.5	(0.2)
TOTAL SOURCES	28,238.9	31,985.9	34,934.9	33,017.7	3.2
USES					
Personal Services and Employee Benefits	23,208.5	24,672.8	27,648.5	25,731.3	4.3
Contractual Services	281.3	346.9	606.4	606.4	74.8
Other	5,717.2	6,966.2	6,680.0	6,680.0	(4.1)
TOTAL USES	29,207.0	31,985.9	34,934.9	33,017.7	3.2
FTE					
Permanent	479.0	444.7	446.7	446.7	0.4
Term	13.0	23.0	21.0	21.0	(8.7)
Temporary	0.0	5.8	5.8	5.8	0.0
TOTAL FTE	492.0	473.5	473.5	473.5	0.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Average return on investment (all funds) for every dollar invested in the audit and compliance division	12.1	0.0	11.1	0.0	11.1
Explanatory	Percent of electronically filed returns for personal income tax and combined reporting system	90.00%	90.00%	N/A	N/A	N/A
* Outcome	Collections as a percent of collectible outstanding balances from the end of the prior fiscal year	19.00%	17.60%	20.00%	20.00%	20.00%
Explanatory	Percent of personal income tax returns filed on time for last fully completed tax year	85.00%	100.00%	N/A	N/A	N/A
Explanatory	Percent of questionable refund tax returns stopped compared with the total number of personal income tax returns processed	4.55%	0.00%	N/A	N/A	N/A
Output	Number of personal income tax returns flagged as questionable	44,635.0	18,473.0	50,000.0	0.0	50,000.0
Output	Personal income tax returns processed	1.0	1,000,000.0	1.0	1,000,000.0	2,000,000.0
* Outcome	Collections as a percent of collectible audit assessments generated in the previous fiscal year	NEW	\$30.30	\$60.00	\$60.00	\$60.00

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	15,168.8	14,340.6	15,661.0	14,556.8	1.5
Other Transfers	53.5	0.0	0.0	0.0	0.0
Federal Revenues	389.1	1,576.5	120.8	120.8	(92.3)
Other Revenues	25,995.3	33,784.4	30,315.8	30,410.3	(10.0)
TOTAL SOURCES	41,606.7	49,701.5	46,097.6	45,087.9	(9.3)
USES					
Personal Services and Employee Benefits	14,720.6	17,348.1	18,789.3	17,685.1	1.9
Contractual Services	5,631.1	8,859.7	7,533.1	7,533.1	(15.0)
Other	8,988.5	11,399.2	11,775.2	11,775.2	3.3
Other Financing Uses	6,166.4	12,094.5	8,000.0	8,094.5	(33.1)
TOTAL USES	35,506.6	49,701.5	46,097.6	45,087.9	(9.3)
FTE					
Permanent	327.0	326.0	328.0	326.0	0.0
Term	4.0	5.0	4.0	4.0	(20.0)
TOTAL FTE	331.0	331.0	332.0	330.0	(0.3)

Recommended Language

The other state funds appropriation to the motor vehicle program of the taxation and revenue department includes eight million dollars (\$8,000,000) 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.

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Outcome	Percent of registered vehicles with liability insurance	90.60%	91.43%	93.00%	92.00%	92.00%
* Efficiency	Average call center wait time to reach an agent, in minutes	10.0	15.0	10.0	10.0	10.0
* Efficiency	Average wait time in qmatic-equipped offices, in minutes	16.0	8.0	20.0	15.0	15.0
Efficiency	Average number of days to post "court action" driving-while-intoxicated citations to drivers' records on receipt	TBD	0.0	1.0	0.0	2.0
Quality	Percent of customers rating customer service as good or higher	TBD	0.00%	98.00%	0.00%	98.00%
Explanatory	Web transactions as a percent of total transactions	TBD	N/A	N/A	N/A	N/A

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	3,800.7	5,297.7	5,951.8	5,951.8	12.3
TOTAL SOURCES	3,800.7	5,297.7	5,951.8	5,951.8	12.3
USES					
Personal Services and Employee Benefits	2,461.2	3,409.7	3,509.0	3,509.0	2.9
Contractual Services	420.4	863.1	1,204.1	1,204.1	39.5
Other	452.4	1,024.9	1,238.7	1,238.7	20.9
TOTAL USES	3,334.0	5,297.7	5,951.8	5,951.8	12.3
FTE					
Permanent	40.8	40.0	41.0	41.0	2.5
TOTAL FTE	40.8	40.0	41.0	41.0	2.5

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Amount of delinquent property tax collected and distributed to counties, in millions	\$10.40	\$10.00	\$10.00	\$10.00	\$10.00
Output	Dollar value of all delinquent property tax sales held	\$435,576.00	\$400,000.00	\$400,000.00	\$400,000.00	\$400,000.00
* Outcome	Percent of total delinquent property taxes recovered	16.80%	18.00%	15.00%	15.00%	15.00%

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,695.6	1,634.0	1,768.4	1,768.4	8.2
Other Transfers	6.8	0.0	0.0	0.0	0.0
TOTAL SOURCES	1,702.4	1,634.0	1,768.4	1,768.4	8.2
USES					
Personal Services and Employee Benefits	1,311.9	1,359.0	1,480.0	1,480.0	8.9
Contractual Services	2.0	6.4	9.4	9.4	46.9
Other	267.4	268.6	279.0	279.0	3.9
TOTAL USES	1,581.3	1,634.0	1,768.4	1,768.4	8.2
FTE					
Permanent	21.0	21.0	21.0	21.0	0.0
TOTAL FTE	21.0	21.0	21.0	21.0	0.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Percent of tax investigations referred to prosecutors of total investigations assigned during the year	114.00%	67.00%	85.00%	85.00%	85.00%
Explanatory	Successful tax fraud prosecutions as a percent of total cases prosecuted	100.00%	100.00%	N/A	N/A	N/A
Outcome	Percent of internal investigations completed within 60 days	100.00%	100.00%	95.00%	100.00%	100.00%

PROGRAM SUPPORT

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

BUDGET SUMMARY
 (dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	20,374.5	20,029.4	22,269.0	21,335.3	6.5
Other Transfers	59.3	0.0	0.0	0.0	0.0
Other Revenues	364.7	353.3	353.3	353.3	0.0
TOTAL SOURCES	20,798.5	20,382.7	22,622.3	21,688.6	6.4
USES					
Personal Services and Employee Benefits	14,131.5	13,829.0	15,197.8	14,579.3	5.4
Contractual Services	3,546.4	4,007.0	4,443.1	4,443.1	10.9
Other	2,520.9	2,546.7	2,981.4	2,666.2	4.7
TOTAL USES	20,198.8	20,382.7	22,622.3	21,688.6	6.4
FTE					
Permanent	169.4	174.0	175.0	175.0	0.6
TOTAL FTE	169.4	174.0	175.0	175.0	0.6

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Number of tax protest cases resolved	1,744.0	1,590.0	1,525.0	1,525.0	1,525.0
Outcome	Percent of matched combine reporting system taxes distributed timely	100.00%	0.00%	100.00%	0.00%	100.00%
Output	Percent of internal audit recommendations implemented	95.00%	100.00%	90.00%	90.00%	90.00%
Explanatory	Number of days after the close of a reporting period that financial reports are available	1.0	N/A	N/A	N/A	N/A
Output	Tax protest cases referred to the administrative hearings office	TBD	15.00%	70.00%	0.00%	70.00%
Explanatory	Financial report error rate	0.0	N/A	N/A	N/A	N/A

Statutory Authority

The State Investment Council (SIC) is 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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	50,121.8	55,727.2	64,320.1	64,507.5	15.8
TOTAL SOURCES	50,121.8	55,727.2	64,320.1	64,507.5	15.8
USES					
Personal Services and Employee Benefits	3,713.6	4,126.8	4,063.2	4,250.6	3.0
Contractual Services	45,889.0	50,923.8	59,551.2	59,551.2	16.9
Other	519.2	676.6	705.7	705.7	4.3
TOTAL USES	50,121.8	55,727.2	64,320.1	64,507.5	15.8
FTE					
Permanent	31.0	26.0	26.0	26.0	0.0
TOTAL FTE	31.0	26.0	26.0	26.0	0.0

At A Glance

For FY23, SIC, which does not receive general fund support, requested a budget of \$64.3 million, a 15 percent increase from the FY22 operating budget. The requested increase is primarily in the contractual services category due to large asset growth, which affects investment fees. The committee recommends fully funding the request, which supports increased costs in the contractual services and other categories and provides for an increase in personnel to promote recruitment and retention.

Budget Issues

For FY23, SIC requested a \$8.6 million net increase, with a reduction of \$63.6 thousand in the personal services and employee benefits category, an increase of \$8.6 million in the contractual services category, and a \$29.1 thousand increase in the other costs category. Increased contractual costs are expected because investor fees are based on SIC-managed fund balances, which have grown by \$5.8 billion, or 24.1 percent, over the last year. Following submission of the budget request, the agency experienced further turnover in high-skilled and experienced positions, necessitating additional personnel funding above requested levels.

Equity markets faced a crisis heading into FY21, with valuations plunging by double-digit percentages and liquidity drying up in the fixed income markets on par with the Great Recession of 2008-2009. Despite the corresponding economic recession, markets have roared back due to enormous amounts of liquidity and unprecedented deficit spending by the federal government. The market value of all funds invested by SIC totaled \$30.05 billion by June 2021, up from \$24.21 billion at the end of June 2020. SIC reports market returns for its investments in FY20 ranged from 6 percent to 45 percent in non-cash assets. The best performing assets were US equities, which outperformed their index and drove investments to new highs. Due to the high growth in asset value, the agency is spending more on investment management services than originally planned—and a budget adjustment request to increase the FY22 operating budget will be needed to meet the rising costs.

SIC's long-term targeted rate of return is 7 percent for the LGPF and 6.75 percent for the STPF. In FY21, the LGPF and STPF portfolios returned 25.9 percent and 18 percent, respectively. SIC's annual investment plan for FY22 expects the next seven to 10 years will show a low-return environment, and—after accounting for returns, royalty inflows, and distributions—SIC expects the LGPF to grow at an annualized 2.6 percent and the STPF to grow at an annualized 1.4 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 69 percent of the LGPF and STPF portfolios are actively managed.

The permanent funds' lower-risk asset allocations, such as fixed income and real estate investments, provide an advantage in a negative-outlook environment and disadvantage in a rising market. Because FY21 was a year of substantial market growth, the permanent funds struggled to perform better than peer investment funds in three of the four quarters of FY21. The permanent funds performed in the lowest two quartiles for every period except the quarter- and 10-year periods, where only the LGPF performed above the median. However, the permanent funds still exceeded their long-term targets for the 10-year period in FY21, with the LGPF returning 8.3 percent annually and the STPF returning 7.7 percent annually.

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 from the oil and gas emergency school tax if the tax stabilization reserve fund is already greater or equal to 25 percent of the current fiscal year recurring appropriations. As oil markets rebound in FY22 and beyond, production increases and relatively high prices are expected to generate significant revenues for the trust fund. SIC currently manages the trust fund with a targeted asset allocation of 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. With rapid growth in distributions to the fund, SIC should consider a more aggressive investment strategy.

Pandemic Relief. Following the onset of the Covid-19 pandemic, the Legislature authorized \$100 million for an emergency short-term loan fund in the 2020 first special session for medium to large New Mexico businesses with 40 or more employees. These loans are 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 uses 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 September 2021, the program had approved 880 loans totaling \$42 million. 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 2021 second special session up to another \$400 million in "small business recovery loans" from the severance tax permanent fund. The Small Businesses Recovery Act allows 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 do 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 memorandum of agreement between NMFA and SIC provides for an initial draw of \$100 million to provide the loans, with the ability to draw more in tranches against the full \$400 million as needed (funds not drawn remain invested as normal in the STPF). As of September 2021, the program had provided \$51.6 million in loans to 784 businesses, with an additional 255 businesses and \$22.2 million approved and in various stages of closing.

Also in the 2021 second special session, the Legislature 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 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. 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 certificates 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 sessions, 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.

Access to Capital. In addition to business incentives, some states support entrepreneurship by lowering the cost of capital through financing, tax incentives, and connections with regional, national and international investors. Maryland, Oklahoma, Utah, and other states have created state-managed funds within their respective professional investment agencies that co-invest with private venture capital to expand the capital available for in-state companies. Housing any similarly structured New Mexico program at SIC could prevent waste, abuse, and mismanagement of funds by leveraging existing investment expertise to connect local businesses to professionally managed capital.

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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Outcome	Five-year annualized investment returns to exceed internal benchmarks, in basis points	4.0	17.0	25.0	12.5	12.5
* Outcome	Five-year annualized percentile performance ranking in endowment investment peer universe	51.00%	63.00%	49.00%	49.00%	49.00%
Outcome	Three-year annualized investment returns to exceed internal benchmarks, in basis points	(21.0)	(23.0)	25.0	25.0	25.0
Outcome	Three-year annualized percentile performance ranking in endowment investment peer universe	62.00%	73.00%	49.00%	49.00%	49.00%

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, Property Tax Code, Implied Consent Act, Motor Vehicle Code, Insurance Premium Tax Act, and 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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,830.9	1,747.1	1,899.3	1,857.3	6.3
Other Transfers	67.7	55.0	55.0	55.0	0.0
Other Revenues	165.0	165.0	165.0	165.0	0.0
TOTAL SOURCES	2,063.6	1,967.1	2,119.3	2,077.3	5.6
USES					
Personal Services and Employee Benefits	1,635.0	1,690.6	1,772.8	1,772.8	4.9
Contractual Services	21.1	62.2	73.0	73.0	17.4
Other	280.2	214.3	273.5	231.5	8.0
TOTAL USES	1,936.3	1,967.1	2,119.3	2,077.3	5.6
FTE					
Permanent	16.0	17.0	17.0	17.0	0.0
TOTAL FTE	16.0	17.0	17.0	17.0	0.0

At A Glance

The Administrative Hearings Office (AHO) requested a general fund increase of \$152.2 thousand, or 8.7 percent, from the FY22 operating budget. The request also included \$165 thousand from the motor vehicle suspense fund, \$50 thousand as an interagency transfer from the Human Services Department to provide contract hearing services, and \$5,000 to conduct hearings for other state agencies. The total request represented an increase of 7.7 percent from the prior-year operating budget. The committee recommendation includes a general fund increase of \$110.2 thousand, or 6.3 percent, allowing the office to continue filling vacancies. The recommendation represents a total budget increase of 5.6 percent.

Budget Issues

AHO's FY23 budget request included an increase of \$82.2 thousand, or 4.9 percent, to fill an unfunded vacant executive assistant position. The request also included an increase of \$10.8 thousand, or 17.4 percent, for interpreter, human resources, and attorney contracts, and \$59.2 thousand, or 27.6 percent for other costs, including travel, IT software and hardware, and office supplies. The committee recommendation supports the requested personnel budget, allowing the agency to gain needed administrative and financial support. The recommendation also supports the requested contractual services budget and recommends an increase of \$17.2 thousand, or 8 percent, in the other category.

In FY21, AHO received 224 new tax protest cases. The office conducted 277 tax hearings and issued 40 decisions and orders. In addition, AHO conducted 1,952 hearings under the Implied Consent Act and 15 hearings under the Parental Responsibility Act. The office also conducted 25 administrative hearings for the Board of Nursing, State Ethics Commission, and Secretary of State. Each hearing officer conducted an average of 227 hearings. AHO met its performance measures in FY21 related to timely hearings and public trainings.

The office saw a 43 percent reduction in the number of license revocation hearings under the Implied Consent Act in FY21, likely a reflection of stay-at-home orders and business closures that deterred both drinking and driving, and a modest decrease of 3 percent in the number of tax protest hearings. Reductions in AHO's statutorily required workload in FY21 allowed it to conduct hearings for other state agencies.

Due to the Covid-19 pandemic, the office conducted most of its hearings in FY21 via teleconference. Beginning in June 2021, AHO began offering in-person hearings by request. AHO noted that so far, most parties still prefer the default teleconference option.

Beginning in 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 (HSD) is statutorily obligated to reimburse AHO for the costs of a contract hearing officer for the Medicaid Provider and Managed Care Act (Section 27-11-11 NMSA 1978). To date, HSD has not referred any cases to AHO.

ADMINISTRATIVE HEARINGS 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.

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.

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Outcome	Percent of hearings for implied consent act cases not held within ninety days due to administrative hearings office error	0.1%	0.1%	0.5%	0.5%	0.5%
Outcome	Percent rate of tax cases not held (including merits and scheduling conference) within 90 days because of administrative hearings office error	0.0%	0.0%	2.5%	2.5%	2.5%
Outcome	Number of tax protest and/or Implied Consent Act trainings conducted annually	4.0	4.0	4.0	4.0	4.0

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 New Mexicans.

BUDGET SUMMARY (dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	21,583.9	22,255.3	24,697.9	25,605.8	15.1
Other Transfers	36,318.7	12,000.1	16,250.0	16,250.0	35.4
Federal Revenues	8,811.3	19,980.9	22,190.1	21,754.9	8.9
Other Revenues	92,929.8	83,813.0	89,113.0	90,013.0	7.4
Fund Balance	0.0	883.2	2,860.2	2,860.2	223.8
TOTAL SOURCES	159,643.7	138,932.5	155,111.2	156,483.9	12.6
USES					
Personal Services and Employee Benefits	11,190.1	12,990.6	14,959.8	13,649.9	5.1
Contractual Services	7,237.0	8,525.2	8,838.4	8,367.0	(1.9)
Other	52,439.9	69,686.7	73,056.0	75,310.0	8.1
Other Financing Uses	85,404.8	47,730.0	58,257.0	59,157.0	23.9
TOTAL USES	156,271.8	138,932.5	155,111.2	156,483.9	12.6
FTE					
Permanent	135.0	130.0	134.3	129.3	(0.6)
Term	20.0	17.0	26.8	21.8	27.9
TOTAL FTE	155.0	147.0	161.1	151.1	2.8

At A Glance

For FY23, DFA requested a general fund revenue increase of \$2.4 million, or 11 percent, above the FY22 operating budget, with increases primarily for vacancy reductions and civil legal services contracts. The general fund request included an expansion request of \$100.7 thousand for an additional FTE. The total budget request for FY23 was \$155.1 million, an increase of 11.6 percent, and included \$435.2 thousand in federal funds for an expansion of 5 FTE to support grant administration.

The committee recommends a general fund revenue increase of \$3.35 million, or 15.1 percent above the FY22 operating budget, allowing for filling of vacancies, as well as an increase of \$400 thousand for civil legal services contracts. The general fund recommendation also includes \$8.1 million for nonoperating appropriations, including an increase of \$2.6 million to cover county detention costs. The committee recommends a total FY23 budget of \$156.5 million, a 12.6 percent increase from the prior-year operating budget.

Budget Issues

DFA's general fund request included an increase of approximately \$975 thousand for vacancies and new FTE across programs, including \$171 thousand to fill vacancies in the fiscal management and oversight program, \$210 thousand to fill vacancies and hire a rural ombudsman in the Local Government Division, \$136 thousand for 2 new FTE in policy development, and \$460 thousand to fill vacancies and hire 2 new FTE in Program Support. In addition, the agency requested \$100.7 thousand from the general fund for an expansion to add an FTE to support the No Kid Hungry campaign.

DFA had vacancy savings in several programs, and the committee recommendation allows for continued filling of vacancies, providing sufficient funding to fill approximately 18 vacancies. The committee recommendation supports funding of the rural ombudsman position using vacancy savings. The general fund request also included an additional \$871 thousand for civil legal services contracts. The committee recommendation includes an increase of \$400 thousand for civil legal services, to provide a modest increase for contracted legal support.

In addition to the requests for general fund support of personnel, the agency also requested an expansion of 5 FTE using federal funds to support a grants administration office. While the committee is supportive of planned efforts to establish a grants office, the recommendation does not support the expansion at this point, and the committee recommends waiting for further clarity on responsibility for spending of federal funds.

The FY23 general fund request for nonoperating appropriations included increases of \$120 thousand for leasehold community assistance and \$153 thousand for the land grant council. The committee recommendation includes an increase of \$2.6 million, or 109 percent, to support county detention of prisoners and cover counties' detention-related costs more adequately, and flat budgets for other nonoperating appropriations.

The recommendation includes \$18.5 million in tobacco settlement revenue, lawsuit-related payments from tobacco companies. 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. Of the \$18.5 million in revenue, \$2.27 million is appropriated from fund balances.

Federal Funding. In FY21, DFA continued to manage spending of significant amounts of federal funds from the state's share of American Rescue Plan Act (ARPA) funding. The agency managed distribution of \$161 million in emergency rental assistance funding, spending or obligating over 65 percent of that amount by September 30 to meet a federal deadline. DFA sent out approximately \$55 million, representing roughly 24 thousand awards to 15 thousand households. The state has a second emergency rental funding allocation of over \$120 million, which the agency has not yet begun to distribute. DFA also distributed approximately \$63 million in ARPA fiscal recovery funds to small municipalities, based on population, and will eventually distribute another \$63 million. Counties and larger municipalities received direct federal allocations. In total, local governments will receive nearly \$705 million in federal recovery funds, with broad allowable uses.

Grants Administration Office. As part of its activities related to managing and distributing federal funds, DFA began setting up a grants administration office. The office has begun cataloging federal funding opportunities and notifying agencies of relevant opportunities, as well as tracking federal funds received by the state. DFA hired a grant writer, who will assist agencies with grant applications, and plans to develop a grants management system by January to allow for easier tracking and notification of grant opportunities. The office could provide further benefit by enhancing the state's reporting to federal authorities on use of federal stimulus funds, including plans for use of funds, promotion of equitable outcomes, use of evidence, and other federal report requirements.

In its FY23 budget request, the agency requested 5 FTE to staff the office, using federal money from the state's ARPA funds. While the committee is supportive of efforts to improve oversight and management of federal funds, the recommendation does not include this expansion, given the need to establish clearer guidance on responsibility for spending of federal funds.

State Audit. Based on the FY20 Annual Financial Report, the state ended FY20 with a net position of \$33.3 billion, a 5.9 percent increase from FY19. The state's total liabilities decreased by \$212 million, or 1.3 percent, and total assets increased by \$1.6 billion, or 3.5 percent, for both governmental and business-type activities. The current group audit process affects timely release of the report because development 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 makes emergency loans and grants available to state entities. As of October 2021, the board had not spent any of the \$2.5 million FY22 appropriation in the operating reserve fund, and the emergency water fund had a balance of \$86.9 thousand remaining from a \$109.9 thousand appropriation.

Community Development Programs. The Local Driving While Intoxicated (LDWI) Grant Council allocated \$19.6 million to counties in FY21 to pay for treatment services, compliance monitoring, prevention, and other activities related to addressing DWI issues. The largest statutory LDWI fund distributions went to Bernalillo County (\$4.5 million), Santa Fe County (\$1.3 million), Doña Ana County (\$1.1 million), and San Juan County (\$1 million). In addition to statutory distributions, the council also awarded grants to 23 counties totaling \$2.2 million and funding for detox programs in six counties totaling \$2.8 million. Of the \$14.6 million in statutory distributions, counties reverted a total of \$2.7 million, which will be added to FY22 grant amounts. The LDWI fund receives 45 percent of annual liquor excise tax revenues. In FY21, the program requested a budget adjustment to increase the budget by approximately \$2.5 million, reflecting higher-than-projected liquor excise tax revenues. For FY23, DFA requested \$21.5 million for the LDWI fund. Projected liquor tax excise revenues are approximately \$48 million for FY23.

The civil legal services program is funded through general fund appropriations, as well as through civil filing fee revenues. The program saw funding shortfalls in FY20 and FY21, due to lower-than-projected fee revenues. The committee recommendation increases the general fund appropriation to the program by \$400 thousand, providing a modest budget increase above the FY22 operating budget.

DFA awarded \$4.7 million in FY21 for civil legal services contracts 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 Crime Victims Reparation Commission spent \$262 thousand on a contract with New Mexico Legal Aid, while the Children, Youth and Families Department spent \$235 thousand on contracts with four providers and the Aging and Long-Term Services Department spent \$675 thousand to contract with two providers.

Nonoperating Appropriations. The committee recommendation for FY23 includes general fund transfers of \$8.1 million for DFA nonoperating appropriations, an increase of 47 percent from FY22. The total recommendation for nonoperating appropriations is \$23.3 million, an increase of 12.6 percent. The agency requested increases of \$119.6 thousand, or almost 100 percent, for the leasehold community assistance program and \$153.1 thousand, or 31 percent, for the land grant council. The committee recommends a flat budget for both appropriations.

The committee recommendation includes an increase of \$2.6 million, or 109.4 percent, for county detention of prisoners. For the past several years, the state has appropriated approximately \$2.4 million to counties annually to cover costs related to housing state inmates on parole violations or dual supervision for parole and probation, as well as inmates awaiting transport to state prison. Seventy percent of state funding is allocated to counties based on the number of detainees, while 30 percent is allocated by DFA to small counties with inadequate base revenues. In FY20, counties spent \$8.1 million on eligible costs, as defined by the County Detention Facility Reimbursement Act (Section 33-3B-4 NMSA 1978), and state funding covered less than 30 percent of costs.

In FY21, DFA received \$15.1 million in revenues for the law enforcement protection fund (LEPF), which provides funding for training and equipment for local law enforcement, and distributed \$5.8 million to counties, municipalities, and tribal governments. 2020 legislation (House Bill 184, Chapter 67) will increase distributions from the LEPF to existing and new beneficiaries by approximately \$7 million beginning in FY23.

Base Expansion

DFA requested \$100.7 thousand in general fund revenues for 1 expansion FTE in the policy development program to support the No Kid Hungry campaign and \$435.2 thousand in federal revenues for 5 expansion FTE in program support to work on federal grants administration. The committee recommendation does not support the expansions.

BASE EXPANSION LISTING FY 2022-2023

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	Childhood Hunger Initiative	P541	100.7	0.0
1	GAP - Grant Administration Program	P542	435.2	0.0
TOTAL			535.9	0.0

POLICY DEVELOPMENT, FISCAL ANALYSIS, BUDGET OVERSIGHT AND EDUCATION ACCOUNTABILITY

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

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	3,501.1	3,648.8	3,962.0	3,780.3	3.6
Other Transfers	9.6	0.0	0.0	0.0	0.0
Other Revenues	0.7	0.0	0.0	0.0	0.0
TOTAL SOURCES	3,511.4	3,648.8	3,962.0	3,780.3	3.6
USES					
Personal Services and Employee Benefits	2,732.0	3,447.1	3,683.4	3,564.8	3.4
Contractual Services	46.6	63.3	63.3	63.3	0.0
Other	101.0	138.4	215.3	152.2	10.0
TOTAL USES	2,879.6	3,648.8	3,962.0	3,780.3	3.6
FTE					
Permanent	36.0	33.0	36.0	33.0	0.0
TOTAL FTE	36.0	33.0	36.0	33.0	0.0

Recommended Language

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 2023. 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.

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Explanatory	General fund reserves as a percent of nonrecurring appropriations for the prior fiscal year	0.0%	NEW	N/A	N/A	N/A
* Outcome	General fund reserves as a percent of recurring appropriations	TBD	45.0%	25.0%	25.0%	25.0%
* Outcome	Error rate for the eighteen-month general fund revenue forecast, excluding oil and gas revenue and corporate income taxes	6.10%	5.00%	5.00%	5.00%	5.00%
* Outcome	Error rate for the eighteen-month general fund revenue forecast, including oil and gas revenue and corporate income taxes	-5.40%	5.00%	5.00%	5.00%	5.00%
Outcome	General obligation bond rating (Moody's and S&P)	NEW	TBD	AA+	AA+	AA+
Outcome	Number of formal and informal trainings conducted by the state budget division	3.0	4.0	3.0	3.0	6.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Percent of agencies attending state budget division trainings	NEW	95.00%	95.00%	95.00%	95.00%
Outcome	Percent of capital outlay expended within six months for all funding sources	NEW	7.00%	5.00%	5.00%	5.00%
Outcome	Percent of capital outlay projects with no activity after one year	NEW	3.00%	0.00%	3.00%	3.00%
Quality	Percent of state agencies who are satisfied with DFA services based on survey responses	NEW	100.00%	90.00%	90.00%	90.00%
Outcome	Percent of capital outlay expended within three years for all funding sources	NEW	88.50%	85.00%	88.50%	88.50%

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	4,718.6	5,182.7	6,271.5	5,582.7	7.7
Other Transfers	10.1	0.0	0.0	0.0	0.0
Federal Revenues	8,811.3	19,980.9	21,754.9	21,754.9	8.9
Other Revenues	37,789.8	33,692.8	34,992.8	34,992.8	3.9
Fund Balance	0.0	883.2	583.2	583.2	(34.0)
TOTAL SOURCES	51,329.8	59,739.6	63,602.4	62,913.6	5.3
USES					
Personal Services and Employee Benefits	2,639.7	3,453.4	4,118.6	3,909.2	13.2
Contractual Services	4,558.7	5,163.5	5,221.4	4,750.0	(8.0)
Other	36,531.8	50,822.7	53,962.4	53,954.4	6.2
Other Financing Uses	300.0	300.0	300.0	300.0	0.0
TOTAL USES	44,030.2	59,739.6	63,602.4	62,913.6	5.3
FTE					
Permanent	25.9	25.0	25.3	25.3	1.0
Term	20.0	17.0	21.8	21.8	27.9
TOTAL FTE	45.9	42.0	47.1	47.1	12.1

Recommended Language

The other state funds appropriations to the community development, local government assistance and fiscal oversight program of the department of finance and administration include twelve million four hundred seventy-six thousand dollars (\$12,476,000) from the enhanced 911 fund, twenty-one million five hundred thousand dollars (\$21,500,000) from the local DWI grant fund, and one million six hundred thousand dollars (\$1,600,000) from the civil legal services fund.

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Quality	Percent of required site visits by enhanced-911/ driving while intoxicated/community development block grant staff are conducted annually (% by program)	84.00%	93.00%	90.00%	90.00%	90.00%
* Outcome	Number of counties and municipalities local government division assisted during the fiscal year to resolve audit findings and diminish poor audit opinions	20.0	14.0	11.0	11.0	11.0
Output	Number of local government division visits to local public entities	NEW	167.0	140.0	140.0	140.0
Output	Number of visits to local public entities to provide enhanced 911 general support or technical assistance	NEW	26.0	13.0	24.0	24.0
Quality	Percent of local public entities who are satisfied with local government division services based on survey responses	NEW	100.00%	80.00%	80.00%	80.00%
Outcome	Percent of grantee payment requests processed within ten working days in local government division	97.00%	97.00%	100.00%	100.00%	100.00%
Output	Number of trainings provided to local public entities	NEW	41.0	13.0	13.0	13.0
Outcome	Percent of capital intergovernmental grant agreements (IGAs) entered into within 60 days	NEW	50.00%	50.00%	50.00%	50.00%

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	6,052.9	5,905.7	6,167.4	6,081.1	3.0
Other Transfers	36,292.8	12,000.0	16,250.0	16,250.0	35.4
Other Revenues	38,628.6	34,900.0	38,900.0	39,800.0	14.0
Fund Balance	0.0	0.0	2,277.0	2,277.0	0.0
TOTAL SOURCES	80,974.3	52,805.7	63,594.4	64,408.1	22.0
USES					
Personal Services and Employee Benefits	4,200.3	4,399.6	4,571.7	4,485.4	2.0
Contractual Services	937.2	1,338.7	1,338.7	1,338.7	0.0
Other	110.9	167.4	257.0	257.0	53.5
Other Financing Uses	77,200.0	46,900.0	57,427.0	58,327.0	24.4
TOTAL USES	82,448.4	52,805.7	63,594.4	64,408.1	22.0
FTE					
Permanent	50.0	51.0	50.0	50.0	(2.0)
TOTAL FTE	50.0	51.0	50.0	50.0	(2.0)

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 sixteen million two hundred fifty thousand (\$16,250,000) from the tobacco settlement program fund. The fund balance appropriation to the fiscal management and oversight program of the department of finance and administration in the other financing uses category includes two million two hundred seventy-seven thousand (\$2,277,000) from the tobacco settlement program fund.

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-nine million eight hundred thousand dollars (\$39,800,000) from the county-supported medicaid fund.

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Explanatory	Length of time to issue the annual financial report after the end of the fiscal year, in days	TBD	N/A	N/A	N/A	N/A
Efficiency	Percent of payroll payments to employees made by the scheduled payday	100.00%	100.00%	100.00%	100.00%	100.00%
* Efficiency	Percent of vouchered vendor payments processed within five working days	100.00%	100.00%	100.00%	100.00%	100.00%
* Output	Percent of bank accounts reconciled on an annual basis	100.00%	100.00%	100.00%	100.00%	100.00%
Output	Number of trainings held by financial control division	10.0	50.0	25.0	25.0	25.0
Quality	Percent of material audit findings resolved in financial annual report	0.00%	25.00%	75.00%	75.00%	75.00%

MEMBERSHIP AND DUES**BUDGET SUMMARY**
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	5,283.5	5,524.1	5,796.8	8,136.6	47.3
Other Revenues	16,510.6	15,220.2	15,220.2	15,220.2	0.0
TOTAL SOURCES	21,794.1	20,744.3	21,017.0	23,356.8	12.6
USES					
Personal Services and Employee Benefits	3.5	9.2	9.2	9.2	0.0
Contractual Services	1,593.2	1,843.9	2,099.2	2,099.2	13.8
Other	8,724.5	18,361.2	18,378.6	20,718.4	12.8
Other Financing Uses	518.2	530.0	530.0	530.0	0.0
TOTAL USES	10,839.4	20,744.3	21,017.0	23,356.8	12.6
FTE					
Permanent	0.1	0.0	0.0	0.0	0.0

Recommended Language

The department of finance and administration shall not distribute a general fund appropriation made in items (b) through (k) 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.

PROGRAM SUPPORT

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

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	2,027.8	1,994.0	2,500.2	2,025.1	1.6
Other Transfers	6.2	0.1	0.0	0.0	(100.0)
Federal Revenues	0.0	0.0	435.2	0.0	0.0
Other Revenues	0.1	0.0	0.0	0.0	0.0
TOTAL SOURCES	2,034.1	1,994.1	2,935.4	2,025.1	1.6
USES					
Personal Services and Employee Benefits	1,323.1	1,681.3	2,576.9	1,681.3	0.0
Contractual Services	99.4	115.8	115.8	115.8	0.0
Other	230.8	197.0	242.7	228.0	15.7
TOTAL USES	1,653.3	1,994.1	2,935.4	2,025.1	1.6
FTE					
Permanent	23.0	21.0	23.0	21.0	0.0
Term	0.0	0.0	5.0	0.0	0.0
TOTAL FTE	23.0	21.0	28.0	21.0	0.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Percent of major fund reconciliations completed as an internal control within 21 days after the official closing of the books each quarter	97.00%	67.00%	97.00%	97.00%	97.00%
Output	Number of DFA security scans performed annually	NEW	8.0	5.0	12.0	12.0

**Department of Finance and Administration Non-Operating Appropriations
Budget Summary
(dollars in thousands)
Fiscal Year 2023**

	<u>FY21 Actual</u>	<u>FY22 Operating</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>	<u>\$ Δ OpBud</u>	<u>% Δ OpBud</u>
SOURCES						
General fund transfers	\$5,283.1	\$5,524.1	\$5,796.8	\$8,136.6	\$2,612.5	47.3%
Other Revenues	\$15,220.2	\$15,220.2	\$15,220.2	\$15,220.2	\$0.0	0.0%
SOURCES TOTAL	\$20,503.3	\$20,744.3	\$21,017.0	\$23,356.8	\$2,612.5	12.6%
USES (General Fund)						
(a) Membership and Dues	\$147.8	\$148.0	\$148.0	\$148.0	\$0.0	0.0%
(d) Emergency water supply fund	\$9.1	\$109.9	\$109.9	\$109.9	\$0.0	0.0%
(e) Fiscal agent contract	\$961.2	\$1,064.8	\$1,064.8	\$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	\$70.0	\$120.0	\$239.6	\$120.0	\$0.0	0.0%
(h) County detention of prisoners	\$2,396.5	\$2,387.5	\$2,387.5	\$5,000.0	\$2,612.5	109.4%
(i) Acequia and community ditch education program	\$307.8	\$398.2	\$398.2	\$398.2	\$0.0	0.0%
(j) New Mexico acequia commission	\$82.1	\$88.1	\$88.1	\$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	\$275.9	\$496.9	\$650.0	\$496.9	\$0.0	0.0%
TOTAL GENERAL FUND	\$4,961.1	\$5,524.1	\$5,796.8	\$8,136.6	\$2,612.5	47.3%
USES (Non-General Fund)						
(k) Statewide teen court	\$78.9	\$120.2	\$120.2	\$120.2	\$0.0	0.0%
(m) Law enforcement protection fund	\$5,810.5	\$15,100.0	\$15,100.0	\$15,100.0	\$0.0	0.0%
TOTAL NON-GENERAL FUND	\$5,889.4	\$15,220.2	\$15,220.2	\$15,220.2	\$0.0	0.0%
TOTAL APPROPRIATIONS	\$10,850.5	\$20,744.3	\$21,017.0	\$23,356.8	\$2,612.5	12.6%

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	1,401.0	1,419.9	1,456.5	1,456.5	2.6
Other Revenues	397,568.3	426,955.3	452,286.0	442,032.2	3.5
Fund Balance	0.0	0.0	22,677.2	0.0	0.0
TOTAL SOURCES	398,969.3	428,375.2	476,419.7	443,488.7	3.5
USES					
Personal Services and Employee Benefits	1,061.4	1,139.4	1,180.8	1,180.8	3.6
Contractual Services	391,739.8	425,627.3	473,597.1	440,666.1	3.5
Other	135.0	188.6	185.3	185.3	(1.7)
Other Financing Uses	1,284.3	1,419.9	1,456.5	1,456.5	2.6
TOTAL USES	394,220.5	428,375.2	476,419.7	443,488.7	3.5
FTE					
Permanent	11.0	11.0	11.0	11.0	0.0
TOTAL FTE	11.0	11.0	11.0	11.0	0.0

At A Glance

For FY23, 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 \$17.4 million for insurance rates, including \$14.1 million for the employer portion of health benefits premium increases and \$3.3 million for risk premium increases. NMPSIA sets insurance rates for the upcoming school year each spring. For FY23, NMPSIA anticipates the need for a 9.4 percent increase for health benefit premiums and a 4.6 percent increase in risk insurance premiums.

The LFC recommendation includes \$10.9 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 includes an inflation adjustment of 5 percent for the Risk Program.

Budget Issues

NMPSIA provides health benefits and risk insurance to 88 school districts outside of Albuquerque Public Schools (APS) and 96 charter schools. The Benefits Program is self-insured and funded through employer and employee premiums. NMPSIA pays for health benefits claims through the provider networks of private insurance carriers, which receive a set administrative fee. The Risk Program provides property, liability, workers' compensation, and other insurance coverages and is funded through insurance premium assessments on individual school districts and charter schools based on risk exposure and claims experience. For FY23, NMPSIA requested a total budget of \$476.4 million, \$48 million, or 11.2 percent, over the FY22 operating budget and \$113 million over FY21 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 FY23 budget request is a request for expenditure authority rather than a request for an appropriation.

Benefits. The Benefits Program requested an increase of \$34.7 million, or 10.1 percent, over the FY22 operating budget. NMPSIA provided coverage to 45.8 thousand members in FY21, down 10 percent from the 50.9 thousand covered in FY17. The decline in membership reflects stagnant public school staffing levels over the past five years and the departure of Central New Mexico Community College from the program in FY18.

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 FY23 anticipated premium increase of 9.4 percent is the amount required each year for the next four years for NMPSIA to increase fund balance net of IBNR to \$28.9 million, or one month's worth of claims. NMPSIA reports an FY22 beginning benefits fund balance of \$35 million, including \$22.9 million for IBNR. NMPSIA anticipates medical claims costs in FY22 will exceed fund revenues by \$17.1 million, reducing the FY22 ending fund balance from \$35 million to \$17.9 million.

NMPSIA reports the agency paid \$17.2 million for Covid-19 testing and treatment and anticipates an additional \$7.3 million in spending through FY22. The agency has requested the governor use federal funds awarded to the state to reimburse the plan for Covid-19 testing and treatment costs, but the executive has yet to reimburse the plans. Without reimbursement, the agency will have to pay these costs through increased insurance premiums.

LFC recommends a Benefits Program budget of \$354.8 million, an increase of \$10.9 million over the FY22 operating budget. The recommendation started with FY20 actual expenditures and increased them by 4.6 percent per year for three years to arrive at an estimate for FY23. The recommendation is for expenditure authority and an appropriation for premium increases is contained in the Public School Support budget (see: "PSS: Agency 993"). 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, needs to be pursued.

Risk. The Risk Program requested an increase of \$13.2 million, or 15.9 percent, over the FY22 operating budget. The request anticipated a 4.6 percent increase in premium rates resulting in program revenues of \$91 million. An additional \$5.3 million was requested in fund balance bringing the total request to \$96.3 million.

For FY21, NMPSIA reported total assets in the risk fund of \$99.6 million and total liabilities of \$96.3 million, resulting in a net fund balance of \$3.3 million. However, the liabilities include \$46.4 million for case reserves to pay reported damage claims and an additional \$49.4 million for IBNR claims. NMPSIA has a target fund balance of \$5 million over IBNR reserves so 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.

NMPSIA anticipates paying approximately \$48 million for excess insurance coverage in FY23. This additional insurance is effective once a claim is made for property damage, liability, crime, or workers' compensation over a certain dollar threshold, or self-insured retention (SIR), and does not pay for damages below the SIR amount. In FY19 and FY20, NMPSIA paid \$77.4 million for excess coverage insurance for property and liability. Those coverages paid damages totaling \$12.8 million resulting in a net loss of \$64.6 million for the two years.

Potential legal settlements related to sexual abuse of students have not been figured into fund balance assumptions. Over the 10 years from 2012 to 2021, the New Mexico Public Schools Insurance Authority paid \$33.6 million related to 141 sexual abuse and molestation claims. The average cost per case increased from \$95 thousand per claim in the five years from 2012 to 2016 to \$341 thousand per claim from 2017 to 2021.

Laws 2021, Chapter 119, (House Bill 4) created the New Mexico Civil Rights Act. The act allows a person who claims a deprivation of any "rights, privileges or immunities" secured by the bill of rights of the New Mexico Constitution to bring a lawsuit in state district court and recover actual damages and injunctive relief. The act increases the maximum damage award per claimant to \$2 million and allows for recovery of attorney fees. At the time of passage, NMPSIA stated the act could cause "claim values and settlements to É triple based on the attorney fee provision." However, without specific information on policy proposals, it is impossible to determine potential costs, and rates do not reflect potential claims cost increases due to the act.

The LFC recommendation increases the Risk Program budget to \$87.2 million, an increase of \$4.1 million, or 5 percent. The recommendation is \$16.9 million higher than the FY21 actual expenditures and \$3.6 million higher than FY20 actual expenditures. The recommended increase reflects rising inflation. While liability claims exposure is potentially massive, the amount is not known. Further, claims may be paid with recurring premium increases, but they may also be paid in a nonrecurring manner similar to the special appropriation made to NMPSIA during the 2020 session.

Program Support. The agency requested an increase of \$36 thousand, or 2.6 percent, for Program Support for FY23. The increase comes from NMPSIA fund balances and is transferred to the Support Program from the Benefits and Risk programs. The additional funding will be used to reduce the vacancy rate of the program. NMPSIA maintains a small staff and relies extensively on outside contractors to provide information to the board. The LFC recommendation fully funds the request for program support.

BENEFITS

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

BUDGET SUMMARY (dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	326,036.7	343,874.9	361,323.6	354,814.9	3.2
Fund Balance	0.0	0.0	17,331.9	0.0	0.0
TOTAL SOURCES	326,036.7	343,874.9	378,655.5	354,814.9	3.2
USES					
Contractual Services	322,016.3	343,164.9	377,927.3	354,086.7	3.2
Other Financing Uses	642.1	710.0	728.2	728.2	2.6
TOTAL USES	322,658.4	343,874.9	378,655.5	354,814.9	3.2

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Outcome	Percent change in per-member health claim costs	8.70%	2.13%	5.00%	5.00%	4.60%
Efficiency	Average number of days to resolve inquiries and appeals related to customer service claims	6.8	5.1	7.0	7.0	6.0
* Outcome	Percent change in medical premium as compared with industry average	1.50%	1.70%	4.50%	4.50%	4.50%
Quality	Percent of members with diabetes receiving an annual screening for diabetic nephropathy	NEW	57.90%	61.50%	61.50%	61.50%
Explanatory	Number of participants covered by health plans	47,285.0	45,807.0	N/A	N/A	N/A
Quality	Percent of members with diabetes receiving at least one hemoglobin A1C test in the last 12 months	NEW	80.20%	82.00%	82.00%	82.00%
Efficiency	Annual loss ratio for the health benefits fund	NEW	98.96%	98.00%	98.00%	100.00%
Explanatory	Year-end fund balance of the health benefits fund, in thousands	NEW	\$34,999	N/A	N/A	N/A

RISK

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

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	71,531.6	83,080.4	90,962.4	87,217.3	5.0
Fund Balance	0.0	0.0	5,345.3	0.0	0.0
TOTAL SOURCES	71,531.6	83,080.4	96,307.7	87,217.3	5.0
USES					
Contractual Services	69,651.1	82,370.5	95,579.4	86,489.0	5.0
Other Financing Uses	642.1	709.9	728.3	728.3	2.6
TOTAL USES	70,293.2	83,080.4	96,307.7	87,217.3	5.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Quality	Percent of educational entities satisfied with risk insurance claim-processing service	95.00%	95.00%	90.00%	90.00%	95.00%
Outcome	Percent of schools in compliance with loss control prevention recommendations	70.00%	64.00%	75.00%	70.00%	70.00%
Outcome	Average cost per workers' compensation claim for current fiscal year	\$4,472	\$3,028	\$3,500	\$3,500	\$3,500
Outcome	Percent change in the average cost of workers' compensation claims as compared with self-insured plans in the workers' compensation administration's annual report	5.00%	4.00%	4.00%	4.00%	4.00%
* Explanatory	Total dollar amount of excess insurance claims for property, in thousands	\$11,990,659.0	\$10,363.7	N/A	N/A	N/A
* Explanatory	Total dollar amount of excess insurance claims for liability, in thousands	\$28,565,647.0	\$24,539.7	N/A	N/A	N/A
* Explanatory	Total dollar amount of excess insurance claims for workers' compensation, in thousands	\$1,300,000.0	\$64.6	N/A	N/A	N/A
Explanatory	Year-end financial position of the risk fund	NEW	103.00%	N/A	N/A	N/A
Efficiency	Annual loss ratio for the risk fund	NEW	104.00%	75.00%	100.00%	100.00%

PROGRAM SUPPORT

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

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	1,401.0	1,419.9	1,456.5	1,456.5	2.6
TOTAL SOURCES	1,401.0	1,419.9	1,456.5	1,456.5	2.6
USES					
Personal Services and Employee Benefits	1,061.4	1,139.4	1,180.8	1,180.8	3.6
Contractual Services	72.4	91.9	90.4	90.4	(1.6)
Other	135.0	188.6	185.3	185.3	(1.7)
TOTAL USES	1,268.8	1,419.9	1,456.5	1,456.5	2.6
FTE					
Permanent	11.0	11.0	11.0	11.0	0.0
TOTAL FTE	11.0	11.0	11.0	11.0	0.0

Recommended Language

Any unexpended balance in program support of the New Mexico public school insurance authority remaining at the end of fiscal year 2023 shall revert in equal amounts to the benefits program and risk program.

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Number of prior-year audit findings that recur	0.0	0.0	0.0	0.0	0.0
Efficiency	Percent of employee performance evaluations completed by anniversary date	100.00%	100.00%	100.00%	100.00%	100.00%

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 health-care 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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	3,306.7	3,280.7	3,502.4	3,412.8	4.0
Other Revenues	372,064.1	356,826.3	380,474.1	380,384.5	6.6
TOTAL SOURCES	375,370.8	360,107.0	383,976.5	383,797.3	6.6
USES					
Personal Services and Employee Benefits	1,908.6	2,110.7	2,240.5	2,150.9	1.9
Contractual Services	313,794.1	354,123.1	377,601.6	377,601.6	6.6
Other	528.4	592.5	632.0	632.0	6.7
Other Financing Uses	3,306.7	3,280.7	3,502.4	3,412.8	4.0
TOTAL USES	319,537.8	360,107.0	383,976.5	383,797.3	6.6
FTE					
Permanent	26.0	26.0	26.0	26.0	0.0
TOTAL FTE	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, cost of this post-employment health 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 FY21, the RHCA trust fund balance was \$1 billion, compared with \$190 million a decade ago. However, on an actuarial basis, funding is only sufficient to cover about 16.5 percent of the estimated \$4.2 billion in current and future healthcare liabilities. The program is projected to maintain a positive fund balance through 2052.

For FY23, the agency requested an increase of 6.6 percent from the FY22 operating budget. The increase was driven by a projected 2 percent increase in the pool size and a 4 percent increase in medical costs. The LFC recommendation fully funds the agency request for health benefits. While the request is 20 percent higher than FY21 actual expenditures, medical spending was curtailed by pandemic restrictions. The request is only 4.3 percent higher than FY20 actual expenditures and reflects a return to unrestricted medical care.

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 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.

In addition to employee and employer contributions, the state provides a direct appropriation in the form of a distribution from the tax administration suspense fund to support the retiree healthcare program. The distribution is set by statute and increases 12 percent per year, roughly doubling the distribution amount every six years. For FY23, the distribution will increase to \$41.3 million. Monies distributed to RHCA from the tax administration suspense fund would otherwise go to the general fund for appropriation by the Legislature.

RHCA budgets sufficient funds to pay anticipated health costs. However, revenue generated by the program is often greater than healthcare expenses; in FY21 program revenues totaled approximately \$385 million, \$69 million higher than the actual expenditures of \$316 million. The revenue received in excess of expenditures was directed to the retiree healthcare trust fund and invested. This funding will be used to pay future benefit costs.

RHCA membership includes 14.4 thousand pre-Medicare retirees with an average age of 54 years and 40.6 thousand Medicare eligible retirees with an average age of 74. Depending on years of service, pre-Medicare retirees receive a subsidy up to 64 percent of plan cost while Medicare-eligible participants may receive a subsidy up to 50 percent. RHCA also 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. Premiums for dependent coverage are 100 percent paid by the retiree, as are premiums for dental, vision, and life insurance. In FY21, RHCA paid \$173.4 million for coverage of pre-Medicare participants, \$12 thousand per member on average, and \$103.4 million for Medicare-eligible participants, or \$2,600 per member on average.

For calendar year 2022, the RHCA board will increase retiree premiums by 6 percent and 4 percent for pre-Medicare and Medicare supplement plans, respectively. Depending on the coverage plan, pre-Medicare retirees would pay an increase of between \$164.77 and \$210.93 per year and spouses would pay an additional \$312.72 to \$400 per year. Retirees purchasing Medicare supplement plans would see an increase of \$109 per year and spouses would see an increase of \$163 per year. Despite the premium increases, program costs are anticipated to slightly exceed program revenues for FY23. The program loss ratio, which divides the program costs by program revenue, is projected to be 101 percent, meaning costs will be 1 percent higher than revenue.

For FY23, the agency requested \$383.8 million, a \$23.7 million, or 6.6 percent, increase from the FY22 operating budget. The request for the Healthcare Benefits Administration Program included \$124.6 million in revenue from employee and employer contributions, \$179.5 million from insurance premium assessments on retirees, \$41.3 million from a distribution from the tax suspense fund, and \$35 million from prescription drug rebates and Medicare part D subsidies.

The request for Program Support totaled \$3,502.7 thousand, a \$221.7 thousand, or 6.8 percent, increase from the FY22 operating budget. The request assumed all 26 authorized positions would be filled and included additional funding for board-approved salary increases authorized in July, 2021 for select employees and converting an existing position to a general counsel. The request includes 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 to which a 4 percent vacancy rate was applied. The overall recommended increase for program support is 4 percent.

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 will average 4.7 percent between 2020 and 2027. This rate of growth is referred to as medical trend.

The federal 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 from the Pew Charitable Trusts on other postemployment benefits, 48 states have retiree healthcare programs but only eight states' plans have sufficient assets to cover 30 percent of liabilities, while 19 states have only enough assets to pay for less than 1 percent of liabilities. States such as New Mexico, which 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.

Each year, in accordance with the Governmental Accounting Standards Board (GASB), RHCA reports total fund liabilities. For FY20, the fund had a total liability of \$5 billion and assets of approximately \$778 million, resulting in a net healthcare liability of \$4.2 billion, of which \$1 billion was attributable to the state of New Mexico.

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	372,062.4	356,826.3	380,474.1	380,384.5	6.6
TOTAL SOURCES	372,062.4	356,826.3	380,474.1	380,384.5	6.6
USES					
Contractual Services	313,121.9	353,501.7	376,926.7	376,926.7	6.6
Other	35.9	43.9	45.0	45.0	2.5
Other Financing Uses	3,306.7	3,280.7	3,502.4	3,412.8	4.0
TOTAL USES	316,464.5	356,826.3	380,474.1	380,384.5	6.6

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Output	Minimum number of years of positive fund balance	25.0	30.0	30.0	30.0	30.0
Outcome	Number of years of projected balanced spending	5.0	7.0	4.0	6.0	6.0
Outcome	Emergency room visits per 1,000 members	192.0	412.0	200.0	200.0	200.0
Explanatory	Year-end fund balance of the health benefits fund, in thousands	NEW	\$1,056,184	N/A	N/A	N/A
Efficiency	Annual loss ratio for the health benefits fund	NEW	95.00%	100.00%	100.00%	100.00%
Quality	Percent of members with diabetes receiving an annual screening for diabetic nephropathy	NEW	38.05%	85.00%	85.00%	85.00%
Quality	Percent of members with diabetes receiving at least one hemoglobin A1C test in the last 12 months	NEW	44.24%	80.00%	80.00%	80.00%

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	3,306.7	3,280.7	3,502.4	3,412.8	4.0
Other Revenues	1.7	0.0	0.0	0.0	0.0
TOTAL SOURCES	3,308.4	3,280.7	3,502.4	3,412.8	4.0
USES					
Personal Services and Employee Benefits	1,908.6	2,110.7	2,240.5	2,150.9	1.9
Contractual Services	672.3	621.4	674.9	674.9	8.6
Other	492.5	548.6	587.0	587.0	7.0
TOTAL USES	3,073.4	3,280.7	3,502.4	3,412.8	4.0
FTE					
Permanent	26.0	26.0	26.0	26.0	0.0
TOTAL FTE	26.0	26.0	26.0	26.0	0.0

Recommended Language

Any unexpended balance in program support of the retiree health care authority remaining at the end of fiscal year 2023 from this appropriation shall revert to the health care benefits administration program.

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Percent of deposits made within 24 hours	100.00%	100.00%	100.00%	100.00%	100.00%
Outcome	Percent of payments made within 30 days	100.00%	99.00%	99.00%	98.00%	98.00%

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	16,601.4	16,741.7	18,237.6	17,841.7	6.6
Other Transfers	13,592.7	13,524.1	14,904.5	14,105.3	4.3
Other Revenues	473,659.4	522,367.0	538,791.8	536,523.9	2.7
TOTAL SOURCES	503,853.5	552,632.8	571,933.9	568,470.9	2.9
USES					
Personal Services and Employee Benefits	20,791.6	21,097.8	23,230.5	22,383.4	6.1
Contractual Services	44,208.1	42,233.9	50,203.1	50,112.6	18.7
Other	421,888.4	475,777.0	483,595.8	481,869.6	1.3
Other Financing Uses	13,503.2	13,524.1	14,904.5	14,105.3	4.3
TOTAL USES	500,391.3	552,632.8	571,933.9	568,470.9	2.9
FTE					
Permanent	314.0	305.0	314.0	309.0	1.3
Term	2.0	11.0	10.0	0.0	(100.0)
Temporary	1.0	1.0	1.0	1.0	0.0
TOTAL FTE	317.0	317.0	325.0	310.0	(2.2)

At A Glance

GSD, funded primarily from service fees, insurance premiums, payroll contributions, and other sources outside the general fund, requested an additional \$19.3 million, or 3.5 percent, over the FY22 operating budget. Of the increased amount, \$16.1 million was for the Health Benefits and Risk Management programs, which collect insurance premium revenue from state agencies and employees. When the insurance programs are removed, other six programs in the agency requested an increase of \$3.1 million, or 7.3 percent.

The LFC recommends a \$15.7 million, or 2.8 percent, overall increase for the department. The recommendation assumed cost increases of 5 percent per year for health benefits and holds the risk program flat relative to the FY22 operating budget. The recommendation increases general fund appropriations to the Facilities Management Program while providing increases out of enterprise funds for other programs.

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 of state government. About 4 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 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. The cost of premiums is built into agency base budget requests, and GSD has statutory authority to set rates for risk and health benefits insurance. The budget request for Risk Management reflects the anticipated expenditures of the program rather than the expected revenue. Should expenditures requested exceed revenue,

RMD will use the appropriate fund balance to cover the difference. This is similar to other insurance providing entities, such as the Public Schools Insurance Authority and the Retiree Health Care Authority.

RMD operations are supposed to be overseen by the Risk Management Advisory Board, though the board has not met since April 2021. The division is currently without a permanent director for the second time in three years.

For RMD operations, GSD requested an overall increase of \$949.8 thousand, or 10.7 percent. The request increased the personnel budget by \$559.8 thousand, or 12.7 percent, to fill authorized but vacant positions and reduced the other cost category by \$40.6 thousand, or 9.4 percent, to align with prior-year expenditures. In addition to RMD operational costs, the request also included a \$430.6 thousand increase in the other financing uses category. These funds are then transferred to the Support Program.

LFC recommends a \$420.3 thousand, or 4.7 percent increase for the program. The recommendation fully funds the agency request for the contractual services and other categories and includes an additional \$300 thousand to hire additional staff. RMD had 10 vacant positions at the time of budget submission and a personnel surplus of approximately \$20 thousand. The additional funding would allow the agency to hire additional financial staff or property and casualty adjuster positions. The recommendation provides a \$160.9 thousand increase in the other financing uses category for transfer to Program Support to match the LFC recommendation for that program.

For the Risk Management Funds Program, the agency requested an overall increase of \$7.6 million, or 7.8 percent. The agency request anticipated a 14 percent increase in losses in the public liability fund, a 4 percent increase in the public property reserve fund, and a 4 percent increase in workers' compensation losses. The request anticipated losses of \$104 million for FY23. Fiscal year 2021 actual losses totaled \$75.1 million.

The LFC recommendation for RMD funds increases the program by \$5.1 million, or 5.2 percent. The recommendation fully funds the request with the exception of the public liability fund, which the LFC recommendation increase by 8 percent.

Employee Group Health Benefits. GSD provides health benefits for state and participating local government employees and their dependents. Between FY17 and FY21, the number of individuals covered under state health insurance plans fell 4 percent, from 59.5 thousand to 57 thousand. Over this same time, total medical and prescription costs increased 13.1 percent, from \$295.8 million to \$334.4 million. This resulted in the cost per member increasing by 18.1 percent. Premiums increased by 11.4 percent over this period.

The request of the Employee Group Health Benefits Program, like the RMD funds, is based on anticipated spending in the program rather than revenue raised by the program. The distinction is important because the program has been in a deficit for several years because growth in medical costs outpaced premium increases and fund balance fell. At the beginning of FY17, the program reported fund balance of \$39.7 million. By the close of FY21, the program was in a \$17.3 million deficit and the agency anticipates the deficit will increase to \$24.8 million by the close of FY22. The deficit occurred even as the Legislature provided the agency two nonrecurring appropriations totaling \$17.6 million to address the shortfall. Despite the shortfall, GSD did not increase premium rates in FY21, FY22, or FY23, opting instead for benefit reductions in FY23.

While the majority of the shortfall is attributable to state agencies, approximately one-third of program participants are local government and university employees. Because the state never required matching contributions to cover the shortfall in health benefits, the state is effectively subsidizing local governments and universities by providing nonrecurring funding to the benefits programs to pay deficits.

The Covid-19 pandemic had the effect of driving down healthcare costs in FY21 because hospitals canceled elective procedures and many people made the decision to avoid seeking care in public settings. As hospitals restarted elective procedures, many people found it difficult to schedule deferred care, which further reduced utilization. Limited provider availability continues to be problematic, and RMD will be challenged to ensure individuals covered under state health insurance plans have adequate access to providers. GSD estimates direct costs of the covid-19 pandemic to be \$14.5 million, including \$4.9 million for testing and \$9.6 million for treatment. Some of this cost should be eligible for reimbursement from federal funds, but no award has been made to date.

For FY23, the agency assumed a 5 percent growth rate in medical costs, in line with other projections made by the federal Center for Medicare and Medicaid Services and the Kaiser Family Foundation. The LFC recommendation fully funds the agency request.

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.

In recognition of the need for planning, the Legislature provided \$548 thousand for Santa Fe facilities master planning in the 2019 capital building repair fund schedule of repairs, including an additional \$165 thousand for security master planning. In July 2021, FMD completed the master plan. While the report states office space was fully occupied before the pandemic, it notes agencies are using more space than the state space standards recommendation of 185 usable square feet per FTE, exceeding the standards by 88 percent in state-owned space and 78 percent in leased space. The master plan recommends improving existing spaces through renovation, clustering agencies by service type, and moving agencies from leased space to state-owned space.

For FY23, FMD requested an increase of \$1.2 million, or 7.6 percent. The entirety of the increase was directed to the personal services and employee benefits category and will be used to hire eight additional staff at an estimated cost of \$527.6 thousand with the other \$656.1 thousand going to fill currently authorized but vacant positions. In FY21, FMD faced a shortfall in personnel costs and was forced to transfer funding from other budget categories to ensure adequate personnel funding. LFC analysis shows, for FY22, the agency has a personnel surplus of \$220 thousand, or 2.5 percent of the total appropriation.

LFC recommends a general fund increase of \$1.1 million, or 7.1 percent. The recommendation includes an additional \$650 thousand, or 7.5 percent, to fill vacant positions. LFC does not recommend creation of additional positions because the department had 24 authorized vacant positions at the time of budget submission. The LFC recommendation includes an additional \$50 thousand in the contractual services category for facility condition assessments and a \$400 thousand, or 6.3 percent, increase for maintenance supplies in the other costs category.

Procurement Services. The program's core function is purchasing goods and services for executive agencies using competitive bidding processes and administering the Procurement Code. The majority of the budget of the Purchasing Program comes from the Purchasing Division fees fund, though the program also receives an appropriation from the general fund.

The Purchasing Division fees fund receives a portion of the value of purchases off of certain state price agreements. Fee revenues have steadily increased each year from \$2 million in FY18 to \$3 million in FY21. The Purchasing Division fees fund had a balance of \$4 million at the close of FY21, up from \$887 thousand in FY18.

For FY22, the department requested a \$186.8 thousand, or 8.1 percent, increase. The budget request reduced the use of Purchasing Division fees fund by \$71.8 thousand, or 4.6 percent, and increased the general fund appropriation by \$258.6 thousand, or 35.6 percent.

The LFC recommendation fully funds the agency request but holds the general fund appropriation flat relative to FY22 and increases the use of purchasing division fees by \$186.8 thousand, or 8.1 percent. The program had seven vacant positions at the time of budget submission, and LFC analysis indicates the program had a personnel funding shortfall of \$100 thousand at the time of budget submission.

In October 2021, LFC staff presented a progress report update to two past procurement evaluations that found important recommendations from those evaluations remain unaddressed, including calls for repealing some widely used purchasing exemptions that circumvent competition and adding guardrails to the use of statewide price agreements. The report also found the state is likely overspending as a result of management decisions by agency and State Purchasing staff, including authorizing a growing number of sole source purchases, failing to act on appropriations from the Legislature to track spending, and not actively monitoring for violations of the Procurement Code. The State Purchasing Division director and secretary of GSD attended the LFC hearing where the progress report was presented and answered committee questions but did not formally respond to the progress report.

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 1,914 vehicles, 468 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 more challenging to conduct state business outside of the Rio Grande corridor.

For FY23, GSD requested a \$426.2 thousand, or 4.5 percent, increase from the FY22 operating budget. The requested increase included a \$53.6 thousand, or 10.1 percent, increase from the general fund and a \$372.6 thousand, or 4.2 percent, increase from other revenues. The majority of the increase, \$291.4 thousand, was in the other category, which pays for fleet maintenance and other operational costs. An additional \$129.8 thousand, or 5.9 percent, was requested for personnel.

The LFC recommendation fully funds the agency request for the contractual services and other operational costs and includes an additional \$76.2 thousand, or 3.5 percent, for personnel.

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 \$1.93 million in revenue and expended \$1.96 mil-

lion for operations in FY21. For FY23, the department requested a \$39 thousand, or 2 percent, budget reduction from the FY22 operating budget. 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. The program is funded by transfers from other programs within GSD, with the largest amount, coming from RMD. For FY23, the agency requested an increase of \$430.6 thousand, or 9.3 percent, in the contractual services and other costs categories. The additional funding is primarily for IT services and equipment.

The LFC recommendation includes an additional \$160.9 thousand, or 3.5 percent. The recommendation increases the other category by \$75 thousand for IT inventory, increases the contractual services category by \$100 thousand to pay for IT security contracts, and fully funds the request for personnel, a decrease of \$14.1 thousand, or 0.4 percent. LFC analysis shows the program had approximately \$500 thousand in vacancy savings at the time of budget submission.

**BASE EXPANSION LISTING
FY 2022-2023**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	Statewide Maintenance Program	P608	527.6	0.0
TOTAL			527.6	0.0

PROGRAM SUPPORT

The purpose of program support is to provide leadership and policy direction, establish department procedures, manage program performance, oversee department human resources and finances, and provide IT business solutions.

**BUDGET SUMMARY
(dollars in thousands)**

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	4,591.5	4,636.5	5,067.1	4,797.4	3.5
Other Revenues	461.4	0.0	0.0	0.0	0.0
TOTAL SOURCES	5,052.9	4,636.5	5,067.1	4,797.4	3.5
USES					
Personal Services and Employee Benefits	3,024.9	3,391.2	3,377.1	3,377.1	(0.4)
Contractual Services	350.7	463.5	704.0	563.5	21.6
Other	688.6	781.8	986.0	856.8	9.6
TOTAL USES	4,064.2	4,636.5	5,067.1	4,797.4	3.5
FTE					
Permanent	37.0	43.0	43.0	43.0	0.0
TOTAL FTE	37.0	43.0	43.0	43.0	0.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Percent of audit findings resolved from prior fiscal year excluding findings related to fund solvency	0.00%	0.00%	90.00%	50.00%	90.00%

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	751.7	727.3	985.9	727.3	0.0
Other Revenues	2,987.4	1,570.9	1,499.1	1,757.7	11.9
TOTAL SOURCES	3,739.1	2,298.2	2,485.0	2,485.0	8.1
USES					
Personal Services and Employee Benefits	2,000.9	1,896.4	2,191.6	2,191.6	15.6
Contractual Services	4.7	29.0	29.0	29.0	0.0
Other	229.4	298.9	190.5	190.5	(36.3)
Other Financing Uses	73.9	73.9	73.9	73.9	0.0
TOTAL USES	2,308.9	2,298.2	2,485.0	2,485.0	8.1
FTE					
Permanent	28.0	28.0	28.0	28.0	0.0
Temporary	1.0	1.0	1.0	1.0	0.0
TOTAL FTE	29.0	29.0	29.0	29.0	0.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Percent of executive branch agencies with certified procurement officers	92.0%	95.3%	90.0%	90.0%	95.0%
Efficiency	Percent of vendor payments received from sales, as reported as owed by vendors	NEW	0.00%	80.00%	90.00%	90.00%
* Output	Average number of days for completion of contract review	NEW	8.1	5.0	5.0	5.0
Explanatory	Revenue generated through price list purchases	NEW	\$0	N/A	N/A	N/A
Efficiency	Percent of invitations to bid (ITB) that are awarded within 90 days of SPD buyer assignment	NEW	0.00%	90.00%	90.00%	90.00%
Efficiency	Procurements completed within targeted timeframes from assignment to award	NEW	0.00%	80.00%	70.00%	80.00%

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	1,971.1	2,038.9	1,999.9	1,999.9	(1.9)
TOTAL SOURCES	1,971.1	2,038.9	1,999.9	1,999.9	(1.9)
USES					
Personal Services and Employee Benefits	542.0	565.6	543.9	543.9	(3.8)
Contractual Services	39.4	100.0	60.0	60.0	(40.0)
Other	1,317.6	1,315.9	1,338.6	1,338.6	1.7
Other Financing Uses	57.4	57.4	57.4	57.4	0.0
TOTAL USES	1,956.4	2,038.9	1,999.9	1,999.9	(1.9)
FTE					
Permanent	9.0	9.0	9.0	9.0	0.0
TOTAL FTE	9.0	9.0	9.0	9.0	0.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Growth in quarterly sales revenue compared with the previous thirty- or sixty-day legislative session	8.60%	-11.00%	-20.00%	10.00%	10.00%
Efficiency	Percent of printing jobs delivered on time	99.00%	100.00%	99.00%	99.00%	99.00%
* Output	Percent of state printing revenue exceeding expenditures	5.00%	-0.60%	0.00%	4.00%	4.00%
Explanatory	Number of targeted customers utilizing the printing digital storefront	0.0	0.0	N/A	N/A	N/A

RISK MANAGEMENT

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

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	175.0	0.0	0.0	0.0	0.0
Other Transfers	8,911.7	8,887.6	9,837.4	9,307.9	4.7
Other Revenues	8.3	0.0	0.0	0.0	0.0
TOTAL SOURCES	9,095.0	8,887.6	9,837.4	9,307.9	4.7

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
USES					
Personal Services and Employee Benefits	4,433.8	4,392.2	4,952.0	4,692.2	6.8
Contractual Services	161.1	150.0	150.0	150.0	0.0
Other	314.2	430.3	389.7	389.7	(9.4)
Other Financing Uses	3,940.0	3,915.1	4,345.7	4,076.0	4.1
TOTAL USES	8,849.1	8,887.6	9,837.4	9,307.9	4.7
FTE					
Permanent	58.0	56.0	57.0	57.0	1.8
Term	0.0	1.0	0.0	0.0	(100.0)
TOTAL FTE	58.0	57.0	57.0	57.0	0.0

Recommended Language

Any unexpended balances in the risk management program of the general services department remaining at the end of fiscal year 2023 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.

The other state funds appropriations to the public liability fund and the workers' compensation retention fund include sufficient funding to pay costs of providing liability and workers' compensation insurance coverage to members of the New Mexico mounted patrol.

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Explanatory	Average cost per workers' compensation claim	NEW	\$9,248	N/A	N/A	N/A
Explanatory	Amount of excess insurance recoveries for property claims, in thousands	NEW	\$0.0	N/A	N/A	N/A

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	383,169.7	412,936.0	421,493.3	421,493.3	2.1
TOTAL SOURCES	383,169.7	412,936.0	421,493.3	421,493.3	2.1
USES					
Contractual Services	22,000.4	20,177.7	23,282.5	23,282.5	15.4
Other	361,169.2	392,758.3	398,210.8	398,210.8	1.4
TOTAL USES	383,169.6	412,936.0	421,493.3	421,493.3	2.1

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Explanatory	Percent of eligible state employees purchasing state medical insurance	86.50%	81.00%	N/A	N/A	N/A
* Outcome	Percent change in state employee medical premium	4.00%	0.00%	5.00%	5.00%	5.00%
* Outcome	Percent change in the average per-member per-month total healthcare cost	-2.50%	5.90%	5.00%	5.00%	5.00%
Explanatory	Number of visits to the stay well health center	7,801.0	6,248.0	N/A	N/A	N/A
Quality	Percent of members with diabetes receiving an annual screening for diabetic nephropathy	NEW	0.00%	20.00%	20.00%	20.00%
Explanatory	Number of members who designate the stay well health center as their primary care provider	NEW	535.0	N/A	N/A	N/A
Outcome	Percent of state group prescriptions filled with generic drugs within 3% of public-entity-peer rate as reported by pharmacy benefits manager	87.00%	86.50%	85.00%	80.00%	85.00%
Quality	Percent of members with diabetes receiving at least one hemoglobin A1C test in the last 12 months	NEW	0.00%	50.00%	50.00%	50.00%
Explanatory	Rate per one thousand members of emergency department use categorized as non-emergent	NEW	22.1	N/A	N/A	N/A
Explanatory	Percent of available appointments filled at the stay well health center	NEW	50.00%	N/A	N/A	N/A
* Efficiency	Annual loss ratio for the health benefits fund	NEW	0.00%	98.00%	50.00%	98.00%
* Explanatory	Projected year-end fund balance of the health benefits fund, in thousands	NEW	\$0.0	N/A	N/A	N/A

FACILITIES MANAGEMENT

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	15,036.3	15,481.2	16,664.9	16,581.2	7.1
TOTAL SOURCES	15,036.3	15,481.2	16,664.9	16,581.2	7.1
USES					
Personal Services and Employee Benefits	8,606.5	8,652.1	9,835.8	9,302.1	7.5
Contractual Services	404.7	235.6	235.6	285.6	21.2
Other	5,844.1	6,393.5	6,393.5	6,793.5	6.3
Other Financing Uses	200.0	200.0	200.0	200.0	0.0
TOTAL USES	15,055.3	15,481.2	16,664.9	16,581.2	7.1
FTE					
Permanent	151.0	138.0	146.0	141.0	2.2
Term	2.0	10.0	10.0	0.0	(100.0)
TOTAL FTE	153.0	148.0	156.0	141.0	(4.7)

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Explanatory	Total leased square footage	0.0	0.0	N/A	N/A	N/A
Efficiency	Percent of capital projects completed on schedule	96.00%	87.90%	90.00%	90.00%	90.00%
Output	Percent of scheduled preventive maintenance requirements completed on time	75.00%	48.20%	80.00%	90.00%	90.00%
* Outcome	Percent of new office space leases achieving adopted space standards	93.00%	100.00%	90.00%	85.00%	90.00%
Explanatory	Amount (in dollars) of utility savings as a result of green energy initiatives	NEW	\$281,374	N/A	N/A	N/A
Explanatory	Difference between state funding awarded and expended on completed capital projects	85.9%	97.3%	N/A	N/A	N/A
Output	Number of facility condition assessments conducted on an annual basis	NEW	1.0	75.0	0.0	25.0

TRANSPORTATION SERVICES

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

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	556.8	533.2	586.8	533.2	0.0
Other Transfers	89.5	0.0	0.0	0.0	0.0
Other Revenues	10,054.7	8,893.3	9,265.9	9,265.9	4.2
TOTAL SOURCES	10,701.0	9,426.5	9,852.7	9,799.1	4.0
USES					
Personal Services and Employee Benefits	2,183.5	2,200.3	2,330.1	2,276.5	3.5
Contractual Services	62.4	197.8	202.8	202.8	2.5
Other	5,221.1	6,638.3	6,929.7	6,929.7	4.4
Other Financing Uses	320.2	390.1	390.1	390.1	0.0
TOTAL USES	7,787.2	9,426.5	9,852.7	9,799.1	4.0
FTE					
Permanent	31.0	31.0	31.0	31.0	0.0
TOTAL FTE	31.0	31.0	31.0	31.0	0.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Explanatory	Percent increase in short term vehicle use	NEW	225.00%	N/A	N/A	N/A
Efficiency	Average vehicle operation costs per mile	\$0.48	\$0.49	\$0.59	\$0.59	\$0.59
* Outcome	Percent of leased vehicles used 750 miles per month or daily	56.00%	30.00%	70.00%	70.00%	70.00%

RISK MANAGEMENT FUNDS

The purpose of the risk management funds is to provide public liability, public property and workers' compensation coverage to state agencies and employees.

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	81.6	0.0	0.0	0.0	0.0
Other Revenues	75,006.8	96,927.9	104,533.6	102,007.1	5.2
TOTAL SOURCES	75,088.4	96,927.9	104,533.6	102,007.1	5.2
USES					
Contractual Services	21,184.6	20,880.3	25,539.2	25,539.2	22.3
Other	47,104.0	67,160.0	69,157.0	67,160.0	0.0
Other Financing Uses	8,911.7	8,887.6	9,837.4	9,307.9	4.7
TOTAL USES	77,200.3	96,927.9	104,533.6	102,007.1	5.2

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Explanatory	Projected financial position of the public property fund	736.00%	523.00%	N/A	N/A	N/A
* Explanatory	Projected financial position of the workers' compensation fund	60.00%	61.00%	N/A	N/A	N/A
* Explanatory	Projected financial position of the public liability fund	103.00%	112.00%	N/A	N/A	N/A
Efficiency	Annual loss ratio for the public liability fund	NEW	0.00%	95.00%	95.00%	95.00%
Efficiency	Annual loss ratio for the workers' compensation fund	NEW	0.00%	95.00%	95.00%	95.00%
Efficiency	Annual loss ratio for the public property fund	NEW	0.00%	95.00%	95.00%	95.00%

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 nine-member board composed of the secretary of public education, the secretary of higher education, and the state treasurer (ex officio), one member each elected by the New Mexico members of the Association of Educational Retirees, the National Education Association of New Mexico, the American Federation of Teachers, and the New Mexico members of the American Association of University Professors, and two members appointed by the governor.

Mission

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

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	24,034.6	28,309.2	32,617.2	30,033.1	6.1
TOTAL SOURCES	24,034.6	28,309.2	32,617.2	30,033.1	6.1
USES					
Personal Services and Employee Benefits	7,060.9	8,052.9	8,719.7	8,214.0	2.0
Contractual Services	15,554.6	18,437.2	21,977.2	20,000.0	8.5
Other	1,419.1	1,819.1	1,920.3	1,819.1	0.0
TOTAL USES	24,034.6	28,309.2	32,617.2	30,033.1	6.1
FTE					
Permanent	82.0	80.0	81.0	80.0	0.0
TOTAL FTE	82.0	80.0	81.0	80.0	0.0

At A Glance

The operating budget of the Educational Retirement Board (ERB) is funded from retirement trust fund revenue. For FY23, ERB requested an overall increase of \$4.3 million, or 15.2 percent. The majority of the additional funding, \$3.5 million, was directed to the contractual services category, which pays for investment management fees among other costs. The agency also requested a \$666.8 thousand, or 8.3 percent, increase for personnel, including the addition of one expansion financial coordinator position to support the work of the investment division.

The committee recommends an increase of \$1.7 million, or 6.1 percent. The majority of the increase, \$1.6 million, is in the contractual services category to pay investment managers and attorney fees. The remainder is directed to provide a 3 percent increase for personnel but does not include additional FTE because the agency could reclassify a currently vacant position if needed.

Budget Issues

ERB does not receive a general fund appropriation and all of its operations are funded through use of retirement trust fund dollars; all unexpended funds appropriated for ERB operations revert to the trust fund. ERB has steadily increased personnel spending as the agency works to reduce dependence on contract investment managers and provide timely customer service. In FY19, the agency spent \$5.8 million on personnel, this increased to \$7.1 million in FY21. The agency currently has 83 authorized FTE, of which 16, or 19.3 percent, were vacant at the time of budget submission. LFC analysis shows that, at the time of budget request submission, ERB had personnel costs of \$7.2 million and an FY22 operating budget of \$8.1 million, resulting in a personnel funding surplus of approximately \$900 thousand in FY22. ERB's vacancies include five customer service providers, five accounting and auditing positions, four investment positions, and two IT positions.

The agency requested \$22 million in contractual services, an increase of \$3.5 million, or 19 percent from the FY22 operating budget. Fiscal year 21 actual costs for investment services were \$15.6 million. Additionally, ERB left an unassigned surplus of \$3 million that will allow them flexibility to enter contracts with different managers should they need to. ERB pays money managers fees in addition to profit sharing. Most investment fees and profit sharing are paid out of invested funds and do not appear in the budget. Typically, ERB pays fees out of the invested amount for funds where ERB

holds a partial interest, whether a limited partnership or other comingled account structure. For separately managed accounts, where ERB is the sole participant in the fund, fees appear in the budget. In FY20, ERB paid fees and profit sharing totaling \$111.5 million of which approximately \$12.9 million were fixed fees in the contractual services category.

In the other category, the agency requested a \$101.2 thousand, or 5.6 percent, increase to pay increased IT costs.

The LFC recommendation increases the budget for personnel by \$161 thousand to provide adequate funding to fill existing investment and customer service positions. The agency prioritized hiring additional investment staff for the past several years, but the state's compensation package is out-of-line with market pay. The LFC recommendation includes sufficient funding to increase investment staff pay. For contractual services, the LFC recommendation includes an additional \$1.56 million, or 8.5 percent, for investment management fees. While the recommendation is less than requested, it is significantly higher than the \$15.6 million spent for this purpose in FY21. The recommendation holds the other costs category flat relative to FY22.

Asset Management. For FY21, the ERB fund returned 28.8 percent, far exceeding the long-term return target of 7 percent and finishing the year with a balance of \$15.8 billion, an increase of approximately \$3 billion from the prior year. In FY20, contributions from 61 thousand active members totaled \$781 million, while \$1.2 billion was paid out to 50 thousand beneficiaries. ERB's investment returns met the agency's targeted return for the three-, five-, and 10-year time periods, and ERB had the best performance of all investment agencies, including PERA and the State Investment Council (SIC). While the performance in FY21 was extraordinary, prior-year returns were significantly less. In FY20, the fund lost 0.97 percent for the year and missed the target for all periods but the 10-year.

ERB's investment performance has been the best in the state and compares well with large national public investment funds. The LFC quarterly investment report tracks investment returns and provides rankings for the funds for the one-, three-, five-, and 10 year periods. Since FY19, the ERB fund has ranked in the top half of investment funds for most periods and has ranked in the top third in five out of 12 reporting periods over this time.

Sustainability. For FY20, ERB reported an unfunded actuarially accrued liability—the difference between assets available to pay benefits and estimated benefit cost—of \$9 billion. ERB estimated current contributions and investment returns will never be sufficient to pay off the unfunded liability of the fund. The fund has assets sufficient to cover 60 percent of the cost of future benefits. Since 2013, the Legislature passed multiple pension solvency measures to improve the financial positions of the funds. The legislation both increased contributions to the fund and reduced benefits. Despite the changes made in the wake of the Great Recession of 2008 and another benefit reduction made in 2019, the ERB fund remains in perilous financial position. Laws 2021, Chapter 44, (Senate Bill 42) increased employer contributions to the fund by 1 percent per year in both FY22 and FY23. The legislation will increase contributions to the fund by \$64 million per year once fully implemented. While significant, the 2 percent total increase was half of the requested 4 percent increase.

BASE EXPANSION LISTING FY 2022-2023

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Financial Coordinator - o - Investments	P635	66.5	0.0
TOTAL			66.5	0.0

EDUCATIONAL RETIREMENT FUND

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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Average rate of net return over the last five years	5.71%	10.62%	7.00%	7.00%	7.00%
* Outcome	Funding period of unfunded actuarial accrued liability, in years	70.0	29.0	30.0	30.0	30.0
Outcome	Average rate of net return over the last ten years	7.75%	8.61%	7.00%	7.00%	7.00%
Explanatory	Five-year annualized investment returns to meet or exceed board approved reference portfolio benchmark, in basis points	5.7	6.0	N/A	N/A	N/A
Quality	Percent of member satisfaction with seminars and trainings	90.00%	88.00%	95.00%	95.00%	95.00%
Explanatory	Ten-year annualized investment returns to meet or exceed board approved reference portfolio benchmark, in basis points	7.8	34.0	N/A	N/A	N/A
* Explanatory	Ten-year performance ranking in a national peer survey of public plans	54.00%	34.00%	N/A	N/A	N/A
Explanatory	Five-year performance ranking in a national peer survey of public plans	37.00%	45.00%	N/A	N/A	N/A

Statutory Authority

The New Mexico Sentencing Commission operates under Section 9-3-10 NMSA 1978. Section 9-3-13 NMSA 1978 creates 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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,188.6	1,188.6	2,010.6	1,388.6	16.8
Other Transfers	30.0	52.0	52.0	52.0	0.0
TOTAL SOURCES	1,218.6	1,240.6	2,062.6	1,440.6	16.1
USES					
Contractual Services	793.2	1,057.6	1,057.6	1,107.6	4.7
Other	265.9	183.0	1,005.0	333.0	82.0
TOTAL USES	1,059.1	1,240.6	2,062.6	1,440.6	16.1

At A Glance

The Sentencing Commission requested a flat base budget for FY23 as well as an expansion of \$822 thousand for its crime reduction grant program. The LFC recommendation includes a \$50 thousand increase in the base budget and funds \$150 thousand of the expansion. 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 Sentencing Commission (NMSC) has no FTE because its eight full- and part-time staff members 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 FY21, the commission completed 10 research projects and published seven reports. The commission produces annual studies on prison population and inmates serving parole inside prison. NMSC also calculates the reimbursement for county jails housing felony offenders each year. Other studies related to the criminal justice system are performed as needed or by request. In FY21, the commission published an analysis of the process of determining if defendants are competent to stand trial in New Mexico, part of a larger project the commission anticipates will continue in FY22.

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 reduced due to solvency measures in FY21 and FY22, but the agency requested an increase in funding for crime reduction grants as an expansion in its FY23 budget request.

The commission established a competitive program for crime reduction grants in FY20. In FY21, the agency funded five projects in four judicial districts for a total of \$178 thousand, including projects to add incentives for clients enrolled in treatment courts in Bernalillo County Metropolitan Court and to purchase electronic monitoring equipment for pretrial release in several judicial districts. For the FY22 grant cycle, the commission awarded

\$178 thousand for four projects covering four judicial districts, which include projects to establish a domestic violence specialty court in the 8th Judicial District and to create recreation opportunities for specialty court clients in the 4th Judicial District.

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. At the end of FY21, ICASA deployed a state identification number database that is updated daily, and NMSC is currently assisting the Administrative Office of the Courts and the Administrative Office of the District Attorneys in linking this data to their records. This integration allows criminal justice partners to improve coordination and cooperation through improved data sharing, and supports increased research on criminal-justice-involved individuals as they move through the justice system. The LFC recommendation adds \$50 thousand to the base budget to support this work.

In FY21, NMSC reverted \$169.3 thousand, including \$47.7 thousand from unspent grant funds (this includes \$10.8 thousand reverted from FY20 one-time grant funds that were extended through FY21 in the General Appropriation Act of 2020) and \$121.7 thousand from unspent funds on the commission's contract with ICASA (work on which was significantly limited due to the Covid-19 pandemic) and vacancy savings. The commission reports it is now fully staffed and does not expect such reversions in FY22.

The Legislature appropriated \$500 thousand in consumer settlement fund balances to NMSC for FY21 and FY22 to rewrite the state's Criminal Code and other criminal statutes. In 2021, the commission formed a Criminal Code Update Committee to begin this work and is currently focusing on seven areas: child abuse statutes, sentencing structure, mens rea (criminal intent), behavioral health issues as they impact the criminal justice system, race and ethnicity data, homicide statutes, and criminal sexual penetration statutes. The commission plans to request language extending this appropriation through FY23 to allow time to complete its work.

Last fall, the commission endorsed a bill to modify the structure of fines and fees for juvenile offenders, which was signed into law following the 2021 session, as well as several other pieces of legislation that were ultimately unsuccessful. In advance of the 2022 legislative session, the commission has endorsed legislation to reform medical and geriatric parole, change the structure of fines and fees for adult offenders, and create a nonreverting fund for crime reduction grant funding.

Base Expansion

In the criminal justice system, data collection occurs in silos across New Mexico law enforcement agencies, detention facilities, probation and parole agencies, courts, diversion programs, health departments, emergency responders, and others. Connecting the data so criminal justice partners can access information relevant to their respective programs would increase efficiency, reduce redundancy, minimize data errors, and allow for the evaluation and performance management of programs. LFC's 2018 evaluation of crime in Bernalillo County recommended the Legislature consider legislation to assist agencies in connecting datasets and databases, and Chapter 192 enacted some of these recommendations, including establishing the crime reduction grant program to support evidence-based treatment and supervision alternatives to incarceration, preprosecution diversion programs, specialty court programs, and pretrial services.

For FY23, NMSC requested an expansion of \$822 thousand to increase its crime reduction grants. Increased funding will allow the agency to consider larger and more ambitious projects. The LFC recommendation supports the goals of the crime reduction grant program and includes \$150 thousand for this expansion. However, the allowable uses of these grant funds are limited, and currently grants cannot be used to support coordination between law enforcement and other criminal justice partners or to provide staff to support criminal justice coordinating councils. Expanding the allowable uses of the crime reduction grants could better deploy those funds in support of criminal justice partner cooperation and coordination.

BASE EXPANSION LISTING FY 2022-2023

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	Increase Crime Reduction Grant awards \$	P636	822.0	0.0
1	Increase funding for crime reduction grants	P636	0.0	150.0
TOTAL			822.0	150.0

NEW MEXICO SENTENCING COMMISSION

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

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Percent of criminal justice bills analyzed for a legislative session	100.00%	100.00%	100.00%	100.00%	100.00%
Output	Number of research projects completed	9.0	10.0	10.0	10.0	10.0
Explanatory	Number of crime reduction grants awarded	7.0	5.0	N/A	N/A	N/A
Explanatory	Total amount of funding awarded for crime reduction grants	\$376,600	\$178,500	N/A	N/A	N/A
Output	Number of presentations to the legislature on recommended criminal and juvenile justice system reforms the commission determines would improve those systems	NEW	2.0	2.0	2.0	2.0
Explanatory	Percent of awarded crime reduction grant funding reverted	0.00%	6.00%	N/A	N/A	N/A
Output	Number of commission and subcommittee meetings held	NEW	31.0	15.0	15.0	15.0
Output	Number of presentations to the legislature on proposed sentencing reforms	NEW	2.0	1.0	1.0	1.0
Output	Percent of statutorily-mandated meetings of the sex offender management board held	NEW	0.00%	100.00%	0.00%	100.00%
Output	Percentage of statutorily-mandated research projects completed	NEW	100.00%	100.00%	100.00%	100.00%
Outcome	Percent of crime reduction grants that fully complete the scope of work outlined in the grant agreement	NEW	90.00%	85.00%	85.00%	90.00%

Statutory Authority

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

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	4,399.6	4,607.2	4,897.2	4,838.4	5.0
Other Transfers	12.1	0.0	0.0	0.0	0.0
Other Revenues	0.1	0.0	0.0	0.0	0.0
TOTAL SOURCES	4,411.8	4,607.2	4,897.2	4,838.4	5.0
USES					
Personal Services and Employee Benefits	3,331.6	4,013.8	4,303.8	4,245.0	5.8
Contractual Services	25.3	86.0	86.0	86.0	0.0
Other	265.7	507.4	507.4	507.4	0.0
TOTAL USES	3,622.6	4,607.2	4,897.2	4,838.4	5.0
FTE					
Permanent	35.0	35.0	35.0	35.0	0.0
Temporary	2.0	0.0	0.0	0.0	0.0
TOTAL FTE	37.0	35.0	35.0	35.0	0.0

At A Glance

The Office of the Governor requested a general fund budget of \$4.9 million for FY23, a 6.3 percent increase from the FY22 operating budget. The request included an increase of \$290 thousand to fill vacant positions. The office requested a flat budget for contracts and other costs, including \$96 thousand for the governor's contingency fund. The committee recommendation supports a 5 percent increase, allowing the office to continue filling vacancies.

Budget Issues

The Office of the Governor requested an increase of \$290 thousand, or 7.2 percent, for personnel. The requested amount would represent a 0.6 percent vacancy rate. The office has 35 authorized FTE, and as of October 2021, 11 positions were vacant, a vacancy rate of 31 percent. Vacancies included positions of director and deputy director of legislative affairs, constituent services positions, and special directors for infrastructure and public safety. The committee recommendation supports a personnel budget increase of 5.8 percent, representing a 2 percent vacant rate. As of October, the office had over \$900 thousand in vacancy savings.

In addition to personnel costs, the office requested \$86 thousand for legislative analysis, interpreting services, and audit services, \$100 thousand for employee travel, and \$96 thousand for the governor's contingency fund.

In FY21, the office spent \$20.1 thousand from the governor's contingency fund, including approximately \$9,400 on food and beverage, \$4,500 on household supplies, and \$6,200 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 DFA.

For FY21, the office met all performance measure targets, including constituent service cases closed, days to post public meetings on the office's website, and days to post executive orders.

EXECUTIVE MANAGEMENT AND LEADERSHIP

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

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.

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Percent of constituent service cases closed within thirty days of initial receipt	94.00%	91.50%	90.00%	90.00%	94.00%
Output	Number of business days to process extraditions	10.0	10.0	10.0	10.0	10.0
Output	Number of business days to post videos of public meetings recorded by the governor's office on www.governor.state.nm.us	1.0	2.0	2.0	2.0	2.0
Output	Number of business days to acknowledge receipt and determine eligibility for consideration of pardon request	10.0	10.0	10.0	10.0	10.0
Output	Number of business days to post executive orders to the governor's website after being signed by the governor and secretary of state	1.0	1.0	1.0	1.0	1.0

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	576.8	584.9	584.9	584.9	0.0
Other Transfers	1.9	0.0	0.0	0.0	0.0
TOTAL SOURCES	578.7	584.9	584.9	584.9	0.0
USES					
Personal Services and Employee Benefits	443.7	455.7	455.7	455.7	0.0
Contractual Services	9.7	36.9	36.9	36.9	0.0
Other	45.8	92.3	92.3	92.3	0.0
TOTAL USES	499.2	584.9	584.9	584.9	0.0
FTE					
Permanent	6.0	6.0	6.0	6.0	0.0
TOTAL FTE	6.0	6.0	6.0	6.0	0.0

At A Glance

The Office of the Lieutenant Governor requested a flat budget of \$584.9 thousand for FY23, which included \$455.7 thousand for 5 filled FTE positions. The committee recommendation supports the request.

In addition to costs for 5 FTE, including the lieutenant governor, the office requested \$92.3 thousand for travel, IT services, and office supplies, and \$36.9 for legislative support and audit services contracts.

The office met all FY21 performance measure targets for constituent service files closed, days in session and presided over, and public forums held. The lieutenant governor hosted 31 town hall meetings, virtual office hour sessions, and other meetings and forums in FY21. The lieutenant governor also serves on the Board of Finance, Mortgage Finance Authority, and other commissions and councils.

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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Percent of constituent service files closed within 30 days	92.50%	96.00%	95.00%	95.00%	95.00%
Output	Number of townhall meetings, economic forums, or task forces the lieutenant governor has participated in	28.0	31.0	10.0	10.0	10.0
Output	Percent of days in session and presided over (gavel down)	100.00%	100.00%	95.00%	95.00%	95.00%

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

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	835.9	1,801.2	2,801.2	2,249.0	24.9
Other Transfers	8,423.4	8,695.2	8,307.6	8,307.6	(4.5)
Other Revenues	63,934.7	61,104.1	64,729.8	63,600.4	4.1
Fund Balance	5,423.2	0.0	2,797.4	2,548.4	0.0
TOTAL SOURCES	78,617.2	71,600.5	78,636.0	76,705.4	7.1
USES					
Personal Services and Employee Benefits	14,820.8	15,742.3	18,545.0	16,614.4	5.5
Contractual Services	3,526.6	6,818.8	6,779.9	6,779.9	(0.6)
Other	40,883.0	40,344.2	45,003.5	45,003.5	11.5
Other Financing Uses	10,744.0	8,695.2	8,307.6	8,307.6	(4.5)
TOTAL USES	69,974.4	71,600.5	78,636.0	76,705.4	7.1
FTE					
Permanent	167.0	168.0	173.0	170.0	1.2
TOTAL FTE	167.0	168.0	173.0	170.0	1.2

At A Glance

The Department of Information Technology's (DoIT) base budget request totaled \$78.6 million from all funds, 9.8 percent above the FY22 operating budget. The request for general fund revenue totaled \$2.8 million, a \$1 million (55.5 percent) increase from the FY22 operating budget. This increase came entirely from a \$1 million general fund revenue expansion request for the newly created Office of Broadband Access and Expansion, administratively attached to DoIT. The LFC recommendation supports a 7.1 percent total budget increase relative to FY22, including a general fund revenue increase of \$447.8 thousand, or 24.9 percent, for personnel in the Office of Broadband Access and Expansion. The LFC recommendation also supports the agency request for the equipment replacement fund (ERF), totaling \$10.6 million.

Budget Issues

Enterprise Services. DoIT's request estimated \$52.7 million in enterprise revenue for FY23, an increase of \$1.2 million (2.4 percent) compared with FY22. Overall rates for information technology and telecommunications services decreased by an average of 19.4 percent for FY23, primarily due to overrecovery in FY21. DoIT's request estimated FY23 subscription fees for state agency use of the statewide SHARE financial management system would total \$9.4 million, a 1.4 percent increase over FY22 revenue. The SHARE subscription cost also decreased from \$365 to \$360 per FTE. Rates

charged to agencies for desktop support through the agency's help desk will be eliminated and will continue to be provided at no cost to customers starting in FY23. The agency added two new rates for Office 365 licenses. Over 19.6 thousand licenses already migrated to the service in FY22.

The agency requested a \$3.6 million, or 6.9 percent, increase for the Enterprise Services Program, including an increase of \$230 thousand from fund balances to fully fund personnel. Other increases were requested in the other category, primarily for IT hardware and software agreements, including cybersecurity. The LFC recommendation supports a \$2.5 million, or 4.5 percent, increase for the program and supports a lower funded vacancy rate than requested for the program.

The Legislature appropriated \$7 million to DoIT for the cybersecurity upgrade project intended to improve the state's cybersecurity practices. In FY22, DoIT received \$1 million in general fund revenues to support operational cybersecurity services, and the agency's FY23 base budget request included \$1 million for this purpose, which the LFC recommendation supports. 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. DoIT exceeded its performance measure target for performing vulnerability scanning on a quarterly basis and, for FY22, the department is increasing the frequency of cybersecurity vulnerability scans, moving to monthly rather than quarterly scanning for the participating agencies.

Equipment Replacement Fund. For FY23, DoIT requested \$10.6 million in expenditures from the ERF, including \$7.4 million from enterprise services funds and \$3.1 million from SHARE funds. The department records amounts due to the ERF each year based on calculated depreciation. Fund transfers are made from the operating funds each year equal to the recorded amounts due. For FY23, the request included revenue transfers equal to the reported actual FY21 depreciation costs, \$8.1 million, and \$2.4 million from fund balance. DoIT's FY23 equipment replacement plan outlines priorities for IT expenditures from the ERF. The agency's request for the enterprise ERF includes \$3.7 million for the public safety radio upgrade project and just under \$1.5 million for the statewide modern workplace initiative, intended to upgrade the state's existing workspace and email solution.

ERFs provide the department with a funding mechanism for replacing state IT infrastructure by including depreciation costs in the rates DoIT charges agencies. The ERF plan provides increased accountability and transparency for DoIT's IT investments. By law, the ERFs must be spent according to equipment replacement plans. DoIT is developing an ERF operational plan following a May 2021 LFC evaluation of the fund. According to DoIT, the plan will define management and oversight processes for the ERF to ensure best practices and transparency.

The agency's request for the enterprise ERF included just under \$1.5 million for the statewide modern workplace initiative to upgrade the state's existing workspace and email solution and \$3.7 million for the public safety radio upgrade project, which will upgrade the current analog public safety radio communication system to a digital public safety communications system. The project should improve radio quality and interoperability among state agencies. DoIT provided additional nonrecurring funding for the project of \$1.3 million in FY19, \$1 million in FY20, and \$5 million in FY21. In early FY22, DoIT reported additional contributions of \$7 million from Eddy County to support the project. The request for the SHARE ERF includes \$2 million for SHARE improvements, \$320.1 thousand for module expansions, and \$800 thousand for hardware and software. The LFC recommendation supports DoIT's ERF plan and requests for ERF funding in FY23.

Compliance and Project Management. DoIT's Compliance and Project Management 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. DoIT reviewed 26 business cases and IT funding requests from 15 state agencies for the FY23 funding recommendation. The requests totaled \$87.8 million from the general fund, \$3.3 million from other state funds, and \$78.5 million from federal funds. The agency's request for the program included funding for cybersecurity, geospatial services, and project management bureaus but reflected an overall flat budget relative to FY22. The LFC recommendation reduces the personal services and employee benefits category by \$365.2 thousand for 3 FTE, repurposes these positions to the new Office of Broadband Access and Expansion, and reduces the number of authorized FTE in Compliance and Project Management from 18 to 15. The 3 repurposed FTE are funded through the general fund, so the LFC recommendation reduces the general fund appropriation by \$365.2 thousand.

Program Support. The agency requested the use of \$147.6 thousand from fund balances for Program Support, which almost fully accounts for the 3.8 percent increase in the program relative to FY22. For FY23, DoIT requested to fully fund personnel in Program Support, and the LFC recommendation partially supports the agency's request.

Base Expansion

Office of Broadband Access and Expansion. Laws 2021, Chapter 120, (House Bill 10) established the Office of Broadband Access and Expansion, administratively attached to DoIT, to better coordinate broadband efforts among different entities. For FY23, DoIT requested to create a new program for that office and requested \$1 million from the general fund as an expansion. The expansion request included \$795.7 thousand for salaries for 5 FTE (including a director), \$125 thousand for contractual services, and \$79.3 thousand for other expenditures, such as IT hardware and software agreements and equipment. The request funded FTE at an average cost of \$158.1 thousand per FTE; however, the average FTE cost for the agency is only \$107 thousand per FTE. In addition, the agency already has \$600 thousand in nonrecurring appropriations for the office for use through FY26, none of which has been expended. The LFC recommendation supports the addition of FTE and repurposes funded vacant FTE from the Compliance and Proj-

ect Management Program. These positions are funded at the average FTE cost for the Compliance and Project Management Program, the highest of all the agency's programs, at \$121.7 thousand per FTE, for a total personnel recommendation of \$608.7 thousand for the Office of Broadband Access and Expansion. The LFC recommendation fully funds the requests for the contractual services and other categories.

**BASE EXPANSION LISTING
FY 2022-2023**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	New Office of Broadband Access and Expansion	P789	1,000.0	813.0
TOTAL			1,000.0	813.0

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)**

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	189.7	173.1	173.1	173.1	0.0
Other Revenues	2,928.2	3,657.4	3,656.4	3,656.4	0.0
Fund Balance	0.0	0.0	147.6	128.6	0.0
TOTAL SOURCES	3,117.9	3,830.5	3,977.1	3,958.1	3.3
USES					
Personal Services and Employee Benefits	2,925.3	3,477.8	3,625.4	3,606.4	3.7
Contractual Services	21.5	31.6	46.0	46.0	45.6
Other	171.2	321.1	305.7	305.7	(4.8)
TOTAL USES	3,118.0	3,830.5	3,977.1	3,958.1	3.3
FTE					
Permanent	37.0	36.0	36.0	36.0	0.0
TOTAL FTE	37.0	36.0	36.0	36.0	0.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Outcome	Percent of enterprise services achieving a cost recovery rate within ten percent of breaking even	NEW	0.00%	95.00%	90.00%	95.00%
Output	Percentage of timely, accurate billing issued on or before the 10th of every month for the prior billing period	NEW	0.00%	100.00%	100.00%	100.00%
Quality	Percent of state agency customers satisfied with the department of information technology's services and support	NEW	0.00%	85.00%	85.00%	85.00%
Output	Percentage of accounts receivable balances collected within 120 days from the original invoice	NEW	0.00%	95.00%	95.00%	95.00%

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	835.9	1,801.2	1,801.2	1,436.0	(20.3)
Other Revenues	616.3	1,439.2	1,439.2	1,439.2	0.0
TOTAL SOURCES	1,452.2	3,240.4	3,240.4	2,875.2	(11.3)
USES					
Personal Services and Employee Benefits	1,205.7	1,915.0	1,915.0	1,549.8	(19.1)
Contractual Services	0.0	1,021.5	1,021.5	1,021.5	0.0
Other	56.8	130.8	130.8	130.8	0.0
Other Financing Uses	189.7	173.1	173.1	173.1	0.0
TOTAL USES	1,452.2	3,240.4	3,240.4	2,875.2	(11.3)
FTE					
Permanent	12.0	18.0	18.0	15.0	(16.7)
TOTAL FTE	12.0	18.0	18.0	15.0	(16.7)

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Outcome	Percent of information technology professional service contracts greater than one million dollars in value reviewed within seven business days	93.00%	100.00%	95.00%	95.00%	95.00%
* Outcome	Percent of information technology professional service contracts less than one million dollars in value reviewed within five business days	98.00%	99.80%	95.00%	100.00%	100.00%
Output	Number of workshops, trainings, events, or whitepapers delivered to agencies on IT best practices upon department analysis of key IT oversight areas	7.0	7.0	9.0	9.0	9.0

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	60,359.5	56,007.5	59,634.2	58,504.8	4.5
Fund Balance	0.0	0.0	230.0	0.0	0.0
TOTAL SOURCES	60,359.5	56,007.5	59,864.2	58,504.8	4.5
USES					
Personal Services and Employee Benefits	10,689.9	10,349.5	12,208.9	10,849.5	4.8
Contractual Services	3,397.3	5,765.7	5,587.4	5,587.4	(3.1)
Other	30,351.5	31,370.2	33,933.4	33,933.4	8.2
Other Financing Uses	10,554.3	8,522.1	8,134.5	8,134.5	(4.5)
TOTAL USES	54,993.0	56,007.5	59,864.2	58,504.8	4.5
FTE					
Permanent	118.0	114.0	114.0	114.0	0.0
TOTAL FTE	118.0	114.0	114.0	114.0	0.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Outcome	Percent of service desk incidents resolved within the timeframe specified for their priority level	98.60%	99.70%	95.00%	100.00%	100.00%
Outcome	Number of perimeter DoIT devices reporting security metrics and logs to the Security Incident and Event Management (SIEM) system.	2,204.0	2,204.0	2,000.0	2,200.0	2,200.0
* Output	Number of independent vulnerability scans of information technology assets identifying potential cyber risks	NEW	4.0	2.0	4.0	4.0
Outcome	Percent of uptime of E-mail services other than scheduled maintenance	NEW	0.00%	98.00%	98.00%	98.00%
Outcome	Percentage of critical or high-risk vulnerabilities remediated from the previously identified scan	NEW	0.00%	85.00%	90.00%	90.00%

EQUIPMENT REPLACEMENT FUND**BUDGET SUMMARY**
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	8,233.7	8,522.1	8,134.5	8,134.5	(4.5)
Other Revenues	30.8	0.0	0.0	0.0	0.0
Fund Balance	5,423.2	0.0	2,419.8	2,419.8	0.0
TOTAL SOURCES	13,687.7	8,522.1	10,554.3	10,554.3	23.8
USES					
Contractual Services	107.8	0.0	0.0	0.0	0.0
Other	10,303.6	8,522.1	10,554.3	10,554.3	23.8
TOTAL USES	10,411.4	8,522.1	10,554.3	10,554.3	23.8

BROADBAND ACCESS AND EXPANSION**BUDGET SUMMARY**
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	0.0	0.0	1,000.0	813.0	0.0
TOTAL SOURCES	0.0	0.0	1,000.0	813.0	0.0
USES					
Personal Services and Employee Benefits	0.0	0.0	795.7	608.7	0.0
Contractual Services	0.0	0.0	125.0	125.0	0.0
Other	0.0	0.0	79.3	79.3	0.0
TOTAL USES	0.0	0.0	1,000.0	813.0	0.0
FTE					
Permanent	0.0	0.0	5.0	5.0	0.0
TOTAL FTE	0.0	0.0	5.0	5.0	0.0

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 10-12B1 through 10-12B-19 NMSA 1978), Magistrate Retirement Act (Sections 10-12C-1 through 10-12C-18 NMSA 1978), Retirement Reciprocity Act (Sections 10-13A-1 through 10-13A-4 NMSA 1978), Deferred Compensation Act (Sections 10-17A1 through 10-7A12 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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	52.8	49.5	49.8	49.8	0.6
Other Revenues	39,816.2	36,288.6	40,229.5	37,850.4	4.3
TOTAL SOURCES	39,869.0	36,338.1	40,279.3	37,900.2	4.3
USES					
Personal Services and Employee Benefits	7,721.9	8,330.5	8,374.1	8,374.1	0.5
Contractual Services	30,337.3	25,968.8	28,347.9	25,968.8	0.0
Other	1,809.7	2,038.8	3,557.3	3,557.3	74.5
TOTAL USES	39,868.9	36,338.1	40,279.3	37,900.2	4.3
FTE					
Permanent	90.0	87.0	87.0	87.0	0.0
TOTAL FTE	90.0	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 10.8 percent increase for FY23. The PERA request applied a 3 percent vacancy rate and transferred \$1 million from the contractual services to the other category to pay for IT services and added an additional \$2.4 million for investment fees in the contractual services category. The LFC recommendation fully funds the agency request for personnel and other costs and holds funding for contractual services flat relative to FY22.

Budget Issues

PERA's FY23 request included a 0.5 percent increase for personnel. LFC analysis shows PERA had \$647 thousand in excess personnel funding at the time of budget submission. The large surplus in the personnel category is largely attributable to turnover of high-level staff, including the executive director, chief investment officer, and general counsel. The PERA board's inability to reach consensus led to the executive director position remaining vacant from February to October. This, in turn, delayed the filling of a number of other positions.

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; between FY19 and FY21, average annual spending in the contractual services category was \$24.4 million while appropriations averaged \$27.2 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. PERA's request for contractual services includes \$1.4 million over the anticipated fees to provide additional flexibility.

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 FY23 was virtually flat relative to FY22. PERA contends retirement trust funds should not be used to pay these costs because many of the requests are from charter schools and others employers not affiliated with PERA.

The LFC recommendation fully funds the agency request for personnel and other operational costs. The recommendation for contractual services holds the category flat relative to FY22 despite the reduction of \$1 million for IT maintenance that will be paid out of the other category rather than the contractual services category. The LFC recommendation is flat with FY22 but provides an effective \$1 million increase to the contractual services category.

Asset Management. For FY21, investments returned 24 percent, net of external asset management fees, and the market value of the fund increased by \$2.8 billion to a total value of \$17.6 billion. In FY20, \$666 million in contributions to the fund were made on behalf of 57 thousand active members, and \$1.3 billion was paid to 44 thousand retirees. Strong investment performance in FY21 resulted in PERA meeting the target return rate of 7.25 percent in the three-, five-, and 10-year periods. However, when compared with other public funds over \$1 billion, PERA has performed in the bottom quartile for every period.

Investment returns are a function of a number of factors, including asset allocation and staff performance. At PERA, asset allocation targets are set by the PERA board. However, the board has been increasingly ineffective and has spent the majority of calendar year 2021 without a board chair because no member could get the seven votes needed to secure the chairmanship. This lack of cooperation among board members also prevented the board from appointing an executive director between February and October. The agency continues to operate without a chief investment officer (CIO). PERA has had three CIOs in the past seven years. The lack of stability in staffing has likely diminished investment performance as the agency struggles to create and adhere to a single investment strategy.

In 2017, the PERA board voted to delegate selection of fund managers to PERA staff. The board's motion was followed with a conversion of investment staff from classified to exempt positions and increases in 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 2020 valuation, the five retirement plans created by the Public Employees' Retirement Act—state employees, state police, municipal employees, municipal police, and municipal fire—were 70.3 percent funded. However, funding of the individual plans varies significantly. The state employees plan, also called state general plan three, was 59.5 percent funded with an unfunded liability of \$6.7 billion, while the state police plan was 127.2 percent funded with a surplus of \$285 million.

Pension funding improved greatly over the past decade because legislation reducing benefits and increasing contributions was enacted. In 2013, PERA benefits were reduced for new employees and cost-of-living adjustments (COLA) paid to retirees were reduced to better reflect actual price inflation. However, these changes were insufficient to cover costs and, in 2020, the Legislature increased contributions to the fund and changed the way the COLA is paid to reflect investment earnings and price inflation.

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 were 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. The board's inability to provide leadership over the past several years resulted in PERA operating without a number of key staff positions in 2021. The board's failure to operate effectively seems to be a trend and there is little indication the board will be able to provide the stability and vision needed to run a successful pension plan.

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

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

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Outcome	Funding period of unfunded actuarial accrued liability, in years	0.0	TBD	30.0	30.0	30.0
Outcome	Ten-year annualized investment returns to meet or exceed board approved reference portfolio benchmark, in basis points	35.0	22.0	0.0	0.0	0.0
Outcome	Five-year annualized investment returns to meet or exceed board approved reference portfolio benchmark, in basis points	NEW	81.0	0.0	0.0	0.0
Explanatory	Average rate of net return over the last ten years	7.49%	7.62%	N/A	N/A	N/A
Outcome	Public employees retirement association's total investment cost comparable to an industry median cost of peers adjusted for differences in fund size and asset mix	39.0	TBD	85.0	85.0	85.0
* Explanatory	Average rate of net return over the last five years	4.57%	9.07%	N/A	N/A	N/A

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	2,553.9	2,442.6	2,636.8	2,515.2	3.0
Federal Revenues	34.4	40.0	40.0	40.0	0.0
Other Revenues	192.1	131.9	124.9	124.9	(5.3)
Fund Balance	0.0	176.8	7.2	128.8	(27.1)
TOTAL SOURCES	2,780.4	2,791.3	2,808.9	2,808.9	0.6
USES					
Personal Services and Employee Benefits	2,142.0	2,366.5	2,368.5	2,368.5	0.1
Contractual Services	89.2	45.5	83.7	83.7	84.0
Other	327.1	379.3	356.7	356.7	(6.0)
TOTAL USES	2,558.3	2,791.3	2,808.9	2,808.9	0.6
FTE					
Permanent	35.0	35.0	35.0	35.0	0.0
TOTAL FTE	35.0	35.0	35.0	35.0	0.0

At A Glance

For FY23, the agency requested an overall budget increase of \$17.6 thousand, or 0.6 percent, relative to the FY22 operating budget. However, the request included a \$194.2 thousand, or 8 percent, increase in general fund revenues; a \$169.6 thousand, or 96 percent, decrease in fund balance; and a \$7 thousand, or 5.3 percent, decrease in other revenues. The request included funding to host the agency's Heritage archives server offsite, to contract with a full time security guard in partnership with the General Services Department, to cover facility rent costs, and to fund staff vacancies.

The committee recommendation fully funds the agency request, increasing general fund revenues by \$72.6 thousand, or 3 percent, over the FY22 operating budget. The LFC recommendation continues use of fund balance in the operating budget, though at a reduced level.

Budget Issues

The agency request for FY23 greatly reduced the use of fund balance and replaced these revenues with a general fund revenue increase of 8 percent. The committee recommends a 3 percent increase from the general fund, including a swap of \$55 thousand in revenues from the revolving fund to the general fund to preserve fund balance and an increase of \$17.6 thousand, sufficient to cover agency expenditures. The committee recommends the agency continue using fund balance and anticipated revenues to cover costs where possible, therefore recommending use of \$253.7 thousand, a 17.8 percent decrease, in other state funds for FY23, including \$128.8 thousand from fund balance and an anticipated \$124.9 thousand from other revenue sources.

The FY22 operating budget contains funding for 90 percent of positions, but only 80 percent of positions are actually filled, resulting in a funded vacancy rate of 10 percent. In FY20 and FY21, CPR decreased the personnel category through budget adjustment requests by an average of \$165.6 thousand (7.5 percent) to cover costs in other expenditure categories. Due to staffing limitations, the agency began operating the reference room on an appointment basis and failed to meet performance measures for describing and publishing 15 thousand records in FY22.

CPR's ending fund balance in FY21 totaled \$293.7 thousand. Though continued emergency rule filings created revenue for the agency during the Covid-19 pandemic, the agency projects declines in revenue and believes the fund balance may be inadequate to cover expenses beyond FY23. However, the agency reverted over \$100 thousand to the general fund for the past several years. Reversions in FY22, which were not included in the agency projections of fund balance, will likely allow the agency to pay a greater portion of operating costs using enterprise funds. As an enterprise agency, CPR can also pursue rule changes to increase other revenues through the rates it charges agencies for publishing in the New Mexico register, which has not been increased since 2017 and stands at \$3 per column inch.

CPR oversees and operates two record centers, including the State Records Center and Archives (SRCA) which stores state agency records, acts as the central archive for state government and operates a vault for the permanent storage of records with historical value. However, all facilities are at or nearing full capacity. SRCA received \$953 thousand for facilities improvements as a 2019 capital outlay appropriation, which was used to replace its heating, ventilation and air conditioning (HVAC) system in April 2020.

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 agency reports it has collections in the State Archives of New Mexico that can be converted into microfilm and electronic images that will allow records to be destroyed, creating 10 thousand linear feet of additional space. 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. In addition, 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. However, under current record retention policies the proposed facility could reach full capacity in 20 years, and the agency has not been awarded capital funding for the project beyond planning. The agency should continue to identify records best suited for electronic storage – those that are non-historical and have long retention periods – and create a partnership with the corresponding agency to store them electronically to reprioritize space. To further increase SRCA's storage capacity, the agency should also re-examine current record retention policies regarding what records state agencies must keep and for how long.

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. CPR held 27 online trainings to state employees on the State Rules Act and proper management of public records, exceeding its target for the fiscal year.

For FY22, CPR's performance measures are in line with FY21 measures and the agency is on track to meet or exceed targets.

RECORDS, INFORMATION, AND ARCHIVAL MANAGEMENT

The purpose of the records, information and archival management program is to develop, implement and provide tools, methodologies and services for 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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Number of trainings offered to state employees on the proper management of public records in compliance with the Public Records Act	45.0	31.0	24.0	24.0	24.0
Outcome	Number of state employee trainings on filing and publishing notices of rulemaking and rules in compliance with the State Rules Act	33.0	27.0	25.0	24.0	25.0
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	186.0	110.0	25.0	25.0	75.0
Outcome	Number of days to compile and post all rules onto the New Mexico Administrative Code website from their effective date	9.0	9.0	30.0	30.0	10.0
Outcome	Number of records described and made available online via a descriptive finding aid to support law enforcement, attorneys, the courts and the public	0.0	13,985.0	15,000.0	13,000.0	15,000.0
Outcome	Percent of requests by records custodians to access public records stored in the records center within 24 business hours and percent of requests to access archival holdings within two hours of on-site request, adhering to any applicable laws	100.00%	100.00%	100.00%	100.00%	100.00%

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 to the Secretary of State 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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	10,650.6	16,640.1	14,363.4	13,913.4	(16.4)
Federal Revenues	3,565.0	0.0	0.0	0.0	0.0
Other Revenues	875.9	142.7	149.5	149.5	4.8
Fund Balance	513.9	1,581.2	571.2	571.2	(63.9)
TOTAL SOURCES	15,605.4	18,364.0	15,084.1	14,634.1	(20.3)
USES					
Personal Services and Employee Benefits	4,107.9	4,388.1	5,144.9	4,872.1	11.0
Contractual Services	699.7	1,788.5	1,003.5	1,003.5	(43.9)
Other	8,131.0	12,187.4	8,935.7	8,758.5	(28.1)
TOTAL USES	12,938.6	18,364.0	15,084.1	14,634.1	(20.3)
FTE					
Permanent	55.0	60.0	61.0	61.0	1.7
Term	3.0	4.0	0.0	0.0	(100.0)
Temporary	0.0	3.0	0.0	0.0	(100.0)
TOTAL FTE	58.0	67.0	61.0	61.0	(9.0)

At A Glance

The Secretary of State (SOS) requested a \$14.4 million general fund budget for FY23, a 14 percent decrease from FY22. The decrease reflects that odd fiscal years such as FY23 have only one election. The request included a 20 percent general fund increase for the administration and operations program and a 23.5 percent decrease for the elections program. In addition to general fund revenues, the agency also requested \$149.5 thousand in fee revenue and \$571.2 thousand in fund balances. The total request was \$15.1 million, an 18 percent decrease from the prior-year operating budget. The committee recommendation supports an 8.3 percent general fund increase for the administration and operations program and a 23.5 percent decrease for the elections program. The recommendation supports filling vacancies in both programs.

Budget Issues

SOS requested \$9.86 million in general fund revenues for its elections program, a 23.5 percent decrease from the FY22 operating budget. Fiscal year 23, like all odd fiscal years, will have only one election—a general election in November 2022. Even-numbered fiscal years have two elections—a pri-

mary election and a regular local election. Requested decreases reflected costs of running just one election instead of two. Requested direct election costs included \$3.1 million for ballot-on-demand systems, \$2 million to reimburse counties for their direct costs, and \$970 thousand for tabulator maintenance and warranties.

The agency requested an increase of \$286 thousand, or 21.4 percent, for Elections Program personnel. The requested increase included filling vacancies and moving an unfilled auditor role from the Administration and Operations Program to the Elections Program. SOS also requested using general fund revenues to cover costs of 5 election security FTE previously funded with federal funds. The committee recommendation supports the personnel budget request, including funding the election security positions using general fund revenues, and provides sufficient funding to fill at least 3 FTE.

SOS requested \$571.2 thousand in fund balances for its elections program, money that comes from its federal Help America Vote Act (HAVA) grant. The office received a total of \$7.85 million as two grants in 2018 and 2020. HAVA grants are intended for enhancements to election security. The agency's five-year plan for grant spending includes over \$3 million to improve cybersecurity, \$580 thousand for voter registration, and nearly \$2 million to upgrade voting equipment. Assuming the agency spends the requested \$571.2 thousand in FY23, projected HAVA fund balances at the end of FY23 are \$1.6 million.

For its Administration and Operations Program, SOS requested an increase of \$470.8 thousand, or 15.4 percent, for personnel to reclassify vacant unfunded positions, creating positions for federal grant reporting and administration, IT support, and a CFO position. The agency also requested an increase of \$105 thousand for IT software and hardware, \$37 thousand for printing and postage, \$18 thousand for employee training, and \$39 thousand for IT security contracts. The committee recommendation provides sufficient funding for the program to fill at least eight vacancies at average salary costs.

In FY22, 5 FTE were inactivated by the agency and the State Personnel Office.

Election Issues. In FY21, SOS managed two elections—a general election and a special election for Congressional District 1. The general election saw record voter turnout of nearly 69 percent, and also record use of absentee voting. The special election saw turnout of nearly 29 percent and represented the first time that same-day voter registration was available through election day. SOS received a special appropriation of approximately \$3 million in FY21 for the special election.

In FY21, 82.5 percent of eligible voters were registered to vote, up from 79.3 percent in FY20. SOS aims to register 87 percent of eligible voters.

During FY21, the office also rolled out a new election night results website and new campaign finance information system, and installed ballot drop boxes in every county. County clerks are required to provide a drop box, monitored by video, for every 25 thousand voters, with at least two in each county. SOS spent approximately \$300 thousand on installation of the drop boxes.

Legislative changes in 2018 and 2019 shifted some election costs from counties to the state, requiring SOS to reimburse counties for many direct election costs. Laws 2018, Chapter 79, created a regular local election and established an election fund to cover costs of administering local elections. The fund was originally intended to be supported through annual assessments of local governments. However, further changes to the Election Code in 2019 (Chapter 212, House Bill 407) removed provisions for the assessments, leaving the fund without a source of revenue and shifted the cost burden from counties to the state. Beginning in FY23, SOS will provide upfront grants to counties for estimated eligible statutory costs. The office will also use approximately \$100 thousand of remaining federal stimulus funding to provide personal protective equipment to counties for upcoming elections. Securing a recurring funding source for the election fund might be preferable, including potentially requiring that local governments again share in covering costs of local and statewide elections.

ADMINISTRATION & 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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	3,775.7	3,735.9	4,497.6	4,047.6	8.3
Other Revenues	61.6	65.0	65.0	65.0	0.0
TOTAL SOURCES	3,837.3	3,800.9	4,562.6	4,112.6	8.2
USES					
Personal Services and Employee Benefits	2,999.7	3,050.4	3,521.2	3,248.4	6.5
Contractual Services	146.5	149.9	189.2	189.2	26.2
Other	639.7	600.6	852.2	675.0	12.4
TOTAL USES	3,785.9	3,800.9	4,562.6	4,112.6	8.2
FTE					
Permanent	44.0	47.0	42.0	42.0	(10.6)
Temporary	0.0	2.0	0.0	0.0	(100.0)
TOTAL FTE	44.0	49.0	42.0	42.0	(14.3)

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Average number of days to process corporate registration requests	3.0	2.0	3.0	3.0	3.0
Output	Average number of days to process partnership registration requests	2.0	4.0	2.0	2.0	2.0

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	6,874.9	12,904.2	9,865.8	9,865.8	(23.5)
Federal Revenues	3,565.0	0.0	0.0	0.0	0.0
Other Revenues	814.4	77.7	84.5	84.5	8.8
Fund Balance	513.9	1,581.2	571.2	571.2	(63.9)
TOTAL SOURCES	11,768.2	14,563.1	10,521.5	10,521.5	(27.8)
USES					
Personal Services and Employee Benefits	1,108.2	1,337.7	1,623.7	1,623.7	21.4
Contractual Services	553.2	1,638.6	814.3	814.3	(50.3)
Other	7,491.3	11,586.8	8,083.5	8,083.5	(30.2)
TOTAL USES	9,152.7	14,563.1	10,521.5	10,521.5	(27.8)

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
FTE					
Permanent	11.0	13.0	19.0	19.0	46.2
Term	3.0	4.0	0.0	0.0	(100.0)
Temporary	0.0	1.0	0.0	0.0	(100.0)
TOTAL FTE	14.0	18.0	19.0	19.0	5.6

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Percent of county clerks satisfied with the election training provided by the secretary of state's office	100.00%	96.70%	100.00%	100.00%	100.00%
Output	Number of training sessions provided to all county clerks on changes to the election code	2.0	2.0	1.0	1.0	1.0
* Outcome	Percent of eligible voters registered to vote	79.25%	82.54%	87.00%	87.00%	87.00%
Outcome	Percent of voting machines tested	100.00%	100.00%	100.00%	100.00%	100.00%
Explanatory	Number of counties meeting the Uniformed and Overseas Citizens Absentee Voting Act deadline of mailing overseas ballots not later than 45 days before an election	33.0	100.0	N/A	N/A	N/A
* Outcome	Percent of reporting individuals in compliance with campaign finance reporting requirements	93.50%	74.11%	99.00%	99.00%	99.00%
Outcome	Percent of reporting individuals who have been issued a notice of final determination for non-compliance	100.00%	100.00%	100.00%	100.00%	100.00%
Explanatory	Number of campaign finance training sessions offered each fiscal year	6.0	4.0	N/A	N/A	N/A
Explanatory	Number of reporting individuals out of compliance with campaign finance reporting requirements	247.0	287.0	N/A	N/A	N/A
Explanatory	Number of Native American voters reported by tribes as registered to vote in New Mexico	161,281.0	19,656.0	N/A	N/A	N/A
Explanatory	Percent of eligible voters that voted in the June statewide primary election (even fiscal years)	42.00%	0.00%	N/A	N/A	N/A
Explanatory	Percent of eligible voters that voted in the November statewide general election (odd fiscal years)	0.00%	68.27%	N/A	N/A	N/A
Explanatory	Percent of eligible voters that voted in the November statewide local election (even fiscal years)	18.00%	0.00%	N/A	N/A	N/A

Statutory Authority

The Personnel Act, Sections 10-9-1 through 10-9-25 NMSA 1978, creates 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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	3,872.8	3,739.5	4,785.2	3,834.1	2.5
Other Transfers	126.0	111.4	0.0	0.0	(100.0)
TOTAL SOURCES	3,998.8	3,850.9	4,785.2	3,834.1	(0.4)
USES					
Personal Services and Employee Benefits	3,059.3	3,504.1	4,407.5	3,523.2	0.5
Contractual Services	44.3	51.0	142.8	76.0	49.0
Other	321.3	295.8	234.9	234.9	(20.6)
TOTAL USES	3,424.9	3,850.9	4,785.2	3,834.1	(0.4)
FTE					
Permanent	44.0	44.0	50.0	44.0	0.0
TOTAL FTE	44.0	44.0	50.0	44.0	0.0

At A Glance

The State Personnel Office (SPO) requested a \$1 million, or 28 percent, increase from the general fund for FY23 and a \$95 thousand reduction in other transfers, resulting in a total requested increase of \$950 thousand, or 24.1 percent. The \$95 thousand reduction reflects the agency's intention to discontinue shared service agreements under which SPO handles human resources for small agencies. The request included a base budget increase of \$431 thousand, including \$400.5 thousand for additional personnel, \$91 thousand for website improvements and building security, and a reduction of \$60.5 thousand in operational expenses. In addition to the 11.2 percent base increase, the agency requested \$518.7 thousand for expansion personnel. The agency requested a \$919.2 thousand personnel funding increase.

The LFC recommendation increases the general fund appropriation by \$94.6 thousand, or 2.5 percent. This is sufficient to offset a portion of the revenue lost from the cessation of shared service agreements and allows SPO to maintain current service levels. The recommendation increases the personnel category by 1 percent to pay for current staff and to fill vacant positions. LFC analysis shows the agency had \$284.4 thousand in vacancy savings at the time of budget submission. The LFC recommendation includes \$25 thousand in the contractual services category for IT expenses and fully funds the request for the other category and fully funds the request for the other costs category.

Budget Issues

SPO maintained a high vacancy rate for several years despite availability of funding for additional staff. The persistently high vacancy rate led the agency to request reductions for personnel. Between FY19 and FY22, the personnel budget was reduced by 4.7 percent, though the agency continues to realize significant vacancy savings and reverted more than \$570 thousand in FY21 and had a projected FY22 personnel surplus over \$280 thousand at the time of budget submission.

SPO's FY23 budget request included an additional \$518.7 thousand for 6 FTE, including one administrative law judge, one director of quality assurance, and four analysts to redistribute workload. Funding for the new positions was in addition to the requested base personnel increase of \$400.5 thousand and on top of the existing vacancy savings of \$284 thousand. Based on current staffing at SPO, fully funding the request would result in the agency entering FY23 with a personnel surplus of \$1.2 million.

For many years, SPO received revenue for providing human resource (HR) services to small agencies with workforces too small to justify full-time HR staff. These shared service agreements raised approximately \$126 thousand in FY21. However, the agency decided to discontinue shared service agreements and encouraged small agencies to partner with larger agencies for HR services instead. The FY22 operating budget contains \$111.4 thousand in shared service revenue. The agency did not request revenue from shared service agreements in the FY23 budget and instead requested additional general fund revenue to offset the loss of revenue.

The LFC recommendation provides sufficient funding to maintain current service levels but does not include additional FTE positions because SPO could reclassify currently vacant positions and use available vacancy savings to hire additional staff. While the agency discontinued providing shared HR services, the LFC recommendation did not reduce the budget for personnel, allowing the agency to focus existing resources on requested priorities. Based on staffing levels at SPO at the time of budget submission, the LFC recommendation would leave the agency with over \$300 thousand to fill currently vacant positions. The LFC recommendation imposes a 16 percent vacancy rate on the agency; the average vacancy rate over the past three years was 30 percent.

State Workforce. The state operated under a hiring freeze through much of FY21. SPO reports 1,544 hires in FY21, down from the 2,962 reported in FY20. The classified service vacancy rate averaged 19.9 percent for the year, but the rate increased from 19.4 percent in the first quarter of FY21 to 20.8 percent by the fourth quarter of FY21.

Performance data indicate salaries offered by the state of New Mexico are falling behind the broader labor market. The state tracks salary using compa-ratios, which divide the salary an employee receives by the midpoint of the salary range. Ideally, a new employee would begin at a relatively low salary level, e.g. 90 percent of the midpoint, and progress through the range with regular raises reflecting the increased experience of the employee. However, as SPO notes, "Employees in the general salary schedule have an average compa-ratio far above midpoint. This is a strong indicator that the general salary schedule is behind market."

SPO is responsible for making periodic adjustments to salary schedules and assigning pay ranges to individual jobs to keep state salaries competitive with the local and regional labor markets. The Legislature has consistently supported efforts to increase public employee pay to remain competitive and retain workers, providing five across-the-board salary increases between 2012 and 2021. However, the general salary structure was only increased three times over this period. The lack of regular structure adjustment has led approximately one quarter of state workers to be assigned to alternative pay bands; that is, they are removed from the pay structure normally assigned to a job, because the structure does not allow a competitive wage to be paid, and assigned to a different pay band to allow them to receive a higher salary. This is another indication the state salary structure is behind the market.

Salary structure inadequacy has led to a proliferation of ad hoc raises. In FY20, nearly 1,600 state employees received salary increases unrelated to legislative increases or promotions. SPO was unable to provide the number of increases awarded in FY21. These increases have the effect of creating pay disparities between agencies and may lead to increased turnover as employees move to another agency to do similar work for higher pay. Additional SPO oversight is needed to ensure workers are not paid differently for similar work and that the salary structure reflects the demand for different skills. SPO identified the agency's FY23 budget priorities as reducing the time to present an appeal of a personnel matter to the personnel board, enhancing predictive analytic capability, redistributing workload in the workforce planning division, and increasing contractual services for training, website development, and security.

**BASE EXPANSION LISTING
FY 2022-2023**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Additional Administrative Law Judge	P643	108.7	0.0
2	QA/Data Analytics Division Director	P643	115.4	0.0
3	Additional HR Analysts	P643	294.6	0.0
TOTAL			518.7	0.0

HUMAN RESOURCE MANAGEMENT

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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Explanatory	Average number of days to fill a position from the date of posting	56.0	51.0	N/A	N/A	N/A
Explanatory	Percent of classified who successfully complete the probation period	66.00%	71.00%	N/A	N/A	N/A
Explanatory	Percent of classified employees voluntarily leaving state service	12.00%	13.00%	N/A	N/A	N/A
Explanatory	Percent of classified employees involuntarily leaving state service	2.00%	1.60%	N/A	N/A	N/A
* Explanatory	Classified service vacancy rate	21.00%	19.90%	N/A	N/A	N/A
Efficiency	Average classified employee compa-ratio	103.00%	103.40%	100.00%	100.00%	100.00%
Explanatory	Average classified employee new hire compa-ratio	100.00%	103.40%	N/A	N/A	N/A
Explanatory	Number of candidate hires external to state government	NEW	1,996.0	N/A	N/A	N/A
Outcome	Number of human resource trainings annually in partnership with agencies	NEW	119.0	6.0	12.0	12.0
* Explanatory	Number of salary increases awarded	NEW	NEW	N/A	N/A	N/A
* Explanatory	Average classified service employee total compensation	NEW	NEW	N/A	N/A	N/A
* Explanatory	Cost of overtime pay	NEW	NEW	N/A	N/A	N/A
Outcome	Number of human resource rule compliance audits conducted annually	500.0	1,157.0	1,000.0	1,000.0	1,000.0
Outcome	Number of state personnel office led trainings offered annually	64.0	119.0	100.0	100.0	100.0

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	242.7	245.1	255.1	255.1	4.1
Other Transfers	1.0	0.0	0.0	0.0	0.0
TOTAL SOURCES	243.7	245.1	255.1	255.1	4.1
USES					
Personal Services and Employee Benefits	176.1	188.7	179.1	179.1	(5.1)
Contractual Services	18.3	18.6	19.0	19.0	2.2
Other	43.5	37.8	57.0	57.0	50.8
TOTAL USES	237.9	245.1	255.1	255.1	4.1
FTE					
Permanent	2.0	2.0	2.0	2.0	0.0
TOTAL FTE	2.0	2.0	2.0	2.0	0.0

At A Glance

PELRB requested an increase of \$10 thousand, or 4.1 percent, over the FY22 operating budget. The increase fully funds the two employees of the agency, provides for an increase for financial audit rates, and restores the budget for board member training and travel.

Following several years of multiple audit findings and the need for a deficiency appropriation in 2019, PELRB has stabilized financial administration by contracting with the Administrative Hearings Office 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 causes for audit findings. The FY23 request and LFC recommendation include continuation of \$10.6 thousand for the contract.

Laws 2020, Chapter 48, made multiple changes to the Public Employees Bargaining Act, including dissolving local labor boards that have vacant board seats for over 60 days and mandating the state PELRB take on the responsibilities of the dissolved board. This will likely increase workload. For example, in 2020, PELRB handled 23 prohibited practice cases; as of October 2021, the agency had handled 20 and was anticipating an additional 10 cases prior to year-end.

PUBLIC EMPLOYEE LABOR RELATIONS BOARD

The purpose of the public employee labor relations board is to assure all state and local public body employees have the option to organize and bargain collectively with their employer.

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Percent of decisions overturned on appeal	0.00%	0.00%	1.00%	1.00%	1.00%
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	0.00%	96.00%	100.00%	100.00%	100.00%
Outcome	Percent of local labor relations board applications for approval, processed and completed within the applicable deadlines.	0.00%	0.00%	100.00%	Discontinued	Discontinued

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	3,696.3	3,883.5	4,551.5	3,992.6	2.8
Federal Revenues	2.4	2.0	2.0	2.0	0.0
Other Revenues	390.0	390.0	390.0	390.0	0.0
TOTAL SOURCES	4,088.7	4,275.5	4,943.5	4,384.6	2.6
USES					
Personal Services and Employee Benefits	2,800.3	3,195.8	3,244.9	3,244.9	1.5
Contractual Services	278.2	422.5	916.2	422.5	0.0
Other	676.1	657.2	782.4	717.2	9.1
TOTAL USES	3,754.6	4,275.5	4,943.5	4,384.6	2.6
FTE					
Permanent	34.0	35.0	35.0	35.0	0.0
TOTAL FTE	34.0	35.0	35.0	35.0	0.0

At A Glance

STO requested a general fund increase of \$668 thousand, or 15.6 percent, to implement the launch of the New Mexico Work and Save Program and to acquire new IT services, software subscriptions, and hardware warranties to protect against cyber-attacks. The LFC recommendation increases the general fund appropriation to STO by \$109.1 thousand, or 2.6 percent, compared to the FY22 operating budget.

Budget Issues

The FY23 STO request included a general fund revenue increase of \$642.9 thousand to support the launch of the New Mexico Work and Save Program, to be implemented no later than July 1, 2024. During the 2020 regular session, STO supported the adoption of Laws 2020, Chapter 7 (House Bill 44) that created 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 maintained by the agency. According to the fiscal impact analysis provided by STO during the 2020 regular 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 funds requested are in addition to \$150 thousand appropriated by the legislature in the 2021 regular session and \$200 thousand in vacancy savings to support the program and include funding for specialist program consultation, marketing and outreach consultation, ERISA legal consultation, website design, and investment consultation, all largely related to the startup and launch of the program. The request for the Work and Save Program would bring the total recurring general fund appropriation for the program to \$792.9 thousand, 16 percent of the total requested agency budget. STO has a 10 percent funded vacancy rate amounting to \$341 thousand which can be used for Work and Save Program priorities. The FY23 LFC recommendation maintains FY22 funding levels for the Work and Save Program, including the \$150 thousand appropriated for this purpose in FY22. Because the FY23 request for the Work and Save Program is mostly non-recurring startup costs, a special appropriation is appropriate.

The FY23 STO request included a general fund revenue increase of \$60 thousand for IT expenditures for server, hardware, warranty, and software subscriptions to meet technological needs, specifically to protect against near-constant cyber-attacks. The request addresses critical deficiencies identified by a cybersecurity evaluation completed in FY21. The LFC recommendation supports the request.

The FY23 STO request included a general fund revenue increase of \$49.1 thousand for personnel services. The LFC recommendation supports the request.

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 FY21, excluding CARES, ARPA, and ERA funds, were approximately \$629.5 million higher than at the end of FY20, a 16 percent year-over-year increase. The agency generated revenue of \$5.3 million in FY21, an expected decrease from the FY20 record earnings of \$91.7 million as falling interest rates challenged STO returns, and most market-to-market gains had been realized in the previous year. Earnings were \$62.6 million in FY19 and \$4.4 million in FY18.

STATE TREASURER

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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	One-year annualized investment return on local government investment pool to exceed internal benchmark, in basis points	7.0	1.0	5.0	5.0	5.0
* Outcome	One-year annualized investment return on general fund core portfolio to exceed internal benchmarks, in basis points	(8.0)	31.0	10.0	10.0	10.0
Outcome	Maximum number of audit findings	TBD	0.0	2.0	0.0	0.0
Outcome	Percent of reconciling items cleared within 30 days of posting of accounting lines, completion and budget check by the agency	98.90%	99.00%	99.00%	99.00%	99.00%
Explanatory	Forfeiture sale proceeds deposited to the general fund	\$66,859	\$1,462	N/A	N/A	N/A
Explanatory	Percent of liquidity pool to total state general fund investment pool	41.00%	51.87%	N/A	N/A	N/A

Commerce and Industry

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	378.2	326.7	327.1	327.1	0.1
Fund Balance	0.0	89.1	148.3	148.3	66.4
TOTAL SOURCES	378.2	415.8	475.4	475.4	14.3
USES					
Personal Services and Employee Benefits	245.8	321.5	345.4	345.4	7.4
Contractual Services	8.8	11.0	46.7	46.7	324.5
Other	75.3	83.3	83.3	83.3	0.0
TOTAL USES	329.9	415.8	475.4	475.4	14.3
FTE					
Permanent	4.0	4.0	4.0	4.0	0.0
TOTAL FTE	4.0	4.0	4.0	4.0	0.0

At A Glance

The Board of Examiners for Architects requested a \$475.4 thousand budget for FY23, an increase of \$59.6 thousand, or 14.3 percent, from its FY22 operating budget. The board requested \$327.1 thousand in fee revenue and \$148.3 thousand from fund balances. The request included an increase of \$24 thousand to reclassify positions and an increase of \$35.7 thousand for IT support and investigative services contracts. The LFC recommendation supports the board's request.

Budget Issues

The board requested funding for reclassification of two positions—a business operations specialist to a line manager and an investigator to a compliance officer. The board has 4 authorized FTE. The compliance officer position is currently vacant.

In FY21, the board offered an upgraded online platform, which offers online applications and payments. The board reported that the new platform led to greater efficiencies for both applicants and staff. The board's FY23 budget request included \$27 thousand for IT support for the platform.

There are approximately 718 active in-state licensees and 1,540 active out-of-state licensees. The board projects an ending fund balance of \$526.7 thousand for FY22 and a fund balance of \$378.4 thousand at the end of FY23.

BOARD OF EXAMINERS FOR ARCHITECTS

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

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Percent of audited registrants who successfully meet the continuing education requirements	95.00%	95.00%	95.00%	95.00%	95.00%
Output	Number of days from the receipt of a complaint to delivery to the enforcement committee	5.0	3.0	5.0	5.0	5.0
Outcome	Percent of reciprocity applicants who successfully complete the application process	80.00%	83.00%	80.00%	80.00%	80.00%
Efficiency	Percent of cases resolved prior to issuance of a notice of contemplated action	90.00%	86.00%	80.00%	80.00%	80.00%
Efficiency	Percent of cases where a notice of contemplated action has been issued but is resolved prior to hearing	83.00%	50.00%	80.00%	50.00%	80.00%

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 public ethics laws are clear, comprehensive, and effective.

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	947.7	910.3	1,277.4	1,193.5	31.1
TOTAL SOURCES	947.7	910.3	1,277.4	1,193.5	31.1
USES					
Personal Services and Employee Benefits	585.7	633.2	973.0	881.7	39.2
Contractual Services	79.6	175.0	175.0	200.0	14.3
Other	82.1	102.1	129.4	111.8	9.5
TOTAL USES	747.4	910.3	1,277.4	1,193.5	31.1
FTE					
Permanent	6.0	6.0	9.0	8.0	33.3
TOTAL FTE	6.0	6.0	9.0	8.0	33.3

At A Glance

The State Ethics Commission requested \$1.27 million from the general fund for FY23, an increase of \$367.1 thousand, or 40 percent, from the FY22 operating budget. The request included an increase of 53.7 percent for personnel to add 3 FTE to the commission's staff and an increase of 26.7 percent for other costs. The committee recommendation supports an overall increase of \$283.2 thousand, or 31 percent, to fully fund all authorized positions and hire an attorney and paralegal. The recommendation includes an additional \$25 thousand for contracts to support database administration.

Budget Issues

The State Ethics Commission requested a \$1.27 million general fund budget for FY23. The request included \$973 thousand for personnel, \$175 thousand for contracted hearing officers and legal and IT services, and \$129.4 thousand in the other category, including \$57.6 thousand for leased office space at the University of New Mexico. The commission's request included adding 3 FTE—an attorney, a database administrator, and a paralegal—to the 6 existing FTE positions. The request also included fully funding an existing special projects coordinator role, unfunded in FY22. The agency requested an increase of \$17.6 thousand in lease costs to accommodate the 3 additional FTE requested. The committee recommendation supports fully funding all currently authorized positions and also hiring an attorney and paralegal, as well as providing contractual funding for database and IT needs. The committee encourages the Ethics Commission to prioritize its core legal and constitutional duties by hiring an attorney for the special projects coordinator role.

In January 2022, the commission's jurisdiction will expand to include enforcement of the Revised Uniform Law on Notarial Acts (Sections 14-14A-1 to 14-14A-32 NMSA 1978), governing notaries public and notarial acts. Previously, the Regulation and Licensing Department was responsible for overseeing two similar acts that will be repealed.

The commission received nine administrative complaints in the first half of 2021, in addition to 39 received in 2020. Of 39 cases from 2020, 30 were dismissed for lack of jurisdiction or lack of probable cause. The commission dismissed eight cases during the first half of 2021, and as of June, had four complaints pending. The commission also issued 12 formal advisory opinions and 15 informal advisory opinions. Formal opinions are now available on NMOneSource.com, the state's official research tool. In addition, the commission developed a model code of ethics for state agencies and

offered ethics trainings to agencies, legislators, local governments, and others, and engaged in civil enforcement actions against two parties. The commission contracts with a retired New Mexico Supreme Court justice, other retired judges, and the Administrative Hearings Office for administrative hearing officer services.

The commission is required to submit a report to Legislature and the Governor by October 1, 2021, on whether it recommends extending the commission's jurisdiction to encompass additional individuals (for example, local government officials and employees) or additional provisions of law.

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.

STATE 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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Percent of advisory opinions issued within sixty days of receipt	0.00%	100.00%	90.00%	90.00%	90.00%
Output	Percent of complaints either disposed, referred to other state agency, or set for public hearing within ninety days after a complaint	0.00%	70.00%	90.00%	90.00%	90.00%

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 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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	433.4	438.4	563.8	448.4	2.3
Other Revenues	97.5	73.4	108.7	108.7	48.1
TOTAL SOURCES	530.9	511.8	672.5	557.1	8.9
USES					
Personal Services and Employee Benefits	374.3	392.0	452.0	419.1	6.9
Contractual Services	19.2	27.5	83.4	52.8	92.0
Other	49.1	92.3	137.1	85.2	(7.7)
TOTAL USES	442.6	511.8	672.5	557.1	8.9
FTE					
Permanent	4.0	4.0	5.0	4.0	0.0
TOTAL FTE	4.0	4.0	5.0	4.0	0.0

At A Glance

The Border Authority request increased general fund revenue by \$105.4 thousand, or 23 percent and increased budgeted other revenue by \$35 thousand, or 35 percent, from parking lot and storage fees. The request included an expansion of \$66.5 thousand in the personal services and employee benefits category for a logistics coordinator to support relations and facilitate meetings with border partners. The request also increased the contractual services category by \$55 thousand for technical support to the agency, and increased the other costs category by \$51 thousand for travel expenses. The LFC recommendation includes a targeted increase in personnel funding to keep up with rate increases and provide flexibility for recruitment and retention, increases the contractual services category by \$30 thousand, and keeps the other costs category flat in alignment with actual spending in the category for FY21. The LFC recommendation does not support a new FTE.

Budget Issues

The Border Authority encourages development in the southern region of New Mexico by developing port facilities at its international border. According to the agency, New Mexico's ports of entry are the nation's main gates for trade with Mexico, and the state accounts for \$2.2 billion of the \$211 billion in total United States exports to Mexico. The authority promotes and assists the public and private sectors in infrastructure development to attract new industry and businesses and create new employment opportunities in the area. The Border Authority's goal is 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.

In FY21, the Border Authority prioritized collaboration with local entities, increasing revenue to the agency, and modernizing border infrastructure to encourage economic development in the region. The authority initiated a feasibility study for a highway design that would connect New Mexico 136 to New Mexico 498, significantly reducing the travel time from El Paso and Sunland Park. Additionally, the agency leveraged increased traffic through ports of entry to collect more revenue from parking lot use fees and plans to construct another public parking facility in Santa Theresa. 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.

Capital Outlay. The Legislature has appropriated a total of \$9 million in capital outlay to the Border Authority, none of which was spent as of July 2021. The Border Authority broke ground on the construction of a flood control berm in Columbus, a project 12 years in the making. The Columbus Port of Entry is New Mexico's only 24 hour port of entry, but flooding frequently shuts down operations, causing transports, commerce, and tourists to seek more reliable crossings. The project, which consists of a berm that will raise the road and a bridge, was estimated to cost \$15 million five years ago. To date, the state has funded \$6.2 million of the project, intended to fully fund the berm portion of the project. Construction costs have increased since the initial estimate, and the state's investment has only partially mitigated the issue. Luna County has sought additional funding from New Mexico's congressional delegation and the Department of Transportation to move the project forward. Other projects include the Columbus wastewater project, a parking lot in Santa Theresa, and a road extension in Sunland Park.

**BASE EXPANSION LISTING
FY 2022-2023**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	Logistics Coordinator	P646	66.5	0.0
TOTAL			66.5	0.0

BORDER AUTHORITY

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

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Outcome	Annual trade share of New Mexico ports within the west Texas and New Mexico region	18.0	25.0	25.0	25.0	50.0
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	229.0	240.0	350.0	350.0	400.0
Outcome	Percent of program objectives obtained as a result of direct agency interaction with the border trade community, both public and private sector	90.00%	90.00%	90.00%	90.00%	100.00%
* Outcome	Number of commercial and noncommercial vehicles passing through New Mexico ports	937,119.0	885,197.0	1,575,000.0	1,100,000.0	157,500.0
Outcome	Number of New Mexico-Chihuahua and New Mexico-Sonora commission meetings	1.0	0.0	2.0	2.0	2.0

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	17,146.2	16,727.2	49,201.4	19,203.5	14.8
Other Transfers	60.0	0.0	0.0	0.0	0.0
Other Revenues	2,992.4	4,507.0	4,719.3	4,719.3	4.7
Fund Balance	403.4	0.0	0.0	0.0	0.0
TOTAL SOURCES	20,602.0	21,234.2	53,920.7	23,922.8	12.7
USES					
Personal Services and Employee Benefits	4,004.2	3,987.5	4,785.8	3,954.3	(0.8)
Contractual Services	2,191.4	1,742.8	2,290.2	2,285.8	31.2
Other	14,238.4	15,503.9	46,844.7	17,682.7	14.1
TOTAL USES	20,434.0	21,234.2	53,920.7	23,922.8	12.7
FTE					
Permanent	49.9	47.0	47.0	46.0	(2.1)
Term	6.0	7.0	7.0	7.0	0.0
TOTAL FTE	55.9	54.0	54.0	53.0	(1.9)

At A Glance

The Tourism Department's FY23 request increased general fund revenue to the agency by \$32.5 million, or 194 percent compared with the FY22 operating budget. The majority of the requested increase was in the Marketing and Promotion Program to revamp out-of-state tourism after pandemic shutdowns devastated visitation to the state. The LFC recommendation increases general fund revenue to the agency by \$2.5 million, or 15 percent, and supports the agency's top priority initiatives, including e-commerce consulting to increase visitor spending on locally made goods, funding for event production, and increased revenue for national marketing strategies.

Budget Issues

The most recent economic impact study performed by the Tourism Department, using 2019 data, reported \$7.4 billion in visitor spending, a 22 percent increase compared with 2013. That visitor spending resulted in approximately \$700 million in state and local taxes and supported 94.6 thousand jobs. The impact study estimated direct and indirect tourism spending make up approximately 8 percent of the New Mexico economy. Although the department has not published an impact study for 2020 or 2021, according to analytics and research firm Tourism Economics, the Covid-19 pandemic reduced visitor spending in New Mexico by a total of approximately \$2.2 billion, or 30 percent.

The Tourism Department did not resume marketing for out-of-state visitation until March 2021, later than many other states, which exacerbated the sector's slow recovery. Decreased visitor spending caused numerous tourism businesses to lay off staff, and even a year later, recovering the workforce has proven difficult. As of August 2021, leisure and hospitality employment was down 6 percent compared with 2019, despite a sustained increase of approximately 30 percent in postings for leisure and hospitality jobs year-over-year.

In 2020, The department created an economic recovery dashboard featuring data from various sources on visitor spending, vaccination rates, small business performance, and hotel occupancy rates. The tool enables legislators and members of the public to track the efficacy of marketing and pro-

motion spending. LFC recommends the department extend this data-driven approach post pandemic, and include relevant measures as part of its quarterly reporting to the Legislature.

In addition to marketing the state, the department provides tourism support for communities, regions, and other entities around the state by providing capacity-building training, tourism development support, litter prevention programs, cultural heritage outreach, and financial support in the form of competitive grants. In addition to cooperative marketing grants, which leverage agency marketing expertise with local marketing initiatives at a 1:1 or 2:1 match rate, the department created a recovery readiness initiative to help local businesses create visual, digital, and written content for postpandemic recovery. The Cooperative Marketing grant program awarded \$3.3 million in cooperative marketing grants to 43 communities in the FY21 grant cycle.

Marketing and Promotion. In the 2021 regular legislative session, in addition to growing the agency's base budget for marketing, the Legislature appropriated a total of \$17 million in one-time funding to the Tourism Department for marketing. Of the \$17 million, \$10 million were from federal relief funds, which the governor vetoed. The department expended the remaining \$7 million by May 2021 to attract visitors for the summer.

For FY23, the department request increased general fund revenue for the Marketing and Promotion Program by \$31.7 million, \$30 million of which was in the other costs category for a national marketing campaign to encourage visitation post pandemic. The request increased the contractual services category by \$243 thousand for event production to support various events held across the state and an e-commerce consultant to create a web platform where visitors can purchase locally made goods. The request also included a reduction in the personal services and benefits category to transfer 3 FTE to Program Support.

The LFC recommendation prioritizes tourism revitalization and includes an increase of \$1.8 million in general fund revenue for marketing. The committee may consider additional one-time funding for marketing. The recommendation also includes \$250 thousand for e-commerce consulting and \$291 thousand for event production, for a total increase of \$2.3 million, or 15 percent over the FY22 operating budget. The LFC recommendation supports the agency request for other revenues and the transfer of 3 FTE to Program Support.

Tourism Development. The FY23 budget request increased general fund revenue to the Tourism Development Program by \$314.7 thousand, or 29 percent compared with the FY22 operating budget, and increased other revenues by about \$200 thousand. The majority of the requested increase was in the other costs category for clean and beautiful grants to local communities and IT costs. The department awarded 38 communities with a total of \$647 thousand in clean and beautiful grants for projects involving litter clean up, recycling, beautification, and youth employment. The LFC recommendation supports the agency request for other revenues and maintains general fund revenue with the FY21 operating budget.

New Mexico Magazine. New Mexico Magazine will celebrate 100 years of publication in FY23, making it the nation's oldest state magazine and the third-largest state-owned publication. 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 FY21, but the magazine still only realized \$1.7 million in revenue, or a little over half of the \$3.2 million projected for the FY22 operating budget. The agency request kept revenues and expenditures flat with FY22 operating budget. The LFC recommendation fully funds the agency request.

Program Support. The request increased Program Support by \$417 thousand, the majority of which was to fund 3 FTE transferred from the Marketing and Promotion Program. The request also increased the other costs category by approximately \$100 thousand for increased travel expenses and office supplies. The LFC recommendation supports the transfer of 3 FTE from the Marketing and Promotion Program and keeps the other costs and contractual services categories flat with FY22.

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	1,707.6	3,242.4	3,242.4	3,242.4	0.0
Fund Balance	326.6	0.0	0.0	0.0	0.0
TOTAL SOURCES	2,034.2	3,242.4	3,242.4	3,242.4	0.0
USES					
Personal Services and Employee Benefits	875.6	1,007.4	1,018.8	1,018.8	1.1
Contractual Services	528.4	830.0	830.0	830.0	0.0
Other	630.2	1,405.0	1,393.6	1,393.6	(0.8)
TOTAL USES	2,034.2	3,242.4	3,242.4	3,242.4	0.0
FTE					
Permanent	6.0	4.0	4.0	4.0	0.0
Term	5.0	6.0	6.0	6.0	0.0
TOTAL FTE	11.0	10.0	10.0	10.0	0.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Output	True adventure guide advertising revenue	430,305.0	0.0	445,000.0	445,000.0	445,000.0
* Output	Advertising revenue per issue, in thousands	68.0	57.0	75.0	75.0	75.0
Output	Collection rate for ads sold in current fiscal year	96.0	97.0	99.0	90.0	99.0

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,308.4	1,316.0	1,733.5	1,566.0	19.0
TOTAL SOURCES	1,308.4	1,316.0	1,733.5	1,566.0	19.0
USES					
Personal Services and Employee Benefits	1,039.7	1,141.0	1,433.7	1,391.0	21.9
Contractual Services	70.9	32.5	37.1	32.5	0.0
Other	174.4	142.5	262.7	142.5	0.0
TOTAL USES	1,285.0	1,316.0	1,733.5	1,566.0	19.0
FTE					
Permanent	13.0	10.0	14.0	13.0	30.0
TOTAL FTE	13.0	10.0	14.0	13.0	30.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Percent of funds contracted in-state	0.00%	70.00%	0.00%	70.00%	70.00%

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,072.6	1,082.1	1,396.3	1,082.1	0.0
Other Revenues	1,172.7	1,234.6	1,446.9	1,446.9	17.2
TOTAL SOURCES	2,245.3	2,316.7	2,843.2	2,529.0	9.2
USES					
Personal Services and Employee Benefits	932.4	1,054.3	1,125.9	1,052.4	(0.2)
Contractual Services	1.9	4.2	6.1	6.1	45.2
Other	1,298.7	1,258.2	1,711.2	1,470.5	16.9
TOTAL USES	2,233.0	2,316.7	2,843.2	2,529.0	9.2
FTE					
Permanent	13.8	16.0	16.0	16.0	0.0
Term	1.0	1.0	1.0	1.0	0.0
TOTAL FTE	14.8	17.0	17.0	17.0	0.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Output	Number of entities participating in collaborative applications for the cooperative marketing grant program	168.0	43.0	140.0	135.0	140.0
Output	Number of stakeholder meetings/events conducted by tourism department each quarter	0.0	0.0	0.0	0.0	0.0
Outcome	Total dollar amount requested by cooperative marketing applicants	\$0	\$0	\$1,200,000	\$1,200,000	\$1,200,000
Output	Number of participants in new mexico true certified programs	0.0	414.0	250.0	250.0	300.0
Output	Number of meetings or events conducted by the tourism department with Native American entities	0.0	148.0	16.0	16.0	50.0
Output	Dollar amount of grant funding acquired from outside sources	\$0	\$1,221,667	\$100,000	\$100,000	\$100,000

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	14,765.2	14,329.1	46,071.6	16,555.4	15.5
Other Transfers	60.0	0.0	0.0	0.0	0.0
Other Revenues	112.0	30.0	30.0	30.0	0.0
Fund Balance	76.8	0.0	0.0	0.0	0.0
TOTAL SOURCES	15,014.0	14,359.1	46,101.6	16,585.4	15.5
USES					
Personal Services and Employee Benefits	1,156.5	784.8	1,207.4	492.1	(37.3)
Contractual Services	1,590.3	876.1	1,417.0	1,417.2	61.8
Other	12,135.0	12,698.2	43,477.2	14,676.1	15.6
TOTAL USES	14,881.8	14,359.1	46,101.6	16,585.4	15.5
FTE					
Permanent	3.0	17.0	13.0	13.0	(23.5)
TOTAL FTE	3.0	17.0	13.0	13.0	(23.5)

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Outcome	Percent change in New Mexico leisure and hospitality employment	-6.90%	-14.11%	1.00%	3.00%	3.00%
Outcome	Domestic overnight visitation growth compared to national average	0.0	5.0	10.0	25.0	25.0
* Output	Percent change in year-over-year visitor spending	0.00%	-38.00%	1.00%	3.00%	3.00%
Output	Percent change in total digital engagement	0.00%	16.80%	3.00%	3.00%	3.00%
Outcome	Percent in domestic marketable overnight visitation	0.00%	-23.00%	2.00%	2.00%	2.00%
Output	Dollar amount of earned media value generated	\$0	\$1,710,000	\$1,000,000	\$1,000,000	\$1,000,000

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	13,792.5	14,247.6	24,739.6	15,586.4	9.4
Other Transfers	1,779.9	0.0	0.0	0.0	0.0
Federal Revenues	96.7	0.0	0.0	200.0	0.0
Other Revenues	3,114.0	0.0	0.0	0.0	0.0
Fund Balance	141.9	0.0	0.0	0.0	0.0
TOTAL SOURCES	18,925.0	14,247.6	24,739.6	15,786.4	10.8
USES					
Personal Services and Employee Benefits	4,444.6	4,750.3	6,109.3	5,579.1	17.4
Contractual Services	4,585.1	2,741.7	5,566.7	2,841.7	3.6
Other	5,549.4	6,755.6	13,063.6	7,365.6	9.0
TOTAL USES	14,579.1	14,247.6	24,739.6	15,786.4	10.8
FTE					
Permanent	55.0	52.0	68.0	59.0	13.5
Term	3.0	0.0	0.0	0.0	0.0
Temporary	1.0	0.0	0.0	0.0	0.0
TOTAL FTE	59.0	52.0	68.0	59.0	13.5

At A Glance

The Economic Development Department (EDD) requested a general fund revenue increase of \$10.5 million, or 74 percent over the FY22 operating budget. The majority of the increase was in the personal services and employee benefits category for new FTE and vacancy rate adjustments.

The LFC recommendation increases general fund revenue by \$1.3 million, or 9.4 percent, funding the agency's top priorities, such as creating a justice, equity, diversity, and inclusion office and expanding the number of regional representatives available to local communities.

Budget Issues

Operations. Of the Economic Development Department's \$10.4 million requested general fund revenue increase, approximately \$2.1 million was for general agency operations and \$3.6 million was for personnel, mostly through expansions. For operations, the request included \$1.8 million for an internal marketing budget, \$60 thousand in increased travel expenses, and \$195 thousand for international trade. For personnel, the request included \$105 thousand in vacancy adjustments and an additional 18 FTE for various new or expanded initiatives. The most significant personnel expansions included a request for six additional regional representatives to connect local economic development organizations and stakeholders with federal, state, and private resources, and 5 FTE to create a Justice, Equity, Diversity and Inclusion office to expand outreach to minority and socioeconomically disadvantaged communities. The request also included healthy food financing officers as a part of the governor's hunger initiative, new employees in the film office, a federal grant manager, and a recreational trails planner.

Strategic Plan. The department received \$1.5 million in federal Economic Development Administration money to procure a statewide economic development plan. The plan, released October 2021, identified six “challenge areas” for state development: lack of collaboration among stakeholders, difficulty attracting and retaining talent in urban rural and tribal communities, misalignment between higher education institutions and industry, disengagement of socioeconomically disadvantaged communities, public sector dominance in the state’s economy, and the concentration of the economy in too few industries. An executive order accompanied the plan release, directing the Regulation and Licensing Department, in consultation with EDD, to simplify and streamline rules and regulations for business creation.

Incentive Programs. The department’s two primary business incentive programs, the Local Economic Development Act (LEDA) fund and the Job Training Incentive Program (JTIP) were forced to adapt during the pandemic, with LEDA converting to a 0 percent interest loan program for local businesses throughout much of FY20. In FY21, the LEDA program awarded \$47.1 million to businesses in the state, with nearly a third of the total awards directed to rural communities. The average cost-per-job in FY21 was \$15.4 thousand, but cost-per-job ranged from \$8,000 per job to \$21 thousand per job, indicating inconsistency in LEDA award criteria. As of November 2021, EDD reported \$30 million in general fund revenue, other state funds, and severance tax bonds as unencumbered for LEDA. The department requested an additional \$30 million in onetime special appropriations for traditional LEDA projects and \$50 million in LEDA funds specifically for community-owned businesses and industrial park infrastructure.

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, and reimbursements may also be issued for custom training at a New Mexico public institution. In FY21, the JTIP board approved 727 new jobs at an average wage of \$20.34 per hour, including 172 high wage jobs. The board also approved 16 internships at an average wage of \$21.56 per hour. The department reports \$15.2 million in available JTIP funds. For FY23, the department requested an addition \$2 million in recurring funding for JTIP in its operating budget and \$5 million in one-time special appropriations.

EDD also requested \$800 thousand in general fund revenue to administer grants to New Mexico’s seven certified business incubators. Incubator programs encourage small business growth through offering targeted resources to startups and entrepreneurs.

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 film tax credit has grown 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, Section 9-15-4-1 NMSA 1978 implemented an annual evaluation for the film tax credit with a reporting requirement to the Tax and Revenue Department and LFC. Although the first report was expected in 2020, the coronavirus pandemic 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 statute, and issue LFC a copy mid-November 2021. The “film partner” carve-out, a benefit provided to Netflix and NBC Universal, will cost an estimated \$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 FY23 request for the New Mexico Film Office increased general fund revenue by \$2.1 million, or 38 percent, compared with the FY22 operating budget, for 3 new FTE, minority film grants, marketing, and a film training academy.

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 for the department. In FY21, the NM Partnership reported just 147 new jobs in the state attributable to the organization’s efforts, well below the 812 jobs created in FY20 and the annual target of 2,000 jobs. The agency FY23 budget request included an additional \$200 thousand in general fund revenue for the partnership.

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, Downtown ABQ, 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 agency request increased funding for the MainStreet program by \$305 thousand.

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. The division also manages the outdoor equity fund, a grant fund for youth outdoor experiences that foster stewardship, education, and respect for New Mexico's public land. The division awarded a total of \$261.9 thousand in outdoor equity grants to 25 programs during the 2020 grant cycle, with awards ranging from \$1,000 to \$20 thousand. For the 2021 grant cycle, the division awarded three times that amount, with a total of \$898.3 thousand awarded to 57 programs throughout the state. The department estimates the grants will allow nearly 22 thousand youth to experience the outdoors in 2021 and 2022.

The agency requested a general fund increase of \$1 million, or 43 percent over the FY22 operating budget for the Outdoor Recreation Program. The increase included \$250 thousand for a marketing budget, \$184 thousand for increased grant awards, and an expansion position for a trails planner.

The LFC overall recommendation for the Economic Development Department includes an additional \$584.8 thousand in general fund revenue in the base budget and \$754 thousand in expansions, for a total increase of \$1.3 million, or 9.4 percent above the FY22 operating budget. The LFC recommendation also includes \$200 thousand in federal revenue in the Economic Development Division, not requested by the agency, to account for federal Economic Development Administration grants the agency will likely receive in FY23.

In the base, the committee recommendation includes \$300 thousand to provide operational funds for business incubators through grants, \$100 thousand in additional funding for the New Mexico Partnership, and \$100 thousand in recurring funding for outdoor recreation grants. The base recommendation also supports the agency request for \$60 thousand in additional general fund revenue to fund increased travel for business recruitment. The committee recommendation does not include additional marketing funding for the agency. The department should work to leverage the significant marketing funding and expertise within the Tourism Department and existing NM Partnership funding.

Base Expansion

EDD requested an expansion of \$4 million and 18 FTE, all from general fund revenue. The recommendation funds additional regional representatives to provide economic development resources and assistance to local communities, one investment manager to help the department vet and distribute federal fund awards, a justice, equity, diversity, and inclusion director to increase outreach to minority and socioeconomically disadvantaged communities, and a trails and infrastructure coordinator to improve and expand economic development associated with outdoor recreation.

BASE EXPANSION LISTING FY 2022-2023

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	Economic Development Representative	P512	0.0	500.0
0	Investment Manager	P526	0.0	76.0
0	JEDI Admin Ops Manager II	P512	0.0	102.0
0	New Trails & Infrastructure Coordinator	P708	0.0	76.0
1	Economic Development Representative	P512	650.0	0.0
10	JEDI Minority Business Office	P512	2,248.0	0.0
2	Training & Education Coordinator	P514	76.0	0.0
3	Location & Production Coordinator	P514	76.0	0.0
4	Business & Community Outreach Coordinator	P514	76.0	0.0
5	Investment Manager	P526	76.0	0.0
6	New Trails & Infrastructure Coordinator	P708	76.0	0.0
8	Healthy Food Financing Specialists	P512	162.0	0.0
8	JEDI Admin Ops Manager II	P512	102.0	0.0
9	Statewide Hunger Initiative	P512	500.0	0.0
TOTAL			4,042.0	754.0

ECONOMIC DEVELOPMENT DIVISION

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	9,437.5	9,430.1	17,142.1	10,106.9	7.2
Other Transfers	1,770.0	0.0	0.0	0.0	0.0
Federal Revenues	96.7	0.0	0.0	200.0	0.0
TOTAL SOURCES	11,304.2	9,430.1	17,142.1	10,306.9	9.3
USES					
Personal Services and Employee Benefits	1,887.7	1,867.4	2,781.4	2,544.2	36.2
Contractual Services	3,284.5	1,540.0	3,540.0	1,540.0	0.0
Other	4,898.9	6,022.7	10,820.7	6,222.7	3.3
TOTAL USES	10,071.1	9,430.1	17,142.1	10,306.9	9.3
FTE					
Permanent	23.0	20.0	31.0	25.0	25.0
Term	3.0	0.0	0.0	0.0	0.0
Temporary	1.0	0.0	0.0	0.0	0.0
TOTAL FTE	27.0	20.0	31.0	25.0	25.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Outcome	Number of workers trained by the job training incentive program	2,202.0	3,356.0	1,900.0	2,000.0	2,000.0
Outcome	Number of jobs created due to economic development department efforts	2,670.0	5,012.0	4,000.0	4,000.0	4,500.0
* Outcome	Number of rural jobs created	460.0	871.0	1,320.0	1,320.0	1,320.0
Output	Dollars of private sector investment in mainstreet districts, in millions	\$25	\$59	\$30	\$25	\$30
Explanatory	Average hourly wage of jobs funded by the job training incentive program	0.0	19.0	N/A	N/A	N/A
Output	Number of private sector dollars leveraged by each dollar through the Local Economic Development Act	27.0	128.0	30.0	25.0	30.0
Output	Number of potential recruitment opportunities submitted by the New Mexico economic development partnership	33.0	60.0	60.0	60.0	60.0
Output	Number of building rehabilitations assisted by mainstreet program	306.0	274.0	200.0	200.0	200.0
Outcome	Dollars of new investment in technology-based companies as a result of the office of science and technology's programs	\$9,500,000	\$170,000,000	\$2,000,000	\$2,000,000	\$2,000,000
* Output	Number of jobs created through the use of Local Economic Development Act funds	1,600.0	3,058.0	3,000.0	3,000.0	3,000.0
* Outcome	Number of jobs created through business relocations facilitated by the New Mexico economic development partnership	0.0	147.0	2,250.0	2,250.0	2,250.0
Outcome	Average wage of jobs created due to economic development department efforts	0.0	70,631.0	47,500.0	47,500.0	48,500.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Wages for jobs created in excess of prevailing local wages	\$0	\$24,948	\$5,000	\$5,000	\$5,000
Outcome	Number of company visits to New Mexico for projects managed by the New Mexico economic development partnership	0.0	9.0	12.0	12.0	12.0
Outcome	Average wages in excess of cost per job for projects funded through the Local Economic Development Act	0.0	69,482.0	27,500.0	27,500.0	27,500.0
Explanatory	Total annual taxable gross receipts for active projects funded through the Local Economic Development Act, in millions	0.0	197.0	N/A	N/A	N/A
Explanatory	Total projected private capital investment for projects funded through the Local Economic Development Act, in millions	0.0	4,288,477,644.0	N/A	N/A	N/A
Outcome	Average wages in excess of cost per job for projects funded through the job training incentive program	0.0	30,757.0	30,000.0	30,000.0	30,000.0
Outcome	Foreign direct investment in New Mexico as a result of office of international trade efforts, in millions	0.0	2.0	5,000,000.0	5.0	5.0
Outcome	Federal grant dollars awarded as a result of economic development department efforts	\$0	\$2,400,000	\$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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	836.0	822.8	2,190.8	822.8	0.0
Other Transfers	1.8	0.0	0.0	0.0	0.0
Other Revenues	220.0	0.0	0.0	0.0	0.0
TOTAL SOURCES	1,057.8	822.8	2,190.8	822.8	0.0
USES					
Personal Services and Employee Benefits	673.7	690.5	983.5	690.5	0.0
Contractual Services	77.5	53.4	553.4	53.4	0.0
Other	107.9	78.9	653.9	78.9	0.0
TOTAL USES	859.1	822.8	2,190.8	822.8	0.0
FTE					
Permanent	8.0	8.0	11.0	8.0	0.0
TOTAL FTE	8.0	8.0	11.0	8.0	0.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Number of film and media worker days	102,376.0	514,580.0	320,000.0	320,000.0	350,000.0
Outcome	Total wages paid by film industry productions to New Mexico residents, in millions	\$0	\$121	\$200	\$100	\$100
Outcome	Median wages paid by film industry productions to New Mexico residents	\$0	\$60,840	\$50,000	\$54,080	\$54,080
Outcome	Total gross receipts taxes paid by film industry productions, in millions	\$0	\$30	\$20	\$0	\$0
* Outcome	Direct spending by film industry productions, in millions	\$257	\$624	\$530	\$0	\$0

OFFICE OF THE SECRETARYBUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	3,069.0	3,239.9	4,325.9	3,725.9	15.0
Other Transfers	7.3	0.0	0.0	0.0	0.0
Other Revenues	2,850.0	0.0	0.0	0.0	0.0
TOTAL SOURCES	5,926.3	3,239.9	4,325.9	3,725.9	15.0
USES					
Personal Services and Employee Benefits	1,693.5	1,944.6	2,020.6	2,020.6	3.9
Contractual Services	1,214.2	1,123.3	1,323.3	1,223.3	8.9
Other	139.8	172.0	982.0	482.0	180.2
TOTAL USES	3,047.5	3,239.9	4,325.9	3,725.9	15.0
FTE					
Permanent	21.0	22.0	23.0	23.0	4.5
TOTAL FTE	21.0	22.0	23.0	23.0	4.5

OUTDOOR RECREATION DIVISIONBUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	450.0	754.8	1,080.8	930.8	23.3
Other Transfers	0.8	0.0	0.0	0.0	0.0
Other Revenues	44.0	0.0	0.0	0.0	0.0
Fund Balance	141.9	0.0	0.0	0.0	0.0
TOTAL SOURCES	636.7	754.8	1,080.8	930.8	23.3

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
USES					
Personal Services and Employee Benefits	189.7	247.8	323.8	323.8	30.7
Contractual Services	8.8	25.0	150.0	25.0	0.0
Other	402.8	482.0	607.0	582.0	20.7
TOTAL USES	601.3	754.8	1,080.8	930.8	23.3
FTE					
Permanent	3.0	2.0	3.0	3.0	50.0
TOTAL FTE	3.0	2.0	3.0	3.0	50.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Number of youth to benefit from outdoor education programs, including outdoor equity fund grant	0.0	3,123.0	0.0	0.0	3,000.0
Explanatory	The value of earned and owned media impressions for the outdoor recreation division and/or New Mexico outdoor recreation	0.0	7,808.0	N/A	N/A	N/A
Output	Number of outdoor recreation conservation and access projects funded and/or led by outdoor recreation division, including via the special projects and infrastructure fund grant	0.0	6.0	0.0	0.0	0.0
Outcome	Number of new outdoor recreation jobs created by outdoor recreation division	0.0	9.0	0.0	0.0	7.0

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 26-2C-1 through 26-2C-42 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, alcohol, and cannabis. 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 seven divisions: Administrative Services, Construction Industries (CID), Manufactured Housing (MHD), Financial Institutions (FID), Securities Industries (SID), Alcohol and Gaming (AGD), and Cannabis Control (CCD). 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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	13,308.2	12,961.5	21,252.6	13,812.3	6.6
Other Transfers	6,015.1	11,268.6	11,648.0	11,648.0	3.4
Federal Revenues	28.3	25.0	25.0	25.0	0.0
Other Revenues	17,455.7	15,386.1	14,721.1	14,721.1	(4.3)
Fund Balance	2,706.5	3,220.9	2,966.6	2,844.1	(11.7)
TOTAL SOURCES	39,513.8	42,862.1	50,613.3	43,050.5	0.4
USES					
Personal Services and Employee Benefits	20,287.3	23,383.1	28,726.8	24,001.9	2.6
Contractual Services	1,128.9	2,261.3	3,274.0	2,160.1	(4.5)
Other	3,259.8	5,156.7	6,992.2	5,268.2	2.2
Other Financing Uses	7,688.4	12,061.0	11,620.3	11,620.3	(3.7)
TOTAL USES	32,364.4	42,862.1	50,613.3	43,050.5	0.4
FTE					
Permanent	300.4	317.6	373.6	323.6	1.9
Term	11.0	0.0	0.0	0.0	0.0
TOTAL FTE	311.4	317.6	373.6	323.6	1.9

At A Glance

For FY23, the department requested 69 additional FTE and an \$8.3 million, or 64 percent, increase in general fund revenue. The request adds funding for 49 FTE in the newly established Cannabis Control Program to carry out the duties prescribed in the Cannabis Regulation Act, passed during the 2021 special legislative session. The department also splits the Manufactured Housing and Construction Industries Program into two separately budgeted programs. Another 10 FTE were added to Financial Institutions. In total, requested personnel spending increased \$7.5 million, or 35 percent, over FY22 projected expenditures.

The committee's recommendation recognizes the need to expand the Cannabis Control Program due to increased licensure demands, supporting the department's request for other revenue and partially supporting the general fund request for the program's first full year of operation, bringing the total number of FTE to 19. The recommendation maintains the Manufactured Housing Division under the Construction Industries Program because budgeting these programs separately would add significant administrative costs. LFC increased general fund revenue to the Construction Industries Program and partially supports the request for personnel in Financial Institutions but is closer to recommendations from the division's national accreditation body.

Budget Issues

The department's request would separate Manufactured Housing from the Construction Industries Program (CIP), creating a new separately budgeted Manufactured Housing Program (MHP). The request for CIP is a \$431.1 thousand, or a 5 percent, increase in general fund revenue, and the MHP request is a \$1.15 million increase from the general fund. In total, general fund revenue requested between the two programs increases \$1.6 million or 17.3 percent. The request deletes 3 FTE in CIP and adds 13 FTE in MHP for a total of 10 additional FTE between the two programs. The department's primary reason for splitting the program is a perceived difficulty in determining how much money should be spent in each program when they receive budget increases or decreases.

Because of the significant increase in general fund revenue and increased projected administrative costs, LFC recommends maintaining the Construction Industries Program as is. However, because construction activity is increasing, and will likely remain elevated, LFC supports a general fund increase for the division but requests improved performance data in the future. The personnel cost recommendation increase would allow for the program to fill 12 vacancies with current funding and an additional two with new funding.

Cannabis Control. In 2021, the state enacted the Cannabis Regulation Act (CRA) and moved all responsibilities for medical cannabis regulation, not related to the medical cannabis registry, from the Department of Health (DOH) to the Regulation and Licensing Department. The act created the Cannabis Control Program (CCP) within RLD that is now responsible for the regulation and licensing of the medical and adult use cannabis industries. As of October 2021, the department promulgated Cannabis Regulation Act rules for cannabis producers and manufacturers. Rules had not been promulgated for cannabis couriers, testing laboratories, retailers, or research laboratories with the public comment period scheduled to end October 2021. Vertically integrated cannabis establishments and microbusiness producer rules are partially promulgated. According to the act, the division has until April 2022 to allow retail sales of commercial cannabis to begin.

Prior to enactment of the CRA, DOH was responsible for licensing cannabis couriers, manufacturers, producers, testing facilities, and other activities related to the Lynn and Erin Compassionate Use Act (LECUA). Most of the duties carried out by DOH through FY21 are substantially similar to the duties the CCP has now been tasked with. With 20.2 FTE, the DOH Medical Cannabis Program expended \$4.4 million in FY21, including \$2.7 million for personnel costs and \$907 thousand for contractual and other costs. Much of DOH's costs continue to be related to the medical cannabis registry and patient application processing and RLD will continue transferring \$2.5 million to DOH in FY22.

The FY22 operating budget for the newly created CCP includes \$2 million from licensing fees, \$1.2 million from plant count fees, \$900 thousand reverted to the cannabis regulation fund from the statutorily deleted medical cannabis fund, and a \$1.7 million FY22 special appropriation, totaling \$4.9 million. Thirteen FTE are currently working for CCP, with some employees transferred from the Department of Health (DOH) and others hired recently to establish the program. Projected FY22 expenditures for the 13 FTE are slightly less than the \$900.8 thousand budgeted. The program's largest budgeted expense is the \$2.5 million transfer to DOH for the operating costs of the medical cannabis registry.

For FY23, the department requested \$6.5 million from the general fund and \$3.2 million from other revenues for a total increase of 132 percent above the FY22 operating budget. Licensing fee and other program revenues are deposited into the reverting cannabis regulation fund. The request funded an additional 49 positions above the currently filled 13 positions and contractual services; other spending would have increased by a combined total of 330 percent.

The LFC recommendation recognizes the need to expand the Cannabis Control Program in FY23 because the program will be in full operation. However, many of the licenses and much of the work in place under the Medical Cannabis Program will continue to be in place under the new program with an expansion of licensees. Expected per licensee revenue to the program will not be as strong as it was under LECUA because caps were established and the new law allows for vertically integrated establishments, which only need one license for multiple activities. The recommendation supports the department's request for other revenues and would also use a \$1.4 million appropriation from the general fund. The LFC recommendation is sufficient to fill six positions above the 13 currently filled positions. LFC's recommendation for the contractual services and other categories are in line with expectations based on prior expenditures at DOH and the Medical Cannabis Program.

Financial Institutions. The FY23 request for the Financial Institutions and Securities Program (FISP) maintains general fund revenue at FY22 budgeted levels but reduces revenue from the mortgage regulatory fund by 38 percent. The request increases personnel spending by \$938.3 thousand, or 35 percent, for an additional 10 FTE and maintains contractual services and other category spending at FY22 levels.

The department's mortgage regulation fund balances increased by \$1.1 million in FY20 and \$1.9 million in FY22, and the total balance was \$10.6 million as of October 2021. For FY22, \$4.2 million was appropriated from the fund for foreclosure mediation services at the courts, FISP operations, housing trust fund act expenditures, New Mexico State University agricultural experiment stations, and an FY21 deficiency in the Boards and Commissions Program. Because FY21 revenues to the fund amounted to \$4 million, balances are not expected to change significantly in FY22.

The national bank supervisors' accreditation body estimated FISP requires about four additional bank examiners to meet national benchmarks. In a January memo, accreditors noted the department has 11 open recommendations from the previous five-year review, the highest risk of which is the department's ability to examine for IT and cybersecurity threats. The department is up for its next five-year review soon and, because the recommendations have not been addressed, they may "impact future accreditation decisions", according to the accreditation body.

The committee recommendation for FY23 is in line with expected recurring mortgage regulation fund revenue. To meet the requirements of the national bank supervisors' accreditation body, the recommendation increases personnel spending 17.1 percent and is sufficient to fill at least five of the current 10 vacancies as needed.

Other programs. General fund revenue and personnel spending were adjusted in the Alcohol and Gaming, Program Support, Boards and Commissions, and Securities programs to align with prior budget and spending levels.

The department's FY21 performance was mixed, with the Construction Industries Program coming close to achieving performance targets and the Alcohol and Gaming Program exceeding all performance targets. The department's FY20 annual fiscal audit resolved one prior-year finding and repeated two findings. One repeat significant deficiency finding was due to 2,912 CID customer trust accounts totaling \$446.5 thousand that had no activity for 12-months or more. During 2020, the department hired a third party to assist with evaluation and cleanup of these accounts, but no work had been completed at the time of the audit.

CONSTRUCTION INDUSTRIES & MGMT

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

BUDGET SUMMARY (dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	9,145.8	9,309.9	9,771.0	9,409.9	1.1
Other Transfers	24.5	200.0	200.0	200.0	0.0
Federal Revenues	27.8	25.0	0.0	25.0	0.0
Other Revenues	363.3	0.0	0.0	0.0	0.0
Fund Balance	0.0	339.3	0.0	339.3	0.0
TOTAL SOURCES	9,561.4	9,874.2	9,971.0	9,974.2	1.0
USES					
Personal Services and Employee Benefits	7,584.2	7,968.7	8,103.0	8,106.2	1.7
Contractual Services	172.1	553.2	467.0	467.0	(15.6)
Other	1,380.0	1,205.1	1,253.8	1,253.8	4.0
Other Financing Uses	0.0	147.2	147.2	147.2	0.0
TOTAL USES	9,136.3	9,874.2	9,971.0	9,974.2	1.0
FTE					
Permanent	98.0	113.0	110.0	113.0	0.0
TOTAL FTE	98.0	113.0	110.0	113.0	0.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Efficiency	Percent of all installation of manufactured home inspections performed within seven days of request	89.00%	80.00%	95.00%	95.00%	95.00%
* Outcome	Percent of commercial plans reviewed within ten working days	87.00%	90.00%	92.00%	92.00%	92.00%
* Outcome	Percent of residential plans reviewed within five working days	97.00%	90.00%	95.00%	95.00%	95.00%
Efficiency	Percent of all construction inspections performed within three days of inspection request	85.00%	85.00%	95.00%	95.00%	95.00%
* Output	Time to final action, referral or dismissal of complaint, in months	8.0	7.0	8.0	8.0	8.0

FINANCIAL INSTITUTIONS

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

BUDGET SUMMARY
 (dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	642.4	438.3	438.3	84.0	(80.8)
Other Transfers	2.5	1,428.3	2,000.0	2,000.0	40.0
Other Revenues	5,026.0	1,267.6	1,532.8	1,532.8	20.9
Fund Balance	0.0	923.3	569.0	446.5	(51.6)
TOTAL SOURCES	5,670.9	4,057.5	4,540.1	4,063.3	0.1
USES					
Personal Services and Employee Benefits	2,140.5	2,698.2	3,636.5	3,159.7	17.1
Contractual Services	41.7	82.2	82.2	82.2	0.0
Other	255.9	559.9	559.9	559.9	0.0
Other Financing Uses	0.0	717.2	261.5	261.5	(63.5)
TOTAL USES	2,438.1	4,057.5	4,540.1	4,063.3	0.1
FTE					
Permanent	33.2	39.0	49.0	39.0	0.0
TOTAL FTE	33.2	39.0	49.0	39.0	0.0

Recommended Language

The internal service funds/interagency transfers appropriations to the financial institutions program of the regulation and licensing department include four hundred forty-six thousand five hundred dollars (\$446,500) from the mortgage regulatory fund for the general operations of the financial institutions program.

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Outcome	Percent of completed applications processed within ninety days by type of application	97.69%	97.47%	97.00%	97.00%	97.00%
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	93.00%	57.70%	95.00%	95.00%	95.00%
Outcome	Number of financial literacy outreach sessions conducted on a quarterly basis, targeting vulnerable populations	NEW	11.0	8.0	8.0	11.0

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,080.8	1,103.1	1,103.1	1,028.1	(6.8)
Other Transfers	22.4	0.0	0.0	0.0	0.0
Other Revenues	1,103.5	0.0	0.0	0.0	0.0
Fund Balance	0.0	200.0	300.0	300.0	50.0
TOTAL SOURCES	2,206.7	1,303.1	1,403.1	1,328.1	1.9
USES					
Personal Services and Employee Benefits	988.0	1,162.7	1,237.7	1,162.7	0.0
Contractual Services	10.6	13.3	13.3	13.3	0.0
Other	61.0	127.1	152.1	152.1	19.7
TOTAL USES	1,059.6	1,303.1	1,403.1	1,328.1	1.9
FTE					
Permanent	13.0	13.0	13.0	13.0	0.0
TOTAL FTE	13.0	13.0	13.0	13.0	0.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Number of days to process a dispenser license	104.0	117.0	120.0	120.0	110.0
* Output	Number of days to resolve an administrative citation that does not require a hearing	98.0	177.0	160.0	160.0	110.0
* Outcome	Number of days to issue a restaurant beer and wine liquor license	107.0	118.0	120.0	120.0	110.0
Output	Number of days to process a craft distiller's license	107.0	129.0	130.0	130.0	110.0

SUPERINTENDENT

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,289.5	1,156.9	1,294.7	1,005.7	(13.1)
Other Transfers	138.8	3,072.3	2,934.4	2,934.4	(4.5)
Other Revenues	0.2	0.0	0.1	0.1	0.0
Fund Balance	2,422.4	0.0	0.0	0.0	0.0
TOTAL SOURCES	3,850.9	4,229.2	4,229.2	3,940.2	(6.8)
USES					
Personal Services and Employee Benefits	2,660.7	2,954.7	2,954.7	2,665.7	(9.8)
Contractual Services	456.2	540.7	540.7	540.7	0.0
Other	699.7	733.8	733.8	733.8	0.0
TOTAL USES	3,816.6	4,229.2	4,229.2	3,940.2	(6.8)
FTE					
Permanent	32.9	26.2	26.2	26.2	0.0
Term	11.0	0.0	0.0	0.0	0.0
TOTAL FTE	43.9	26.2	26.2	26.2	0.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Percent of prior-year audit findings resolved	90.00%	50.00%	90.00%	90.00%	100.00%

BOARDS AND COMMISSIONS

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	430.0	431.1	431.1	431.1	0.0
Other Transfers	5,825.1	6,568.0	6,513.6	6,513.6	(0.8)
Federal Revenues	0.6	0.0	0.0	0.0	0.0
Other Revenues	10,107.2	9,254.1	9,323.5	9,323.5	0.7
Fund Balance	284.2	842.0	842.0	842.0	0.0
TOTAL SOURCES	16,647.1	17,095.2	17,110.2	17,110.2	0.1

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
USES					
Personal Services and Employee Benefits	5,717.9	6,304.4	6,304.4	6,304.4	0.0
Contractual Services	431.8	592.7	577.7	577.7	(2.5)
Other	608.9	1,770.2	1,785.2	1,785.2	0.8
Other Financing Uses	7,688.4	8,427.9	8,442.9	8,442.9	0.2
TOTAL USES	14,447.0	17,095.2	17,110.2	17,110.2	0.1
FTE					
Permanent	91.4	92.4	92.4	92.4	0.0
TOTAL FTE	91.4	92.4	92.4	92.4	0.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Efficiency	Percent of initial applications and renewals processed within three days of receipt of completed application	97.00%	83.00%	95.00%	95.00%	95.00%
Outcome	Non-compliant barber and cosmetology establishments brought into compliance within 90 days	NEW	5.0	5.0	5.0	5.0
Output	Percentage of pharmacy board licensed facilities inspected annually	NEW	28.00%	75.00%	75.00%	50.00%
Outcome	Number of non-compliant body art establishments brought into compliance within 90 days	NEW	5.0	3.0	3.0	5.0

SECURITIES

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

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	719.7	522.2	522.2	435.8	(16.5)
Other Transfers	1.8	0.0	0.0	0.0	0.0
Other Revenues	855.6	664.7	664.7	664.7	0.0
Fund Balance	0.0	916.3	916.3	916.3	0.0
TOTAL SOURCES	1,577.1	2,103.2	2,103.2	2,016.8	(4.1)

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
USES					
Personal Services and Employee Benefits	1,195.9	1,393.6	1,393.6	1,307.2	(6.2)
Contractual Services	16.5	74.0	74.0	74.0	0.0
Other	254.3	383.4	383.4	383.4	0.0
Other Financing Uses	0.0	252.2	252.2	252.2	0.0
TOTAL USES	1,466.7	2,103.2	2,103.2	2,016.8	(4.1)
FTE					
Permanent	18.0	21.0	21.0	21.0	0.0
TOTAL FTE	18.0	21.0	21.0	21.0	0.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Percent of investment adviser registrants examined annually	20.34%	30.00%	33.00%	33.00%	33.00%
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	0.00%	0.00%	50.00%	50.00%	50.00%
Outcome	Total revenue collected from licensing, in millions	TBD	\$22.60	\$23.60	\$23.60	\$23.60
Output	Number of investor education events focused on fraud protection	14.0	8.0	14.0	14.0	14.0
Output	Monies awarded or recovered through criminal or administrative prosecutions or settlements	\$523.30	\$176.90	\$250.00	\$250.00	\$250.00

CANNABIS CONTROL DIVISION

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	0.0	0.0	6,542.9	1,417.7	0.0
Other Revenues	0.0	4,199.7	3,200.0	3,200.0	(23.8)
TOTAL SOURCES	0.0	4,199.7	9,742.9	4,617.7	10.0

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
USES					
Personal Services and Employee Benefits	0.0	900.8	3,857.3	1,296.0	43.9
Contractual Services	0.0	405.2	1,432.9	405.2	0.0
Other	0.0	377.2	1,936.2	400.0	6.0
Other Financing Uses	0.0	2,516.5	2,516.5	2,516.5	0.0
TOTAL USES	0.0	4,199.7	9,742.9	4,617.7	10.0
FTE					
Permanent	0.0	0.0	49.0	19.0	0.0
TOTAL FTE	0.0	0.0	49.0	19.0	0.0

Recommended Language

The other state funds appropriation to the cannabis control division of the regulation and licensing department include two million five hundred-sixteen thousand five hundred dollars (\$2,516,500) from cannabis licensing fees for the operations of the medical cannabis program of the department of health.

Regulation and Licensing Department Boards and Commissions

BUDGET SUMMARY

(dollars in thousands)

FY22

	FY21 Actual	FY22 Operating	FY23 Agency Request	FY23 LFC Recomm- endation	FY23 Pct increase (decrease)
SOURCES					
General fund transfers	430.0	431.1	431.1	431.1	0.0%
Other transfers	5,825.1	6,568.0	6,513.6	6,513.6	-0.8%
Federal revenues	0.6	0.0	0.0	0.0	0.0%
Other revenues	10,107.2	9,254.1	9,323.5	9,323.5	0.7%
Fund balance	284.2	842.0	842.0	842.0	0.0%
TOTAL REVENUE	\$16,647.1	\$17,095.2	\$17,110.2	\$17,110.2	0.1%
USES					
Substitute Care Advisory Council	504.7	615.3	615.3	615.3	0.0%
New Mexico Public Accountancy Board	393.7	558.4	558.4	558.4	0.0%
Board of Acupuncture and Oriental Medicine	209.3	167.7	167.7	167.7	0.0%
New Mexico Athletic Commission	106.5	64.0	64.0	64.0	0.0%
Athletic Trainer Practice Board	20.7	28.4	28.4	28.4	0.0%
New Mexico Board of Dental Health Care	481.1	643.9	643.9	643.9	0.0%
Impaired Dentists	11.6	15.0	15.0	15.0	0.0%
Counseling and Therapy Practice Board	390.6	462.2	462.2	462.2	0.0%
Chiropractic Board	127.3	152.0	152.0	152.0	0.0%
Board of Barbers and Cosmetologists	1,080.3	1,368.6	1,368.6	1,368.6	0.0%
Board of Body Art Practitioners	110.3	211.0	211.0	211.0	0.0%
Nutrition and Dietetics Practice Board	16.9	30.6	30.6	30.6	0.0%
Board of Landscape Architects	17.5	27.7	27.7	27.7	0.0%
Interior Design Board	12.4	24.0	24.0	24.0	0.0%
Massage Therapy Board	192.7	259.1	259.1	259.1	0.0%
Signed Language Interpreting Practice Board	70.4	35.3	35.3	35.3	0.0%
Board of Nursing Home Administrators	37.5	51.3	51.3	51.3	0.0%
Board of Examiners for Occupational Therapy	71.7	96.0	96.0	96.0	0.0%
Board of Optometry	94.8	118.5	118.5	118.5	0.0%
Board of Pharmacy	2,100.7	2,499.8	2,499.8	2,499.8	0.0%
Physical Therapy Board	126.3	235.6	235.6	235.6	0.0%
Board of Podiatry	38.8	55.9	55.9	55.9	0.0%
Private Investigators and Polygraphers	267.4	289.1	289.1	289.1	0.0%
New Mexico State Board of Psychologists	175.5	225.4	225.4	225.4	0.0%
New Mexico Real Estate Commission	978.8	1,200.3	1,200.3	1,200.3	0.0%
Real Estate Commission Education and Training	15.5	15.8	15.8	15.8	0.0%
Real Estate Commission Recovery	17.1	50.0	50.0	50.0	0.0%
Advisory Board of Respiratory Care Practitioners	24.2	106.2	106.2	106.2	0.0%
Speech Language Pathology, Audiology, and Hearing Aid Dispensing Practices Board	144.3	179.1	179.1	179.1	0.0%
Board of Thanatopractice	130.2	154.0	154.0	154.0	0.0%
Board of Social Work Examiners	250.6	299.7	299.7	299.7	0.0%
Real Estate Appraisers Board	261.2	246.0	246.0	246.0	0.0%
Carnival Ride Bureau	9.6	70.1	70.1	70.1	0.0%
Hoisting and Safety	16.0	71.5	71.5	71.5	0.0%
Home Inspectors	89.5	163.3	178.3	178.3	9.2%
TOTAL EXPENDITURES	\$8,595.7	\$10,790.8	\$10,805.8	\$10,805.8	0.1%

Statutory Authority

Article XI, Section 1, of the New Mexico Constitution creates the Public Regulation Commission (PRC) in a merger of the former State Corporation and Public Utility commissions. Starting in January 2023, the members will be appointed by the governor, with the consent of the Senate, instead of elected.

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	8,731.6	9,560.8	10,979.4	10,341.1	8.2
Other Transfers	13,648.7	1,663.6	0.0	0.0	(100.0)
Federal Revenues	973.6	755.0	899.6	899.6	19.2
Other Revenues	83,362.5	0.0	1,629.0	1,629.0	0.0
Fund Balance	252.7	0.0	0.0	0.0	0.0
TOTAL SOURCES	106,969.1	11,979.4	13,508.0	12,869.7	7.4
USES					
Personal Services and Employee Benefits	11,746.7	10,348.7	11,279.3	10,883.3	5.2
Contractual Services	773.0	465.4	712.4	470.1	1.0
Other	73,235.4	1,165.3	1,516.3	1,516.3	30.1
TOTAL USES	85,755.1	11,979.4	13,508.0	12,869.7	7.4
FTE					
Permanent	118.0	119.0	119.0	116.0	(2.5)
TOTAL FTE	118.0	119.0	119.0	116.0	(2.5)

At A Glance

The Public Regulation Commission's (PRC) FY23 budget request increased general fund revenue by \$1.5 million, or 16 percent, over the FY22 operating budget, primarily in the personal services and employee benefits category to reclassify positions and cover a projected shortfall in Program Support. The request included an increase for lease costs after the General Services Department instructed the agency to vacate the Public Employees Relations Association building in spring 2020. The request also increased federal revenue to the Public Safety Program from U.S. Department of Transportation grants, and slightly decreased other revenues in the same program.

The LFC recommendation increases general fund revenue by \$781.3 thousand, or 8.2 percent compared with the FY22 operating budget. The increase funds lease costs, a reclassified FTE, and the projected salary shortfall in Program Support. The committee recommendation supports the agency request for other revenues and federal revenues.

Budget Issues

During the pandemic, PRC transitioned from in-person to virtual hearings, managed the relocation of 119 employees, and ruled on pandemic-related issues. In April 2020, the Public Regulation Commission (PRC) issued a moratorium on utility shutoffs for unpaid bills. When the commission voted to end the moratorium in May 2021, the agency helped utility companies and customers access federal relief funds to recover losses and prevent future shutoffs.

In 2020, voters 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 will 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 will be members of the same party, and members will serve six-year staggered terms and be limited to two terms.

Policy and Regulation. New PRC leadership focused on reorganizing the agency in FY22. For the Policy and Regulation Program, reorganization included consolidating the division's 19 departments, some with only 1 FTE, into six larger departments, allowing for more streamlined management and overall efficiency. The six broad departments include Commissioners, the commission's General Counsel, Hearing Examiners, Consumer Relations Division, Transportation Division, and Hearing Officers.

The Public Regulation Commission has faced a steady increase in number and complexity of cases related to federal and state energy legislation. In addition to regulation of utilities, telecommunications, and motor carriers, the program is responsible for renewable energy cases and overseeing coal plant retirements under the requirements of the 2019 Energy Transition Act. In FY21, PRC focused on the securitization of unrecovered costs from the closures of the San Juan Generating Station and the Four Corners plant. The commission approved a rate reduction for El Paso Electric customers and is currently reviewing a proposal filed by the Southwestern Public Service Company to raise rates. The commission is also considering a request to merge the state's largest investor-owned utility, Public Service Company of New Mexico, with a Spanish utility.

The agency request for Policy and Regulation reduced general fund revenue by \$453.3 thousand and other revenues by \$39.3 thousand from the pipeline safety fund, for an overall decrease in revenues of 5.5 percent. For expenditures, the request decreased funding for personnel to transfer 11 FTE to Program Support as part of the agency's reorganization. Also as a part of the reorganization, the agency request decreased the other costs category to pay lease costs from Program Support rather than Policy and Regulation. The request included an additional \$93.9 thousand in the contractual services category for hearing officers.

The LFC recommendation reduces general fund revenue by \$647 thousand, or 7.8 percent, and supports the agency request to increase budgeted pipeline safety funds. The recommendation supports the agency request to transfer the Legal Division and its 11 FTE to Program Support and reduces personnel funding by an additional \$100 thousand to leverage significant vacancy savings in the program for agency priorities in other divisions.

Public Safety. PRC consolidated all six departments of the Public Safety Program into one department, primarily consisting of the Pipeline Safety Bureau, which enforces federal and state pipeline safety regulations and excavation damage preservation rules. The Pipeline Safety Bureau permanently transitioned to teleworking, which allows staff to commute directly to field inspections and investigations for more timely and efficient services.

The FY23 request increased federal revenue by \$148 thousand and other revenue from the pipeline safety fund by \$102.5 thousand. The request increased the contractual services and other costs categories for additional travel expenses and professional training required to maintain federal funding. The LFC recommendation fully funds the request.

Program Support. Program Support transitioned from eight separate departments to just two, the Chief of Staff and the Administrative Services Division departments. PRC's 2020 audit contained three significant findings, including unreconciled travel advances and improper purchasing practices within Program Support. In response, the division implemented new training requirements for staff and standardized purchasing and travel protocols.

The agency request for Program Support increased general fund revenue by \$1.8 million and other revenue by \$107 thousand. Of the increase, \$1.3 million was in the personal services and employee benefits category, composed of \$547.2 thousand to transfer the 11 FTE of the Legal Services Division from the Policy and Regulation Program, \$295.6 thousand to fill authorized but vacant FTE including three engineers and two public utility economists, \$86 thousand to reclassify a position to a chief financial officer, and \$418 thousand to cover a projected shortfall in the category. The request also increased the other costs category by \$371.3 thousand to pay lease costs for the Bokum Building in downtown Santa Fe from Program Support rather than Policy and Regulation and increased the contractual services category for a strategic plan and independent audit.

The LFC recommendation supports the transfer of the Legal Division and includes \$50 thousand in general fund revenue to hire a chief financial officer, which should enable the agency to correct its audit findings. The recommendation budgets an additional \$300 thousand in general fund revenue in the personal services and employee benefits category, which LFC analysis estimates will cover the projected shortfall. The LFC recommendation keeps the contractual services category flat with the FY22 operating budget.

POLICY AND REGULATION

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

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	7,895.7	8,292.7	7,844.5	7,645.5	(7.8)
Other Transfers	0.0	323.5	0.0	0.0	(100.0)
Federal Revenues	1.6	5.0	0.0	0.0	(100.0)
Other Revenues	20.1	0.0	284.2	284.2	0.0
TOTAL SOURCES	7,917.4	8,621.2	8,128.7	7,929.7	(8.0)
USES					
Personal Services and Employee Benefits	6,329.1	7,457.7	6,910.2	6,805.1	(8.8)
Contractual Services	257.9	362.9	456.8	362.9	0.0
Other	488.0	800.6	761.7	761.7	(4.9)
TOTAL USES	7,075.0	8,621.2	8,128.7	7,929.7	(8.0)
FTE					
Permanent	82.0	82.7	71.7	71.7	(13.3)
TOTAL FTE	82.0	82.7	71.7	71.7	(13.3)

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Dollar amount of credits and refunds obtained for New Mexico consumers through complaint resolution, in thousands	\$127	\$25	\$70	\$70	\$70
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	20.00%	17.20%	N/A	N/A	N/A
Output	Number of written documents (testimonies, reports, rulemaking comments and affidavits) filed by staff	104.0	149.0	120.0	120.0	120.0
Outcome	Dollar amount difference (delta) of final rate decision on rate cases vs regulated utility's original rate request amount, in thousands	\$25,506	\$19,900	\$30,000	\$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	151.00%	149.00%	50.00%	140.00%	140.00%
Outcome	Percentage of cases appealed to the supreme court by regulated entities or interveners and not overturned	50.00%	100.00%	100.00%	100.00%	100.00%
* Output	Number of total carrier inspections (household goods, bus, taxi, ambulance, tow and rail) performed by staff	191.0	460.0	400.0	400.0	400.0
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	7.00%	18.00%	10.00%	18.00%	18.00%

PUBLIC SAFETY - SFMO/FFTA

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	68.6	0.0	0.0	0.0	0.0
Other Transfers	12,861.5	839.5	0.0	0.0	(100.0)
Federal Revenues	972.0	750.0	899.6	899.6	19.9
Other Revenues	83,340.2	0.0	737.6	737.6	0.0
Fund Balance	252.7	0.0	0.0	0.0	0.0
TOTAL SOURCES	97,495.0	1,589.5	1,637.2	1,637.2	3.0
USES					
Personal Services and Employee Benefits	3,970.1	1,267.5	1,291.9	1,291.9	1.9
Contractual Services	503.1	77.7	82.4	82.4	6.0
Other	72,656.0	244.3	262.9	262.9	7.6
TOTAL USES	77,129.2	1,589.5	1,637.2	1,637.2	3.0
FTE					
Permanent	14.0	14.3	14.3	14.3	0.0
TOTAL FTE	14.0	14.3	14.3	14.3	0.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Number of pipeline safety inspection, excavation damage prevention and investigation hours performed by the pipeline safety bureau in a fiscal year	9,980.0	10,658.0	8,500.0	8,500.0	9,500.0
Output	Percent of total intrastate pipeline operator inspections performed by staff versus the total number of regulated pipeline operators in a fiscal year.	NEW	61.00%	10.00%	50.00%	50.00%

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	767.3	1,268.1	3,134.9	2,695.6	112.6
Other Transfers	787.2	500.6	0.0	0.0	(100.0)
Other Revenues	2.2	0.0	607.2	607.2	0.0
TOTAL SOURCES	1,556.7	1,768.7	3,742.1	3,302.8	86.7
USES					
Personal Services and Employee Benefits	1,447.5	1,623.5	3,077.2	2,786.3	71.6
Contractual Services	12.0	24.8	173.2	24.8	0.0
Other	91.4	120.4	491.7	491.7	308.4
TOTAL USES	1,550.9	1,768.7	3,742.1	3,302.8	86.7
FTE					
Permanent	22.0	22.0	33.0	30.0	36.4
TOTAL FTE	22.0	22.0	33.0	30.0	36.4

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Opinion of previous fiscal year independent agency audit	1.0	0.0	0.0	0.0	0.0
Outcome	Percent of prior-year audit findings eliminated	80.0	0.0	95.0	95.0	95.0
Output	Number of public access accounts registered in info share (e-docket) in a fiscal year	646.0	646.0	1,000.0	700.0	1,000.0
Output	Number of IPRA responses fulfilled in fiscal year	141.0	127.0	120.0	24.0	50.0
Output	Number of IT projects initiated and completed in fiscal year	5.0	7.0	6.0	4.0	4.0

Statutory Authority

Article XI, Section 20, of the New Mexico Constitution, enacted in 2012, separate the Insurance Division from the Public Regulation Commission and creates 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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	8,271.0	8,045.8	10,682.4	9,026.4	12.2
Other Revenues	68,913.9	39,640.2	44,462.4	42,464.2	7.1
Fund Balance	0.0	0.0	500.0	500.0	0.0
TOTAL SOURCES	77,184.9	47,686.0	55,644.8	51,990.6	9.0
USES					
Personal Services and Employee Benefits	8,116.2	8,916.9	10,878.3	9,878.3	10.8
Contractual Services	1,499.7	1,803.1	4,548.4	3,053.4	69.3
Other	44,843.6	28,891.9	29,535.7	29,376.5	1.7
Other Financing Uses	8,400.4	8,074.1	10,682.4	9,682.4	19.9
TOTAL USES	62,859.9	47,686.0	55,644.8	51,990.6	9.0
FTE					
Permanent	97.0	97.0	122.0	102.0	5.2
TOTAL FTE	97.0	97.0	122.0	102.0	5.2

At A Glance

The Office of Superintendent of Insurance (OSI) requested a base increase of \$5.3 million, or 11.2 percent, including the use of \$2 million from the newly established healthcare affordability fund. The majority of the requested increase was in the Insurance Policy Program and was for 25 new FTE, consumer outreach, and management of the healthcare affordability fund. The request slightly reduced the Patient Compensation Fund Program, primarily due to the transfer of 3 FTE to the Insurance Policy Program.

For the Insurance Policy Program, the LFC recommendation funds the agency's top priorities through increasing other revenue from insurance taxes by \$800 thousand and interagency transfers from various fees by \$1.6 million. The recommendation also budgets an additional \$500 thousand in fund balance for a total increase of \$2.9 million, or 24 percent, compared with the FY22 operating budget. The LFC recommendation fully funds the agency request for the Patient Compensation Fund Program, including the transfer of 3 FTE.

Budget Issues

The Office of Superintendent of Insurance (OSI) operating budget is primarily composed of other revenues from various insurance fees and taxes. Other state funds not passed through to other agencies or used for the operating budget throughout the fiscal year revert to the general fund. Throughout FY20 and FY21, OSI created resources for consumers to navigate the Covid-19 pandemic, including an online tool to help consumers determine which type of coverage they qualify for, testing and treatment fact sheets, and information on vaccine availability and safety.

Insurance Policy

The Insurance Policy Program includes the Insurance Operations, Title Insurance, and Insurance Fraud Bureau. The agency request included an additional 25 FTE to the Insurance Policy Program and a transfer of 3 FTE from the Patient Compensation Program. The requested FTE included two legal assistants, an actuary, two IT technicians, application developers, multiple compliance officers, administrative staff, financial analysts, agents and investigators, and a program coordinator, for a total increase in personnel spending of \$1.5 million. The agency also requested an increase of \$342.2 thousand for actuarial and rate reviews, \$745 thousand for health policy contracts, and \$661.7 thousand for consumer outreach for managed healthcare. The program currently has 5 funded vacant FTE out of 93.8 authorized FTE, 36 percent fewer than it had in FY16.

Healthcare Affordability Fund. Laws 2021, Chapter 136, places a moratorium on out-of-pocket costs for mental health services for state-regulated plans. The legislation also created a healthcare affordability fund, funded through a 2.75 percent increase on the health insurance premium surtax rate collected by the Tax and Revenue Department, to lower health care costs for New Mexicans. The fund may be used to reduce premiums and out-of-pocket healthcare costs for New Mexicans who qualify for coverage, reduce premiums for small businesses and their employees, and provide resources for planning, design and implementation of healthcare coverage initiatives. Though the Tax and Revenue Department collects the surtax, the Superintendent of Insurance is charged with managing the fund, including reporting annually to the Legislature, creating affordability criteria, and submitting a plan to extend healthcare access to uninsured New Mexicans. The Office of Superintendent of Insurance began stakeholder meetings to design the program in FY21 and requested \$2 million from the healthcare affordability fund to contract for actuarial, modeling, financial, and policy services.

The LFC recommendation funds 6 additional FTE, including 1 legal assistant, 1 actuary, 1 application developer, 2 compliance officers, and 1 program coordinator, all top priorities for the agency. The recommendation also supports the agency request to transfer 3 FTE from the Patient Compensation Fund Program. The LFC recommendation includes \$750 thousand in other state funds for managing the healthcare affordability fund and an increase of \$500 thousand, or 43 percent, in the other costs category for consumer outreach.

Special Revenues

The agency request included a \$2.6 million increase in other revenues and other financing uses for a generally accepted accounting principles (GAAP) adjustment, for a total of \$10.6 million in other revenues. Of the increase, \$2 million was from the newly created healthcare affordability fund. The Legislature approved a special revenues program beginning in FY14 to allow revenues from other state funds to flow into the operating budget and then out to the two programs. The funding associated with the Special Revenues Program does not increase the overall expenditure authority; instead, it properly budgets revenue to show transfers in and transfers out. The Legislative Finance Committee recommendation includes \$750 thousand from the healthcare affordability fund and \$858 thousand from other fees for increases in the Insurance Policy Program.

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 fund's solvency has been a concern in recent years as the amount of court-ordered settlements increased. In addition to increased settlements, Laws 2021, Chapter 16, amends the Medical Malpractice Act to include new providers eligible for participation in the PCF, raise the required underlying coverage limit from \$200 thousand to \$250 thousand, and increase the cap on nonmedical damages for independent providers from \$600 thousand to \$750 thousand in 2022, with an inflation adjustment annually thereafter. Additionally, Chapter 16 requires the patient compensation fund deficit, \$66 million as of a September 2021 actuarial report covering calendar year 2020, be eliminated by January 1, 2027.

According to the actuarial evaluation, the patient compensation fund surcharge rate will need to be increased by at least 19.7 percent for physicians and surgeons and 3.6 percent for hospitals in 2022 to compensate for the increased cap and coverage limits alone. This rate assessment does not include rate increases necessary to meet the new requirement to eliminate the patient compensation fund deficit by 2027. Increased rates may deter providers from practicing in New Mexico, exacerbating current gaps in access to care in the state. The Legislature may consider appropriating one-time funding to the patient compensation fund to prevent a dramatic rate increase.

The FY23 budget request decreased other revenues to the Patient's Compensation Fund Program by \$208 thousand, or 0.7 percent. The agency requested to move 3 FTE to the Insurance Policy Program, accounting for the majority of the decrease. The request increased the contractual services category by approximately \$200 thousand, or 67 percent, for additional actuarial services for the fund and legal services. The LFC recommendation fully funds the request. Neither the agency request nor the LFC recommendation reflect rate increases anticipated November 2021.

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 sixth year of rate decreases in

2020, and a \$1.7 million decrease in net underwriting income compared with 2020, operational efficiencies and previous year's surplus offset lost revenue and the company exceeded revenue projections by 2.2 percent, or \$10.2 million.

SPECIAL REVENUES

BUDGET SUMMARY (dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	12,998.2	6,640.8	9,249.1	8,249.1	24.2
TOTAL SOURCES	12,998.2	6,640.8	9,249.1	8,249.1	24.2
USES					
Contractual Services	46.6	0.0	0.0	0.0	0.0
Other	0.1	0.0	0.0	0.0	0.0
Other Financing Uses	6,967.1	6,640.8	9,249.1	8,249.1	24.2
TOTAL USES	7,013.8	6,640.8	9,249.1	8,249.1	24.2

INSURANCE POLICY

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

BUDGET SUMMARY (dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	8,271.0	8,045.8	10,682.4	9,026.4	12.2
Other Revenues	3,965.4	3,797.0	6,219.0	5,220.8	37.5
Fund Balance	0.0	0.0	500.0	500.0	0.0
TOTAL SOURCES	12,236.4	11,842.8	17,401.4	14,747.2	24.5
USES					
Personal Services and Employee Benefits	7,910.3	8,742.4	10,841.1	9,841.1	12.6
Contractual Services	1,037.1	1,206.9	3,952.2	2,457.2	103.6
Other	1,223.9	1,276.7	1,991.3	1,832.1	43.5
Other Financing Uses	616.8	616.8	616.8	616.8	0.0
TOTAL USES	10,788.1	11,842.8	17,401.4	14,747.2	24.5
FTE					
Permanent	93.8	93.8	121.8	101.8	8.5
TOTAL FTE	93.8	93.8	121.8	101.8	8.5

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Percent of internal and external insurance-related grievances closed within 180 days of filing by the managed healthcare bureau	97.92%	97.72%	95.00%	95.00%	95.00%
Output	Percent of producer applications, appointments and renewals processed within ten business days	0.00%	0.00%	0.00%	0.00%	0.00%
Efficiency	Percent of form and rate filings processed within ninety days within the life and health bureau	0.00%	98.98%	97.00%	97.00%	97.00%
Efficiency	Percent of form and rate filings processed within 90 days within the property and casualty bureau	0.00%	99.47%	98.00%	99.00%	99.00%
Output	Number of managed healthcare outreach activities conducted annually	1.0	30.0	20.0	20.0	30.0
Efficiency	Percent of insurance division interventions conducted with domestic and foreign insurance companies when risk-based capital is less than two hundred percent	0.00%	100.00%	100.00%	N/A	100.00%
Efficiency	Percent of criminal division complaints processed and recommended for either further administrative action or closure within ninety days	96.90%	100.00%	90.00%	85.00%	90.00%
Explanatory	Number of cases prosecuted by the criminal division	0.0	54.0	N/A	N/A	N/A
Explanatory	Number of life and health rate filings reviewed	0.0	469.0	N/A	N/A	N/A
Outcome	Dollars saved or recovered for consumers by the consumer assistance bureau	\$0	\$1,244,284	\$1,244,284	\$1,244,284	\$0
Explanatory	Number of cases referred to the criminal division	0.0	26.0	N/A	N/A	N/A
Output	Number of examinations conducted	0.0	7.0	3.0	7.0	7.0
Output	Number of inspections performed by the title insurance bureau	0.0	114.0	40.0	50.0	50.0
Explanatory	Number of complaints received by the investigations bureau for which enforcement action is taken	0.0	135.0	N/A	N/A	N/A
Explanatory	Number of property and casualty rate filings reviewed	0.0	438.0	N/A	N/A	N/A
Explanatory	Dollars saved or recovered for consumers by the managed health care bureau	\$0	\$565,072	N/A	N/A	N/A
Output	Number of consumer complaints received by the consumer assistance bureau	0.0	714.0	700.0	700.0	700.0
Explanatory	Number of grievances received by the managed health care bureau	0.0	541.0	N/A	N/A	N/A
Explanatory	Number of complaints received by the investigations bureau	0.0	386.0	N/A	N/A	N/A
Efficiency	Percent of insurance fraud bureau complaints processed and recommended for either further criminal actions/prosecutions or closure within sixty days	0.00%	5.78%	0.00%	5.00%	5.00%
Output	Percent of domestic company examination reports adopted within 18 months of the examination period	0.00%	100.00%	100.00%	100.00%	100.00%

PATIENT'S COMPENSATION FUND

A)Strategic Plan: The strategic plan of the Patient's Compensation Fund ("PCF") is to provide an excess layer of medical malpractice coverage to doctors, hospitals and certain other types of healthcare providers that participate in the PCF. The PCF was created by, and is a key component of, the New Mexico Medical Malpractice Act, which has been in existence since 1976. That Act requires the Superintendent of Insurance to be custodian of the PCF. That Act also requires the Superintendent to have an independent actuarial study of the PCF performed every two years.

B)Mission: The mission of the PCF, and of the New Mexico Medical Malpractice Act in general, is to make medical malpractice insurance available to healthcare providers in New Mexico. It is worth noting that the Medical Malpractice Act was enacted in response to the nation's first medical malpractice insurance crisis, which occurred in the mid-1970's.

C)Goals: The goal of the biennial actuarial study of the PCF is to assess the financial position of the PCF and of the adequacy of the surcharges levied by the PCF on its member health care providers.

D)What the Program Is Intended to Achieve: The PCF is intended to maintain the availability of affordable medical malpractice insurance to healthcare providers in New Mexico by applying caps on the amount of damages that can be awarded against member health care providers and by requiring that all malpractice claims be first screened by a panel of physicians and attorneys to determine if they are meritorious.

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	51,950.4	29,202.4	28,994.3	28,994.3	(0.7)
TOTAL SOURCES	51,950.4	29,202.4	28,994.3	28,994.3	(0.7)
USES					
Personal Services and Employee Benefits	206.0	174.5	37.2	37.2	(78.7)
Contractual Services	415.9	596.2	596.2	596.2	0.0
Other	43,619.6	27,615.2	27,544.4	27,544.4	(0.3)
Other Financing Uses	816.5	816.5	816.5	816.5	0.0
TOTAL USES	45,058.0	29,202.4	28,994.3	28,994.3	(0.7)
FTE					
Permanent	3.2	3.2	0.2	0.2	(93.8)
TOTAL FTE	3.2	3.2	0.2	0.2	(93.8)

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Explanatory	Patients' compensation fund actuarial deficit, in millions	0.0	55,108,285.0	N/A	N/A	N/A
Efficiency	Percent of required reports submitted timely to the national practitioner data bank	0.00%	96.00%	90.00%	95.00%	95.00%
Efficiency	Percent of required reports submitted timely to the centers for medicare and medicaid services	0.00%	93.94%	90.00%	95.00%	95.00%
Efficiency	Audit of all uploaded transactions within twenty four hours	0.0	99.0	95.0	95.0	0.0

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	2,596.6	2,515.1	2,500.0	2,500.0	(0.6)
Fund Balance	0.0	30.0	200.0	200.0	566.7
TOTAL SOURCES	2,596.6	2,545.1	2,700.0	2,700.0	6.1
USES					
Personal Services and Employee Benefits	1,252.8	1,585.6	1,625.9	1,625.9	2.5
Contractual Services	391.1	530.1	650.0	650.0	22.6
Other	333.6	429.4	424.1	424.1	(1.2)
TOTAL USES	1,977.5	2,545.1	2,700.0	2,700.0	6.1
FTE					
Permanent	17.0	19.0	19.0	19.0	0.0
TOTAL FTE	17.0	19.0	19.0	19.0	0.0

At A Glance

The Medical Board requested an increase of 6 percent above the FY22 operating budget. The board's request slightly decreased licensing fee revenues and increased the use of fund balances. The board request increased personnel spending by \$40 thousand, or 2.5 percent, and also increased the contractual services category nearly \$120 thousand, or 22.6 percent due to the Osteopathic Examiner's Board transfer from the Regulation and Licensing Department to the Medical Board and for IT services to enhance the board's website.

The increase in personnel reduced the vacancy rate to 5 percent. As of September 2021, the board had 3 vacant FTE. The committee supports the board's request.

Budget Issues

The agency requested to increase the use of fund balance in the operating budget in FY23. The committee recommendation supports the requested use of fund balance and slight reduction in other revenues. Fund balances at the close of the current fiscal year are projected at nearly \$1.3 million. The board received \$2.5 million in revenues over the past several fiscal years, while expenditures were closer to \$2 million, resulting in the current fund balance. The Medical Board met only two of seven performance targets in FY21. The agency issued over 3,861 physician licenses and renewals in FY21, below the previous fiscal year. In FY21, the board received 326 complaints; 198 were closed within the fiscal year, of which 86 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. In FY21, of the 326 total complaints, 72 were initiated by the board. As of September 2021, the board reported the total number of cases currently open for investigation was 122, which included 51 case carryovers. The board previously reported the complexity of the type of cases being investigated has increased as well. 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.

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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Number of entities provided with information through written license verification and website access	1,490,425.0	1,536,132.0	2,000,000.0	1,500,000.0	1,500,000.0
Output	Number of triennial physician licenses issued or renewed	4,303.0	3,861.0	4,100.0	4,100.0	4,100.0
Output	Number of biennial physician assistant licenses issued or renewed	629.0	517.0	500.0	500.0	500.0
Output	Number of complaints closed within the fiscal year	300.0	198.0	250.0	250.0	250.0
Output	Number of participants in monitored treatment programs	50.0	34.0	60.0	60.0	60.0
Outcome	Number of days to issue a physician license	63.0	62.0	55.0	55.0	55.0
Explanatory	Number of licensees contacted regarding high-risk prescribing and prescribing monitoring program compliance, based on the board of pharmacy prescription monitoring program reports	5.0	510.0	N/A	N/A	N/A

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	300.0	200.0	0.0	0.0	(100.0)
Other Revenues	2,802.2	2,556.6	2,798.6	2,950.6	15.4
Fund Balance	0.0	138.1	319.9	319.9	131.6
TOTAL SOURCES	3,102.2	2,894.7	3,118.5	3,270.5	13.0
USES					
Personal Services and Employee Benefits	1,898.8	1,838.5	2,034.5	2,186.5	18.9
Contractual Services	36.1	56.0	54.4	54.4	(2.9)
Other	474.2	950.2	979.6	979.6	3.1
Other Financing Uses	333.3	50.0	50.0	50.0	0.0
TOTAL USES	2,742.4	2,894.7	3,118.5	3,270.5	13.0
FTE					
Permanent	25.0	25.0	27.0	27.0	8.0
TOTAL FTE	25.0	25.0	27.0	27.0	8.0

At A Glance

The board requested a 13 percent increase, including an expansion for an investigator. The committee recommendation fully funds the request.

Budget Issues

The board initially requested a 7.7 percent increase above the FY22 operating budget but shifted revenues from other transfers to fund balance. However, an amended request was provided to LFC in October of 2021 increasing the request an additional \$152 thousand from licensure revenues for personnel, or 13 percent above the FY22 operating budget. The board request reduced the vacancy rate by increasing spending on personnel by \$300 thousand in the base, and the board requested an expansion of \$46 thousand for 1 state investigator FTE. The agency request for contracts was relatively flat with the FY21 operating budget; other costs increased nearly \$30 thousand for board expenses.

The Board of Nursing provides for grants to higher education institutions and other organizations to enhance recruitment, retention, employment, and educational opportunities for professional nurses. In FY21, the Center for Nursing Excellence was granted funding for 20 \$1,000 scholarships. According to the Board of Nursing, Native Americans represent 11 percent of New Mexico's population and 5 percent of licensed nurses. The board granted awards to the New Mexico Native American Indian Nurses Association that should fund for 22 \$2,000 scholarships.

In addition, in FY21, the University of New Mexico College of Nursing was granted \$6,500 to host a five-part virtual conference focusing on behavioral health. The goal of the series was fostering communication and bringing education and support related to behavioral health and working with marginalized communities to nurses throughout New Mexico. The University of New Mexico College of Nursing also received \$25 thousand for training to increase awareness of bias and explore how conscious and unconscious bias impacts communication and decision-making when individuals or groups interact.

The board request for grants in FY23 was relatively flat with the previous fiscal year. The board's projected operating fund balance is estimated to be \$995 thousand at the close of next fiscal year.

Given historical licensing fees and revenue collections and healthy fund balances, the LFC recommendation fully funds the agency's request.

The board's performance was mixed in FY21. For example, while the board logged and initiated investigations within required timeframes, it only investigated and presented 75 percent of low and medium-priority complaints to the board within six months, up from 60 percent in the previous fiscal year. However, the board was only able to contact 207 advance practice nurses regarding high-risk prescribing and prescriptions monitoring program compliance, below the 300 to meet targeted performance.

Although many areas of New Mexico are short on nurses, the workforce is growing. The number of certified nurse practitioners practicing in New Mexico in 2021 was 3,716 (of which 1,626 were out-of-state residents), an increase from the 533 practitioners in 2020. Likewise, there were 31,917 registered nurses in New Mexico, an increase of 54. Total other licenses in FY21 comprised 4,737 licenses and certificates. Given the increase in licenses issued, the board's request for revenue from license fees is realistic.

Base Expansion

The board requested 1 FTE expansion for an additional investigator. As of August, the board reported approximately 75 open cases still under investigation, assigned between the current three investigators. Of open cases, 28 cases (37 percent) are high-priority cases involving (potential) significant risk to the public. The average age of cases was 118 days, but some of the oldest cases ranged from 305 to 581 days. The board also reported an increase in drug-related complaints from impairment at work to injudicious prescribing. The injudicious prescribing cases, according to the board, require the most documentation because they can be complex to investigate. Due to the rising complexity of cases coupled with potential for overprescribing, the board anticipates increased workload for the investigators, and the LFC recommendation supports the requested expansion.

BASE EXPANSION LISTING FY 2022-2023

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	Investigation hire	P677	46.4	46.4
TOTAL			46.4	46.4

BOARD OF NURSING

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

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Percent of complaints logged and investigations initiated within two business days of receipt of written complaint	98.00%	92.00%	98.00%	98.00%	98.00%
Output	Percent of low and medium priority complaints investigated and presented to the board of nursing within six months	60.00%	75.00%	60.00%	60.00%	70.00%
Efficiency	Percent of unlicensed assistive personnel and nursing education program reviews completed within forty-five days of the program review requirements	58.00%	100.00%	97.00%	97.00%	97.00%
Explanatory	Number of licensed practical nurse licenses active on June 30	2,897.0	2,835.0	N/A	N/A	N/A
Explanatory	Number of registered nurse licenses active on June 30	31,917.0	32,505.0	N/A	N/A	N/A
Explanatory	Number of certified nurse practitioner licenses active on June 30	3,183.0	3,958.0	N/A	N/A	N/A
Explanatory	Number of clinical nurse specialist licenses active on June 30	108.0	104.0	N/A	N/A	N/A
* Explanatory	Number of certified registered nurse anesthetist licenses active on June 30	291.0	683.0	N/A	N/A	N/A

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Explanatory	Number of certified hemodialysis technicians 1 and 2 licenses active on June 30	669.0	723.0	N/A	N/A	N/A
Explanatory	Number of certified medication aid 1 and 2 licenses active on June 30	460.0	461.0	N/A	N/A	N/A
Explanatory	Number of lactation care providers licenses active on June 30	23.0	36.0	N/A	N/A	N/A
* 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	207.0	300.0	300.0	300.0
Explanatory	Number of nursing education site visits completed	52.0	1.0	N/A	N/A	N/A

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	0.0	285.0	200.0	200.0	(29.8)
Other Revenues	622.5	12,315.3	14,340.0	14,290.0	16.0
Fund Balance	1,119.5	0.0	0.0	0.0	0.0
TOTAL SOURCES	1,742.0	12,600.3	14,540.0	14,490.0	15.0
USES					
Personal Services and Employee Benefits	3,830.3	6,245.4	7,750.0	7,700.0	23.3
Contractual Services	360.3	2,962.8	3,260.0	3,260.0	10.0
Other	1,893.6	3,392.1	3,530.0	3,530.0	4.1
TOTAL USES	6,084.2	12,600.3	14,540.0	14,490.0	15.0
FTE					
Permanent	31.0	35.0	35.0	35.0	0.0
TOTAL FTE	31.0	35.0	35.0	35.0	0.0

At A Glance

New Mexico State Fair's FY23 appropriation request of \$14.5 million is a 15 percent increase over the FY22 operating budget. The requested increase is reflective of minimum wage adjustments recently enacted. Additionally, as required by 2019 changes to Section 16-6-4 NMSA 1978, the State Fair is required to request funding to support the operations and maintenance of the African American Performing Arts Center and requested \$200 thousand for the center.

With the exception of the African American Performing Arts Center, State Fair's operations are funded entirely through enterprise revenues. LFC largely supports the requested general fund and other revenue amounts and expects a recovery in enterprise business operations in FY23. Excluding small adjustments made for personnel costs, the committee largely supports requested expenditure amounts.

Budget Issues

Because of the pandemic, the fair was not open in FY21 and lost substantial operating revenue while maintaining about \$6.1 million, or about half, of normal operating expenditures. State Fair received a \$4 million FY21 supplemental appropriation and earned \$622.5 thousand in operating revenues, leaving an estimated shortfall of about \$1.5 million. To make up for the shortfall, the State Fair will likely require a deficiency appropriation from federal state fiscal recovery funds.

For FY22, the fair is projecting a loss in revenue mostly due to the requirement that attendees, vendors, and exhibitions be universally masked and show proof of full vaccination before entry. Preliminary attendance numbers for the 2021 State Fair indicate a 44 percent reduction from prepandemic levels. Because of reduced attendance, State Fair staff indicated they will seek a \$4 million supplemental appropriation for FY22. These amounts will have to be revisited during the 2022 legislative session.

For FY23, if all goes well and the pandemic is substantially over, recommended revenues will come from increased ticket sales, ticket prices, and other enterprise revenues, and the budget will not require supplements from the general fund or federal sources. The FY22 appropriation moved funding for programs and exhibits at the African American Performing Arts Center from the budget of the Office of African American Affairs' to State Fair's budget. The committee supports the request for \$200 thousand in general fund revenue for performance center operations.

For the personnel calculation, the committee recommendation used FY19 as a base year because this was the most recent year the State Fair was fully operational. State Fair employs a number of temporary staff paid \$8 hourly in FY19. Because of recently enacted minimum wage adjustments, FY23 minimum salaries will increase to \$12 hourly, a 56 percent increase from FY19. State Fair's temporary staff were paid a total of \$3.2 million in FY19 and a 56 percent adjustment totals to \$5 million. This, plus the estimated \$2.7 million cost of State Fair's permanent staff, equates to \$7.7 million, or just under the amount requested.

The committee supports the request for the contractual services and other categories because it is in line with FY19 expenditures, including inflationary expectations.

Because the State Fair did not open in FY21 there were no performance outcomes to report for the year. The FY20 annual financial audit was unmodified with no findings.

At the start of FY21, State Fair's capital projects funds carried a combined balance of \$3.4 million and ended the year with an unaudited balance of about \$2.4 million. One of the funds received \$1.6 million in severance tax bond proceeds. The \$2.6 million in expenditures were mostly for smaller projects for road, building, and grounds maintenance and repair.

The July 2021 LFC capital outlay quarterly report included five appropriations between 2018 and 2021. All appropriations were rated as green except for a \$1.7 million 2019 appropriation for the African American Performing Arts Center kitchen addition, rated red. That project is still in the design phase.

NEW MEXICO 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.

Recommended Language

The general fund appropriation to the New Mexico State Fair includes two-hundred thousand dollars (\$200,000) for the African American performing arts center foundation.

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Percent of surveyed attendees at the annual state fair event rating their experience as satisfactory or better	89.20%	0.00%	95.00%	95.00%	90.00%
Output	Percent of counties represented through exhibits at the annual state fair	100.00%	0.00%	100.00%	100.00%	100.00%
* Output	Number of paid attendees at annual state fair event	342,276.0	0.0	430,000.0	430,000.0	430,000.0
Output	Number of total attendees at annual state fair event	472,415.0	0.0	700,000.0	500,000.0	500,000.0

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	967.8	984.0	988.1	988.1	0.4
Fund Balance	0.0	164.5	256.2	256.2	55.7
TOTAL SOURCES	967.8	1,148.5	1,244.3	1,244.3	8.3
USES					
Personal Services and Employee Benefits	471.8	630.3	629.3	629.3	(0.2)
Contractual Services	220.3	239.4	296.1	296.1	23.7
Other	144.6	278.8	318.9	318.9	14.4
TOTAL USES	836.7	1,148.5	1,244.3	1,244.3	8.3
FTE					
Permanent	8.0	8.0	8.0	8.0	0.0
TOTAL FTE	8.0	8.0	8.0	8.0	0.0

At A Glance

The State Board of Licensure for Professional Engineers and Professional Surveyors requested a budget of \$1.2 million for FY23, including \$988.1 thousand in fee revenue and \$256.2 thousand from fund balances. The request represented an overall budget increase of 8.3 percent. The request included \$50 thousand for a new licensing system and \$20 thousand to increase annual scholarship distributions. The committee recommendation supports the request.

Budget Issues

The board's request included a nearly flat budget for personnel. The board has 8 authorized FTE, including one currently vacant position, an administrative operations manager. As part of its FY22 budget, the board reclassified a compliance officer position and implemented in-band pay increases. For FY23, the board requested \$50 thousand for a new licensing system to allow for faster processing of applications and improved reporting capabilities.

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 FY23, the board requested \$120 thousand for its scholarship fund to be disbursed 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 distributed \$100 thousand in scholarships in FY21 and budgeted \$100 thousand for FY22. The committee recommends the board request annual reporting from universities on scholarship awards and outcomes.

The board pays \$135 thousand annually to the Regulation and Licensing Department for financial, administrative, and IT services.

Approximately 9,600 active surveyors and engineers are licensed in New Mexico. In FY21, the board issued 655 licenses, a decrease of 13 percent from FY20. The board saw a decline in exam applications for both engineers and surveyors, which it attributes at least in part to the Covid-19 pandemic, and specifically, reduced building project activity. The board anticipates issuing approximately 700 licenses in FY21.

In FY21, the board struggled with resolving cases in a timely manner, resolving just 7 percent of cases through compliance or legal action within one year, short of its 50 percent target. The board attributes the delays to a vacancy in the compliance officer position, as well as an expired contract for investigative services. The board has since filled the compliance officer position and issued a new investigative services contract.

The projected fund balance at the end of FY22 is \$763.9 thousand, with a projected balance of \$507.7 thousand at the end of FY23.

STATE BOARD OF LICENSURE FOR ENGINEERS & 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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Percent of consumers requesting information who are provided with information	100.00%	100.00%	100.00%	100.00%	100.00%
Output	Number of licenses or certifications issued within one year	755.0	655.0	775.0	700.0	700.0
Efficiency	Percent of cases resolved through compliance or legal action within one year	10.00%	7.00%	50.00%	50.00%	50.00%
Efficiency	The number of days from receipt of a complaint to delivery to the respective professional committee of the board	99.0	96.0	90.0	90.0	90.0

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.

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	5,479.6	5,250.0	6,942.2	5,583.3	6.3
TOTAL SOURCES	5,479.6	5,250.0	6,942.2	5,583.3	6.3
USES					
Personal Services and Employee Benefits	3,480.8	3,614.0	4,978.1	3,888.0	7.6
Contractual Services	73.1	54.4	97.2	65.3	20.0
Other	1,868.5	1,581.6	1,866.9	1,630.0	3.1
TOTAL USES	5,422.4	5,250.0	6,942.2	5,583.3	6.3
FTE					
Permanent	52.0	52.0	58.0	52.0	0.0
TOTAL FTE	52.0	52.0	58.0	52.0	0.0

At A Glance

The Gaming Control Board (GCB) requested a general fund increase of \$1.7 million, or 32.2 percent, for its FY23 operating budget. The request included an increase of \$1.36 million for personnel, adding an additional 6 FTE, \$42.8 thousand for professional services contracts, and \$285.3 thousand for costs including travel, training, and rent. The committee recommendation includes an increase of \$333 thousand, or 6.3 percent, allowing the agency to continue filling vacancies.

Budget Issues

GCB's FY23 budget request included an increase of \$1.36 million, or 38 percent, for personnel. The increase would represent sufficient funding to hire approximately 15 additional FTE. The agency requested 6 new authorized FTE—two each for enforcement, legal, and licensing functions. In FY22, the appointment of two governor-appointed board members left the agency with a deficit in the personnel budget. For FY23, the committee recommendation includes a personnel budget increase of \$275 thousand, or 7.6 percent, allowing the agency to hire an additional 3 FTE for key positions, such as legal and compliance staff.

The request included an increase of \$42.8 thousand, or 79 percent, for professional services contracts for licensing and investigations, hearings officer services, annual reporting, and website support. The committee recommendation includes an increase of \$10.9 thousand, or 20 percent, for contracts. The agency also requested an increase of \$285.3 thousand, or 18 percent, in the other category, which included increases of \$34 thousand for rent, \$84.5 thousand for employee travel and fuel, \$24 thousand for training, \$69 thousand for IT hardware and software, and \$24 thousand for law enforcement staff clothing and gear. The committee recommendation includes an increase of \$47.4 thousand, or 3 percent, in the other category to prioritize key budgetary needs.

GCB faces a budget deficit for FY22, due to recent board member appointments and additional hiring. Following governor appointments of two salaried gaming commissioners—a CPA member and an attorney member—the agency projected a \$188 thousand deficit for FY22. With approval from DFA, GCB also planned hiring of a licensing director, further increasing the projected deficit. GCB intends to seek a supplemental appropriation for FY22. The board has three salaried commissioner positions—an attorney member, a CPA member, and a law enforcement member—but at least one position, and sometimes more, have been vacant since FY17. The governor also recently appointed a tribal gaming representative and an executive director, both of which had been acting positions for over two years.

The Covid-19 public health emergency significantly impacted gaming operations for both tribal and racetrack casinos. The state's five racetrack casinos were required to remain closed between March 2020 and February 2021. Tribal casinos were not subject to the public health order but many voluntarily closed for some period of time. In FY21, revenue to the general fund from gaming taxes totaled approximately \$24.6 million, a decrease of 46 percent from FY20. The state received \$34.2 million in tribal revenue sharing in FY21, a drop of 25 percent from FY20. Three tribes—Jicarilla Apache, San Felipe, and Sandia—did not have any gaming activity in FY21. Gaming revenues also went toward horseracing purses and combatting problem gambling, with \$18.7 million and \$233.9 thousand, respectively, for these uses.

The state's gaming revenues may also be impacted by the expansion of class II gaming machines, electronic bingo-style games that provide a similar player experience as regulated class III machines but are not covered under the tribal gaming compact. GCB indicated the most recent information it received from tribes on class II machines was a 2019 survey, when the machines accounted for approximately 1.4 percent of machines, or 212 of the 15,170 machines at that time. GCB requested information again from gaming tribes in 2020, but tribes did not provide information at that time. Because the tribal gaming compact does not cover class II machines, GCB does not have authority to inspect or monitor these machines without tribal permission. The state would have to negotiate with tribes to amend the compact to monitor, and receive revenue from, class II gaming activity.

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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Quality	Percentage of incidents reported to the central monitoring system help desk closed within three calendar days	95.00%	98.00%	96.00%	96.00%	96.00%
Outcome	Percent of work permit and work permit renewals processed within 45 business days	71.00%	97.00%	96.00%	96.00%	96.00%
Output	Percent of all tribal gaming operation inspections and reviews completed in one calendar year	100.00%	93.00%	98.00%	98.00%	98.00%
Output	Percent of audit reports completed and mailed within thirty business days of completion of field work or desk compliance review	83.00%	100.00%	98.00%	98.00%	98.00%
Output	Average annual number of inspections conducted by each agent at assigned non-tribal venues	22.0	24.0	24.0	24.0	24.0
Output	Average annual number of inspections conducted by each agent at each assigned bingo and raffle location	6.0	7.0	6.0	0.0	6.0
Output	Percent of transported gaming software and devices inspected by agents	NEW	91.00%	85.00%	85.00%	85.00%
Outcome	Percent of key and business license applications are to be completed and board presented within 90 days of receipt of application	NEW	86.00%	90.00%	90.00%	90.00%
Outcome	Percent of staff permit license applications with complete information submitted by applicants and presented to the Board within 30 business days of receipt of the application	NEW	0.00%	99.00%	90.00%	95.00%

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	2,397.7	2,359.3	2,491.0	2,476.7	5.0
Other Transfers	0.0	700.0	700.0	700.0	0.0
Other Revenues	267.9	300.0	300.0	300.0	0.0
TOTAL SOURCES	2,665.6	3,359.3	3,491.0	3,476.7	3.5
USES					
Personal Services and Employee Benefits	1,250.3	1,620.9	1,654.0	1,654.0	2.0
Contractual Services	559.3	1,512.8	1,580.7	1,580.7	4.5
Other	218.0	225.6	256.3	242.0	7.3
TOTAL USES	2,027.6	3,359.3	3,491.0	3,476.7	3.5
FTE					
Permanent	19.7	22.8	19.8	19.8	(13.2)
Term	2.0	1.0	1.0	1.0	0.0
TOTAL FTE	21.7	23.8	20.8	20.8	(12.6)

At A Glance

The State Racing Commission (SRC) requested a FY23 general fund revenue increase of \$131.7 thousand, or 5.6 percent, from the FY22 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, flat with the FY22 operating budget. The request represented an increase of 2 percent for personnel, 4.5 percent for contracts, and 13.6 percent in the other category to pay for replacement vehicles and travel. The overall budget request was 3.9 percent higher than the FY22 operating budget. The committee recommendation supports a 5 percent general fund increase, allowing the commission to continue filling key positions.

Budget Issues

SRC's FY23 budget request included an increase of \$33.9 thousand, or 2 percent, for personnel. The committee recommendation supports the request, allowing the commission to fill at least four vacant positions, including key positions of auditor, attorney, and purchasing agent. For FY22, SRC inactivated three positions that had been vacant for over two years, based on guidance from the State Personnel Office. The request also included an additional \$67.9 thousand, or 4.5 percent, to contract with an independent auditor to conduct audits of racetracks, as required by statute, and an increase of \$18.1 thousand for employee travel, \$13.8 thousand for IT costs, and \$6,600 for newer vehicles. The request also included \$700 thousand from the racehorse testing fund and \$300 thousand from industry racing revenues to fund equine drug testing contracts. The committee recommendation supports the requested personnel and contractual services budgets and recommends an increase of 7.3 percent for other costs.

The state's five racetracks held a total of 169 race days during the 2020-2021 racing season, up from 133 in the 2019-2020 season. For the second year in a row, no races were held at the New Mexico State Fair. An initial calendar for the 2021-2022 racing season, scheduled to begin in late December, includes 206 race days. The Covid-19 pandemic continued to negatively impact the state's racing industry. Racetracks receive 20 percent of net win from racetrack casino operators for purses, and total purse revenues were \$18.7 million in FY21, compared with \$34.4 million in FY20 and \$48.1 million in FY19. SRC collected \$649 thousand in pari-mutuel revenues, down from \$1.3 million in FY20.

SRC tests blood, urine, and hair samples from racehorses. Funding for testing comes from the racehorse testing fund, which receives 50 percent of a pari-mutuel tax collected from racetrack licensees. Actual revenues from the racehorse testing fund were \$456.6 thousand in FY20 and \$270 thousand in FY21. The ending fund balance for FY21 was \$600 thousand, and projected ending balance for FY22 is \$500 thousand. In FY21, 0.5 percent of samples tested positive for illegal substances, beating the target of 1 percent. Post-race testing volumes increased steadily between 2017 and 2019 but fell significantly in 2020, due to decreased racing activity as a result of Covid-19. In 2020, SRC analyzed 4,949 post-race tests, compared with 10,565 in 2019. Out-of-competition testing decreased slightly, from 819 tests in 2019 to 754 in 2020. Out-of-competition violation rates are higher than

post-race violation rates, with 7 percent of hair samples testing positive for illegal substances. New Mexico racetracks saw 2.16 racehorse fatalities per 1,000 starts in FY21, worse than the national average of 1.4 per 1,000 starts.

The federal Horseracing Integrity and Safety Act, passed in late December 2020, enacts more stringent and standardized national anti-doping standards for horseracing, creating an independent anti-doping authority. The national standards, which will go into effect on July 1, 2022, will replace a patchwork of different rules and standards across states, which have allowed cheaters to seek out races with more lenient rules. Funding for the authority will come in part from states. However, racing jurisdictions have not yet received cost details from federal regulators. SRC indicates costs will likely rise for testing, investigation, prosecution, and rulemaking under the new law, which could significantly increase the cost of regulating horseracing in the state and likely result in additional fees for racing participants.

SRC continues to face challenges in collecting penalty fines, with the agency's 2020 audit noting the agency's "ability to collect the imposed fines is limited and often impossible, [and] as a result the uncollectable portion is very high." According to the audit, 87 percent of the \$2.1 million in fines receivable as of the end of FY20 are estimated to be uncollectable. Fines are required to be paid within 30 days, and unpaid fines can result in a suspension for the offending owner or trainer, but offenders often appeal, keeping fines tied up in legal proceedings, sometimes for years. SRC also notes some violators cannot afford to pay fines. In FY21, it took the agency an average of 75 days to collect fines. The agency recently hired an in-house attorney and is exploring options to impose liens against property or taxes of delinquent licensees.

STATE 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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Outcome	Percent of equine samples testing positive for illegal substances	1.01%	0.49%	1.00%	1.00%	1.00%
* Explanatory	Amount collected from parimutuel revenues, in millions	\$1	\$649,179	N/A	N/A	N/A
Efficiency	Average regulatory cost per live race day at each racetrack	5,854.0	5,291.0	6,000.0	7,000.0	7,000.0
Outcome	Timely collections of penalty fees by licensee to the general fund, number of days	30.0	45.0	30.0	90.0	60.0
Outcome	Number of equine tests per live race	5.0	4.0	2.0	4.0	4.0
Efficiency	Average number of days to bring case to prosecution	40.0	50.0	40.0	50.0	50.0
Outcome	Average number of work days from receipt of a complete individual application and questionnaire to conclusion of a criminal background check	20.0	10.0	20.0	10.0	10.0
Efficiency	Average number of days to refer investigation cases for administrative prosecution	12.0	10.0	12.0	10.0	10.0
Outcome	Number of out of competition samples collected.	NEW	754.0	1,000.0	1,000.0	1,000.0
Outcome	Number of race tracks audited.	NEW	0.0	1.0	1.0	1.0
* Explanatory	Number of horse fatalities per one thousand starts	1.0	2.0	N/A	N/A	N/A

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	412.7	374.3	425.4	425.4	13.7
Fund Balance	36.0	105.0	0.0	0.0	(100.0)
TOTAL SOURCES	448.7	479.3	425.4	425.4	(11.2)
USES					
Personal Services and Employee Benefits	242.5	242.5	243.0	243.0	0.2
Contractual Services	109.1	174.6	139.3	139.3	(20.2)
Other	53.1	62.2	43.1	43.1	(30.7)
TOTAL USES	404.7	479.3	425.4	425.4	(11.2)
FTE					
Permanent	3.0	3.0	3.0	3.0	0.0
TOTAL FTE	3.0	3.0	3.0	3.0	0.0

At A Glance

The Board of Veterinary Medicine (BVM) requested a budget of \$425.4 thousand for FY23, 11.2 percent less than the board's FY22 operating budget. The BVM budget receives no general fund revenue and is supported by revenues from professional licenses, permits, and examination fees. FY21 revenue from examinations and license fees was negatively impacted by the Covid-19 pandemic because many graduate veterinarian internships were suspended. Consequently, BVM reduced FY21 expenditures and the FY23 appropriation request.

Budget Issues

Due to declining revenues and fund balance, BVM requested an FY23 appropriation \$53.9 thousand less than the FY22 operating budget, with reductions made to contractual services, board member meals and lodging, and information technology expenditures. The LFC recommendation supports the request.

In FY21, the board conducted public hearings to establish minimum standards for animal shelters, a responsibility assigned to BVM when it merged with the Animal Sheltering Board in FY19. The board initially planned to hold these hearings in mid FY20, but postponed them due to Covid-related limits on public gatherings. The minimum standards adopted by the board will go into effect on November 5, 2021, and BVM has contracted a veterinarian to inspect shelters throughout the state. The inspections will include guidance from the inspector to assist shelters in complying with the minimum standards and to promote best practices by the shelters.

BVM reports that throughout the pandemic, testing of license candidates continued without a slowdown and the board continued to provide the majority of its usual services, with the exception of veterinary facilities inspections. Inspections resumed in June 2021.

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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Number of facility licenses issued annually	317.0	301.0	315.0	315.0	315.0
Output	Number of facilities inspected annually	65.0	20.0	150.0	150.0	150.0
Outcome	Percent of inspected facilities meeting minimum standards	100.00%	20.00%	99.00%	95.00%	99.00%
Output	Number of registered veterinary technicians licenses issued annually	239.0	232.0	255.0	250.0	255.0
Output	Number of veterinarian licenses issued annually	959.0	1,031.0	1,000.0	1,025.0	1,025.0
Output	Number of bovine artificial insemination or bovine pregnancy diagnosis permits issued annually	19.0	25.0	15.0	20.0	20.0
Output	Number of months to resolution of disciplinary matter	7.0	10.0	7.0	12.0	7.0
Outcome	Number of licenses issued to shelters	25.0	26.0	45.0	30.0	45.0
Outcome	Number of inspected shelters meeting minimum standards	0.0	0.0	40.0	15.0	40.0

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	251.3	339.7	362.8	362.8	6.8
Other Revenues	2,281.9	5,967.0	5,967.0	5,967.0	0.0
TOTAL SOURCES	2,533.2	6,306.7	6,329.8	6,329.8	0.4
USES					
Personal Services and Employee Benefits	59.2	98.1	121.2	121.2	23.5
Contractual Services	2,282.0	6,199.1	6,199.1	6,199.1	0.0
Other	7.1	9.5	9.5	9.5	0.0
TOTAL USES	2,348.3	6,306.7	6,329.8	6,329.8	0.4
FTE					
Permanent	0.0	3.9	3.9	3.9	0.0
TOTAL FTE	0.0	3.9	3.9	3.9	0.0

At A Glance

The Cumbres and Toltec Scenic Railroad Commission requested an increase of \$124.1 thousand, or 53 percent, in general fund revenue and kept other revenue flat with the FY22 operating budget. The general fund revenue request included an increase of \$23.1 thousand in the personal services and employee benefits category to restore personnel funding to FY20 levels, and \$101 thousand for recurring marketing expenses. The LFC recommendation supports the agency request for general fund and other revenue.

Budget Issues

As an enterprise agency, most 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, only to be stunted again during the Covid-19 shut down, which reduced overall ridership and revenue by 80 percent, or approximately \$4 million, compared with FY19. Despite the closures, the scenic railroad recovered 99 percent of its ridership for the 2021 season as of September 2021, despite operating six days a week compared to its usual seven. Though not included in the recommendation for the agency operating budget, LFC analysis indicates lost revenue during pandemic closures may be eligible for replacement through federal relief funds.

Fleet. Between the Chama, New Mexico, and Antonito, Colorado, railyards, there are five operational narrow gauge locomotives. Although the Cumbres and Toltec Scenic Railroad remains one of the few railroads in America that never converted its coal-burning steam engines to diesel engines, the agency converted one engine from coal-fueled to oil-fueled. The oil-fueled engine ran for the first time during the 2021 season. Though the commission holds that coal is still safe to burn throughout most of the year, during extremely dry conditions, oil burns “cleaner,” expelling fewer embers and is, therefore, less likely to cause a fire. Currently, the commission does not plan to convert any of its other engines, but it does own two diesel locomotives for emergency use.

Accomplishments. The Cumbres and Toltec Scenic Railroad, designated a National Historic Landmark in October 2012, hosted a series of sold-out events in 2021 for the agency’s delayed 50th anniversary celebration. One event allowed patrons to ride from Chama to Antonito overnight in two his-

toric trains equipped with sleeper bunks, the first overnight sleeper service on the narrow gauge in 100 years, and first in the United States for at least 20 years. The agency successfully leveraged these one-of-a-kind locomotive experiences and pent-up demand to facilitate a nearly full recovery after a year of closures.

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

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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Outcome	Total number of passengers	0.0	16,687.0	45,287.0	37,654.0	37,654.0
Output	Revenue generated from ticket sales, in millions	\$0.00	\$2,183,984.00	\$5.70	\$4.50	\$4.50

Statutory Authority

The Office of Military Base Planning and Support was created in 2003 pursuant to the Office of Military Base Planning and Support Act, Section 9-15-48 NMSA 1978, and is administratively attached to the Economic Development Department. The director of the office is appointed by the governor.

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	242.9	286.9	334.4	296.2	3.2
TOTAL SOURCES	242.9	286.9	334.4	296.2	3.2
USES					
Personal Services and Employee Benefits	129.3	187.0	160.0	187.0	0.0
Contractual Services	42.7	79.2	134.5	79.2	0.0
Other	24.1	20.7	39.9	30.0	44.9
TOTAL USES	196.1	286.9	334.4	296.2	3.2
FTE					
Term	1.0	1.0	1.0	1.5	50.0
TOTAL FTE	1.0	1.0	1.0	1.5	50.0

At A Glance

The Office of Military Base Planning and Support (OMBPS) requested a general fund revenue increase of \$49.5 thousand, or 17 percent, primarily in the contractual services and other costs category. The office's FY22 operating budget did not include a \$50 thousand recurring "junior bill" appropriation, resulting in the request unintentionally reducing the personal services and employee benefits category. The LFC recommendation corrects the personal services and employee benefits category, maintains funding for contractual services at FY22 operating budget levels to reflect actual spending in the category, and increases the other costs category to support a full commission and increased travel and professional development opportunities.

Budget Issues

The Office of Military Based Planning and Support currently has 1 FTE, the director of the agency, who reports directly to the governor's chief of staff. The agency received an additional \$50 thousand appropriation in the 2021 legislative session for a part-time assistant to the director but did not request an FTE for the position for FY23.

The Military Base Planning Commission, administratively attached to the Economic Development Department, is charged with providing experienced executive level support to the military installations and communities in which they are located. The Legislature extended the sunset date for OMBPS and the commission to July 2027 during the 2021 regular legislative session. 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. The commission has been fully appointed since November 2020.

The Legislative Finance Committee recommendation increases general fund revenue to the agency by \$11.8 thousand, or 4 percent, entirely in the contractual services category to support increased travel expenses for the now fully operational commission, which will resume in-person meetings in FY23.

OFFICE OF MILITARY BASE PLANNING AND SUPPORT

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

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Number of military units impacted by the activities of the commission and the office	10.0	0.0	10.0	0.0	10.0
Outcome	Number of community support organizations that have benefited from the activities of the commission and the office	10.0	0.0	10.0	0.0	10.0
Output	Number of communities assisted by the office of military base planning and support	10.0	0.0	10.0	0.0	10.0

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,920.5	2,090.9	4,090.9	3,790.9	81.3
Other Revenues	5,825.8	10,074.8	6,859.0	6,859.0	(31.9)
TOTAL SOURCES	7,746.3	12,165.7	10,949.9	10,649.9	(12.5)
USES					
Personal Services and Employee Benefits	2,053.6	3,145.1	2,907.3	2,607.3	(17.1)
Contractual Services	2,913.6	5,916.2	5,638.1	5,638.1	(4.7)
Other	1,923.7	3,104.4	2,404.5	2,404.5	(22.5)
TOTAL USES	6,890.9	12,165.7	10,949.9	10,649.9	(12.5)
FTE					
Permanent	21.0	0.0	21.0	21.0	0.0
Term	7.0	0.0	7.0	7.0	0.0
TOTAL FTE	28.0	0.0	28.0	28.0	0.0

At A Glance

The Spaceport Authority FY23 request increased general fund revenue by \$2 million, or 97 percent, compared with the FY22 operating budget. The Spaceport Authority requested \$6.8 million in other revenue, a 31 percent decrease compared with FY22. The LFC recommendation increases general fund revenue to the agency by \$1.7 million to supplant excess pledged revenue from Doña Ana County and supports the agency request for other revenue. The LFC recommendation decreases personnel spending by 17 percent to more closely align the budget with actual expenditures and supports the agency request for contractual services and other costs.

Budget Issues

The Spaceport Authority FY23 budget request increased general fund appropriations by \$2 million, the majority of which was to replace \$1.7 million in excess pledged revenue from Doña Ana County after the New Mexico Attorney General determined through an informal letter that the funds should be used for infrastructure, not agency operations. Doña Ana County does not currently have a plan to either encumber the excess pledged revenue or to repeal the tax ordinance. Though the agency's general fund request is nearly a 100 percent increase compared with FY21, the request reduced other revenue to the agency by \$3.2 million, representing more realistic revenue projections from Spaceport activities. For expenditures, the FY23 request reduced personnel spending by \$238 thousand, contractual services by \$278.1 thousand, and other costs by \$633.9 percent, or 22 percent.

The LFC recommendation increases general fund revenue by \$1.7 million, replacing excess pledged revenue no longer available for agency operations. The recommendation supports the agency request for other revenue. For the personal services and employee benefits category, the LFC recommendation includes approximately \$600 thousand above FY22 actual spending in the category, enabling the agency to address persistent vacancies.

Administrative Challenges. The Spaceport Authority has faced significant personnel and administrative challenges, including the resignation of the chief financial officer (CFO) and subsequent termination of the chief executive officer (CEO) in June 2020 amid allegations of dysfunctional management practices and improper use of public funds, later confirmed in a 2020 independent investigation. Though the current acting director and CEO of Spaceport America has addressed many of the investigation's findings, such as improper travel spending and agency budget inflation, the Spaceport Authority still struggles to recruit and retain employees vital to the agency's core functions. Currently the agency has seven vacancies out of 28 total FTE, including the still vacant CFO position, an airspace airfield manager, construction project manager, and information technology officer.

Firefighter and Security Costs. Contract costs increased significantly in FY18 due to Federal Aviation Administration environmental studies formerly expensed through capital outlay. These environmental studies, required to maintain FAA licenses for roads, fences, new buildings, and parking lots have become a recurring contractual cost in the operating budget. Firefighter and security costs to provide emergency and security services are a significant portion of the Spaceport's expenses. As tenants, launches, and staffing levels increased, the FY22 cost increased to \$4.8 million, which the agency request kept flat for FY23.

Budget Realignment. The Spaceport Authority's FY23 request reduced revenue to the agency by 31.9 percent compared with FY22. Previous Spaceport leadership increased anticipated revenue to the agency by 52 percent in just three years, from \$6.6 million in FY19 to just over \$10 million in FY22. The projected increase in revenue was never realized, and the FY23 request rightsized expenditures with actual revenue to the agency. Currently, the Spaceport Authority is working to increase tours and events held on its campus to recover some revenue lost during the Covid-19 shut down. While the LFC recommendation supports the request for other revenue for FY23, the agency should focus on attracting more high-yield tenants to Spaceport America to reduce its reliance on general fund revenue. As of July, 2021, the Spaceport Authority had \$1 million in nonreverting fund balance.

Current Tenants. Current tenants at Spaceport America include Virgin Galactic, AeroVironment, SpinLaunch and 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. The agency 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, the Spaceport's anchor tenant, began operations in the Virgin Galactic terminal hangar facility in FY20. The Virgin Galactic lease payment increased from \$1 million in FY20 to \$3 million in FY22, where it remains. Virgin Galactic has 180 employees at Spaceport America. The company launched its first commercial flight in July 2021, which flew three passengers, including Virgin CEO Richard Branson, to an altitude of 53.5 miles above the earth's surface, just beyond NASA's definition of the "edge of space." The launch was widely celebrated as the first successful commercial space flight, beating out lead commercial flight competitor Blue Origin, and resulted in an estimated \$400 thousand in revenue for Doña Ana and Sierra counties, and approximately \$375 thousand in earned media for Spaceport America. However, months after the apparently successful launch, news broke that the rocket ship drifted below its permitted altitude and was forced to change trajectory during Branson's flight. The FAA has since grounded Virgin Galactic's spaceship until these air traffic control concerns are addressed. Virgin Galactic has sold more than 600 personal space flight tickets, at a cost ranging between \$200 thousand and \$250 thousand each.

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 public funding to \$209 million. The property tax increase to pay debt services on bonds that extend to 2029 was approved in Doña Ana County in 2007 and Sierra County in 2008. In May 2021, the New Mexico Board of Finance approved the Spaceport Authority's request to issue refunding revenue bonds up to \$42.4 million for the authority's 2009 and 2010 series bonds, resulting in a net present value savings of \$8.2 million. While the refunding does not significantly reduce the annual debt service payments, it will eliminate a \$13 million balloon payment that was due in 2029.

Since 2018, the Legislature appropriated approximately \$51 million for multiple Spaceport capital outlay 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, runway upgrades, and archaeological surveys. Additionally, the Legislature approved the use of \$1.7 million in capital outlay funding for project planning in FY22. As of May 2021, only \$12.7 million of the \$51 million was expended for six projects, two in the first phase of construction and the rest still in the planning phase. For future infrastructure projects, the Spaceport Authority should consider leveraging the Doña Ana County excess pledged revenue which continues to accumulate unencumbered.

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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Output	Number of aerospace customers and tenants	12.0	12.0	18.0	20.0	20.0
Output	Number of events held	30.0	2.0	35.0	12.0	35.0
Output	Number of visitors to spaceport	55,000.0	2,000.0	65,000.0	25,000.0	50,000.0
Outcome	Annual number of jobs due to New Mexico spaceport authority efforts	260.0	350.0	400.0	400.0	400.0

Agriculture, Energy and Natural Resources

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	33,197.5	33,471.9	37,251.9	35,212.5	5.2
Other Transfers	133.2	231.1	203.3	203.3	(12.0)
Federal Revenues	4,065.6	3,292.8	3,508.0	3,508.0	6.5
Other Revenues	2,751.0	5,575.5	5,831.8	5,989.8	7.4
Fund Balance	138.9	0.0	40.0	40.0	0.0
TOTAL SOURCES	40,286.2	42,571.3	46,835.0	44,953.6	5.6
USES					
Personal Services and Employee Benefits	29,595.1	31,398.7	33,236.7	32,384.6	3.1
Contractual Services	2,495.1	2,662.9	3,315.2	2,962.2	11.2
Other	7,563.3	8,509.7	10,283.1	9,606.8	12.9
TOTAL USES	39,653.5	42,571.3	46,835.0	44,953.6	5.6
FTE					
Permanent	404.3	413.8	409.8	409.8	(1.0)
Term	80.5	83.5	90.5	90.5	8.4
Temporary	1.0	0.0	0.0	0.0	0.0
TOTAL FTE	485.8	497.3	500.3	500.3	0.6

At A Glance

The Department of Cultural Affairs (DCA) requested a general fund increase of \$3.9 million, or 11.3 percent compared with the FY22 operating budget. The request increased other state funds by 5.1 percent in anticipation of increased revenue from admissions as museum visitation recovers after the Covid-19 shut downs. The LFC recommendation supports the agency request for other revenues and includes a \$1.7 million general fund revenue increase, or 5 percent compared with the FY21 operating budget, to support the agency's top priorities, including funding for the new Vadem Contemporary Art Museum, increased support for rural and tribal libraries, and increased general fund revenue for museum operations.

Budget Issues

New Mexico's 15 museums and historic sites managed by the Department of Cultural Affairs (DCA) reopened April 2021 after a year of public health closures. The shutdowns devastated program revenues, with FY21 admission and rental revenue down \$2.5 million, or 60 percent, compared with FY20. In FY22, the department secured over \$1.6 million in federal shuttered venue grants, which, in combination with increased use of fund balance,

prevented layoffs and furloughs. The department anticipates FY22 admissions and rental revenue to recover to prepandemic levels and projects FY23 revenue to surpass them. The department currently has a 7 percent funded vacancy rate.

Museums and Historic Sites. The agency FY23 budget request increased general fund revenue by \$2.6 million, or 11.3 percent compared with the FY22 operating budget. Of the \$2.6 million, \$1.9 million was for the new Vlodem Contemporary Art Museum in Santa Fe, including \$850 thousand for 11 new FTE to operate the museum, \$300 thousand for general operating costs, and \$45 thousand for contractual needs. The general fund request also included \$834 thousand in other costs for museums and historic sites, \$340.5 thousand to reduce the agency vacancy rate, \$114 thousand for veterinarian services, pest control, and landscaping for museums, and funding for a southern facilities manager. The request increased other revenues from admissions and rental revenue by \$600 thousand, or 5.1 percent compared with the FY22 operating budget and 165 percent over FY21 actuals, for an overall request of \$30.5 million, or 10 percent over the FY22 operating budget.

The Museum of New Mexico Foundation supports museums and historic sites through fund development for exhibitions, education programs, financial management, and advocacy. In FY21 the foundation raised approximately \$3.7 million, down about 16 percent from FY20 levels after closures hindered fundraising. For FY22, the agency anticipates a total of \$11 million in Museum of New Mexico Foundation support, including \$8.7 million for the Vlodem Contemporary Art Museum in Santa Fe. The department projects a total of \$2.3 million from the Museum of New Mexico Foundation in FY23, for a total of \$4.2 million in combined support from other foundations and friends groups.

The LFC recommendation includes an additional \$1.3 million, or 5.8 percent, in general fund revenue for Museums and Historic Sites. The increase includes \$500 thousand for personnel and \$150 thousand for operating costs for the new Vlodem Contemporary Art Museum, set to open August 2022. The agency should leverage vacancy savings in the program to fund the remaining positions. The recommendation also includes a total of \$525 thousand to support vet services, landscaping, and other operating costs for Museums and Historic sites. The recommendation supports the agency request for other revenue and federal funds.

Preservation. The Preservation Program serves as the state's principal historic compliance office, maintains and increases the number of registered historic sites, and conducts archaeological fieldwork as requested by clients or mandated by state and federal historic regulation. Of the program's \$3.3 million budget, \$2.5 million is from federal and other state revenues, including \$1 million from the Department of Transportation for archaeological studies as needed for highway projects. The agency requested a general fund revenue increase of \$50.6 thousand, or 6.3 percent, to meet the match requirements for increased federal revenue. The agency also increased other revenues by 3.1 percent compared with the FY22 operating budget. The LFC recommendation fully supports the agency request.

Program Support. The agency FY23 request increased general fund revenue by \$591 thousand, or 14.1 percent compared with the FY23 operating budget. The requested increase was for a tribal community outreach coordinator, an education and engagement initiative, increased rural and tribal services, and IT and travel costs. The LFC recommendation increases general fund revenue by \$150 thousand, or 3.6 percent, for education and engagement and direct tribal and rural services.

New Mexico State Library. The majority of state library services continued through the public health crisis, and even as libraries reopen, many online services, including e-book offerings and virtual summer reading programs, will continue. 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 FY20, 93 of the 98 state-recognized public libraries received SGIA grant awards ranging from \$3,000 to \$95 thousand. The Tribal Library Program awarded \$96 thousand to 19 tribal libraries in FY21.

The State Library continues to support libraries as they apply for federal broadband funding, and the state librarian has shown great initiative in coordinating and collaborating with stakeholders, including the Indian Affairs Department, to ensure the most effective allocation of resources. 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 mega bites per second, 68 percent did not take advantage of E-Rate, and 53 percent did not have a fiber optic connection. Over the past few years, the State Library has worked with over 25 libraries to provide broadband equipment upgrades and improved broadband speeds.

The State Library Program requested a general fund increase of \$272.6 thousand, including a \$143 thousand to reduce the vacancy rate and improve retention, \$50 thousand to promote New Mexico History Day, and \$79.3 thousand for library operational costs and a digital database. The agency request also increased federal revenue by \$215 thousand, or 15 percent compared with the FY22 operating budget, and maintained other state funds.

The LFC capital outlay framework includes \$10 million for library construction, repair, and planning, in addition to a \$2 million recommendation to the Public Education Department for tribal libraries. For DCA, the LFC recommendation includes an additional \$100 thousand, or \$50 thousand above the agency request, in general fund revenue to support library operations across the state. The LFC recommendation also includes \$159 thousand in

other state funds for library services from the rural library endowment fund. The fund had a balance of \$3.2 million as of June 2021. The LFC recommendation budgets the maximum distribution from the fund (5 percent) to be distributed by DCA to established or developing libraries in areas with populations less than 3,000 people.

Capital Outlay. DCA owns 191 buildings across the state, including properties associated with eight museums and eight historic sites. Capital outlay appropriations are often used for emergency repairs, but many facility repairs outpace available funding due to years of deferred maintenance. The department created a facility master plan to help prioritize funding. In addition to capital outlay funding, 9-4A-23 NMSA 1978 created the cultural affairs facilities infrastructure fund and authorized the fund to receive transfers from the public project revolving loan fund (PPRF). The statute also appropriated \$5 million from the PPRF to the cultural affairs facilities infrastructure fund for expenditure in FY21 and subsequent fiscal years. The DCA capital improvement plan request totaled \$15.7 million for FY23, broken into five broad categories of need: life, health and safety to address immediate safety concerns, facility stabilization, preservation of property, life cycle repairs, and revenue enhancement.

MUSEUMS AND HISTORIC SITES

The Museums and Monuments Program develops and enhances the quality of the state's museums and monuments. The program provides high-quality exhibits, performances and programs that showcase the arts, history and science of New Mexico and cultural traditions worldwide. They include diverse and changing exhibitions, performing arts events, films and other presentations in visual arts, folk and traditional arts, history, archaeology, architecture, performing arts, natural history, science, farming, ranching, space and literature. The program also develops and retains audiences for the state's museums and monuments among a diverse range of target groups.

BUDGET SUMMARY (dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	22,934.9	23,288.6	25,912.9	24,628.6	5.8
Other Transfers	0.0	25.0	25.0	25.0	0.0
Federal Revenues	107.8	96.9	63.6	63.6	(34.4)
Other Revenues	1,704.0	4,292.7	4,511.8	4,511.8	5.1
Fund Balance	138.9	0.0	40.0	40.0	0.0
TOTAL SOURCES	24,885.6	27,703.2	30,553.3	29,269.0	5.7
USES					
Personal Services and Employee Benefits	19,999.5	21,453.9	22,787.2	22,305.5	4.0
Contractual Services	663.2	970.7	1,142.9	1,084.9	11.8
Other	4,222.9	5,278.6	6,623.2	5,878.6	11.4
TOTAL USES	24,885.6	27,703.2	30,553.3	29,269.0	5.7
FTE					
Permanent	302.0	313.5	311.5	311.5	(0.6)
Term	46.0	45.0	52.0	52.0	15.6
Temporary	1.0	0.0	0.0	0.0	0.0
TOTAL FTE	349.0	358.5	363.5	363.5	1.4

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Explanatory	Full-time equivalent equivalency of volunteer hours	52.0	44.0	N/A	N/A	N/A
Explanatory	Dollars contributed by or administered by private sector foundations to department education programs and exhibitions	\$4,200,000	\$11,000,000	N/A	N/A	N/A
* Outcome	Number of people served through programs and services offered by museums and historic sites	2,026,004.0	1,771,650.0	1,350,000.0	1,350,000.0	1,550,000.0
Outcome	Number of children reached through museum and historic sites programs	411,932.0	755,890.0	300,000.0	300,000.0	500,000.0
* Outcome	Amount of earned revenue from admissions, rentals and other activity	\$3,870,000.00	\$1,809,002.00	\$4,310,000.00	\$4,310,000.00	\$4,310,000.00
Outcome	Ticketed attendance to museum and historic site exhibitions, performances and other presenting programs	827,895.0	135,592.0	825,000.0	825,000.0	825,000.0

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	784.1	807.8	858.4	858.4	6.3
Other Transfers	133.2	206.1	178.3	178.3	(13.5)
Federal Revenues	1,029.7	1,145.9	1,176.7	1,176.7	2.7
Other Revenues	1,000.8	1,203.9	1,241.1	1,241.1	3.1
TOTAL SOURCES	2,947.8	3,363.7	3,454.5	3,454.5	2.7
USES					
Personal Services and Employee Benefits	2,442.1	2,604.3	2,648.0	2,648.0	1.7
Contractual Services	102.1	295.2	313.4	313.4	6.2
Other	283.7	464.2	493.1	493.1	6.2
TOTAL USES	2,827.9	3,363.7	3,454.5	3,454.5	2.7
FTE					
Permanent	19.0	15.0	14.0	14.0	(6.7)
Term	18.5	22.5	22.5	22.5	0.0
TOTAL FTE	37.5	37.5	36.5	36.5	(2.7)

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.

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Number of people participating in services provided through the preservation program	58,713.0	6,482.0	25,000.0	25,000.0	25,000.0
Explanatory	Number of historic structures preservation projects completed annually using preservation tax credits	42.0	42.0	N/A	N/A	N/A
Explanatory	Dollar value of construction underway on historic buildings using state and federal tax credits, in millions	\$16.38	\$16,378,000.00	N/A	N/A	N/A
Outcome	Percent of reviews of development projects completed within the standard 30 day period, excluding incomplete submittals or reviews when the parties have mutually agreed to extend the review	97.00%	97.00%	96.00%	96.00%	96.00%

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	3,759.7	3,763.4	4,036.0	3,863.4	2.7
Federal Revenues	1,777.1	1,435.3	1,651.2	1,651.2	15.0
Other Revenues	43.3	43.0	43.0	201.0	367.4
TOTAL SOURCES	5,580.1	5,241.7	5,730.2	5,715.6	9.0
USES					
Personal Services and Employee Benefits	2,826.3	2,837.3	3,025.2	2,856.1	0.7
Contractual Services	20.9	80.0	161.4	81.9	2.4
Other	2,606.3	2,324.4	2,543.6	2,777.6	19.5
TOTAL USES	5,453.5	5,241.7	5,730.2	5,715.6	9.0
FTE					
Permanent	28.8	28.8	27.8	27.8	(3.5)
Term	13.0	13.0	13.0	13.0	0.0
TOTAL FTE	41.8	41.8	40.8	40.8	(2.4)

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Explanatory	Annual number of visits to New Mexico public and tribal libraries	6,829,489.0	4,677,783.0	N/A	N/A	N/A
Output	Number of library transactions through direct services provided by the New Mexico state library	126,414.0	61,779.0	150,000.0	1,500,000.0	1,500,000.0
* Output	Number of library transactions using electronic resources funded by the New Mexico state library	4,182,995.0	2,252,548.0	5,815,000.0	300,000.0	5,815,000.0
Explanatory	Number of children participating in statewide summer reading programs at public and tribal libraries	101,397.0	4,042.0	N/A	N/A	N/A

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	4,236.2	4,194.1	4,785.1	4,344.1	3.6
Other Revenues	0.0	35.9	35.9	35.9	0.0
TOTAL SOURCES	4,236.2	4,230.0	4,821.0	4,380.0	3.5
USES					
Personal Services and Employee Benefits	3,456.9	3,611.9	3,746.7	3,681.9	1.9
Contractual Services	176.4	348.9	624.4	413.9	18.6
Other	310.6	269.2	449.9	284.2	5.6
TOTAL USES	3,943.9	4,230.0	4,821.0	4,380.0	3.5
FTE					
Permanent	44.0	46.0	46.0	46.0	0.0
TOTAL FTE	44.0	46.0	46.0	46.0	0.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Number of material weakness audit findings in the last available financial statement audit	0.0	0.0	0.0	0.0	0.0
Output	Number of significant deficiency audit findings in the last available financial statement audit	1.0	1.0	0.0	0.0	0.0

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,482.6	1,418.0	1,659.5	1,518.0	7.1
Federal Revenues	1,151.1	614.7	616.5	616.5	0.3
Other Revenues	3.0	0.0	0.0	0.0	0.0
TOTAL SOURCES	2,636.7	2,032.7	2,276.0	2,134.5	5.0

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
USES					
Personal Services and Employee Benefits	870.3	891.3	1,029.6	893.1	0.2
Contractual Services	1,532.5	968.1	1,073.1	1,068.1	10.3
Other	139.8	173.3	173.3	173.3	0.0
TOTAL USES	2,542.6	2,032.7	2,276.0	2,134.5	5.0
FTE					
Permanent	10.5	10.5	10.5	10.5	0.0
Term	3.0	3.0	3.0	3.0	0.0
TOTAL FTE	13.5	13.5	13.5	13.5	0.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Percent of grant funds from recurring appropriations distributed to communities outside of Santa Fe, Albuquerque and Las Cruces	32.00%	33.00%	34.00%	34.00%	34.00%
Explanatory	Attendance at programs provided by arts organizations statewide, funded by New Mexico arts from recurring appropriations	1,392,593.0	2,001,599.0	N/A	N/A	N/A
Output	Number of people provided direct services through New Mexico arts programs	6,037.0	7,708.0	13,000.0	13,000.0	13,000.0
Explanatory	Number of children reached through New Mexico arts programs and grants	274,481.0	204,990.0	N/A	N/A	N/A

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	680.1	653.2	4,510.3	3,182.5	387.2
Federal Revenues	218.6	0.0	0.0	0.0	0.0
Other Revenues	5,079.7	4,782.2	4,964.5	4,964.5	3.8
Fund Balance	805.1	1,459.5	0.0	182.5	(87.5)
TOTAL SOURCES	6,783.5	6,894.9	9,474.8	8,329.5	20.8
USES					
Personal Services and Employee Benefits	4,951.1	5,304.7	7,161.2	6,267.9	18.2
Contractual Services	242.3	266.4	274.8	274.8	3.2
Other	1,590.1	1,323.8	2,038.8	1,786.8	35.0
TOTAL USES	6,783.5	6,894.9	9,474.8	8,329.5	20.8
FTE					
Permanent	77.0	77.0	96.0	86.0	11.7
TOTAL FTE	77.0	77.0	96.0	86.0	11.7

At A Glance

The New Mexico Livestock Board's (NMLB) FY23 appropriation request of \$9.47 million was \$2.58 million, or 37 percent, more than the agency's FY22 operating budget. The request reduced fund balance revenue from \$1.46 million to zero, increased other revenues by \$182.3 thousand, and increased general fund revenue by \$3.86 million, or 590 percent. The majority of the requested general fund increase supported the Livestock Inspection program, replacing about \$1.28 million in agency revenue and adding \$866.9 thousand for personnel and other costs. The remaining \$1.71 million in requested general fund revenue was for the newly created Meat Inspection program. The LFC recommendation partially funds the requested increases.

Budget Issues

Typically, NMLB's operating budget is primarily funded by revenue from inspection fees, brand recording fees, a tax on livestock value, and other licenses and permits, as well as accumulated fund balance from these sources. Property tax on livestock is the agency's largest source of revenue, accounting for \$1.8 million in FY21, followed by inspection fees (\$1.4 million) and brand recording fees (\$948.4 thousand). These funding sources are subject to changes in the local economy, the weather, and national and global market conditions. For FY21, revenues totaled \$5.3 million, essentially flat compared with FY20.

The FY23 request did not include any of the existing fund balance and increased fee and tax revenue only marginally. In the agency's request, the net reduction of \$1.28 million in fund balance and other revenue would be replaced with general fund revenue. Additionally, NMLB requested an \$866.9 thousand increase in the Livestock Inspection program to fund 2 new FTE, in-pay band salary increases for inspectors, the purchase of five vehicles, and increased fuel costs. The LFC recommendation supports the salary increases for inspectors with a personnel budget increase of \$181.1 thousand. The recommendation also includes an additional \$288.6 thousand for the requested vehicle purchases and fuel expenditures. The recommended budget increase in the Livestock Inspection program is primarily composed of general fund revenue, plus \$500 thousand from fund balance.

NMLB also requested \$1.71 million to fund a new Meat Inspection program, established by a \$500 thousand nonrecurring special appropriation in the General Appropriation Act of 2021. This program will replace the federally run meat inspection program in New Mexico, which does not have the capacity to meet the needs of the state's livestock processing industry. Meat processing plants that require occasional inspections (custom plants,

which do not sell to the public) have difficulty scheduling them with the limited number of federal inspectors, and plants that require a full time inspector (retail plants, which process meat that can be sold to consumers) often only operate a few days per week for the same reason. A state-run meat inspection program with sufficient FTE to inspect all of the state's meat processing facilities is expected to increase both the productivity of local meat producers and the safety of products. Additionally, the number of retail plants in the state is expected to increase if more inspectors become available, allowing more locally raised meat to be sold in stores and farmers' markets, and preventing the need for ranchers to transport their livestock across state lines for processing, a common practice currently. In addition to the benefits to consumers of meat products, this will also provide a boost to local employment and economic development.

The agency requested personnel funding of \$1.37 million for 17 FTE, including a program director, legal counsel, two training and compliance officers, one finance position, one information technology position, one human resources position, two compliance law enforcement officers, and eight inspectors. LFC recommends funding 9 FTE in the program's first year to cover all essential staff needed to conduct statewide meat inspections based on current service demand. Once the program is established and these nine positions are filled, the need for additional FTE should be reassessed. The LFC recommendation for FY23 provides funding for the program director, one training and compliance officer, one compliance law enforcement officer, and six inspectors at a total personnel cost of \$782.1 thousand. Additionally, \$8.4 thousand for contractual services and \$174.3 thousand for other costs is recommended.

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.

BUDGET SUMMARY (dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	680.1	653.2	2,797.3	2,217.6	239.5
Federal Revenues	218.6	0.0	0.0	0.0	0.0
Other Revenues	5,079.7	4,782.2	4,964.5	4,964.5	3.8
Fund Balance	805.1	1,459.5	0.0	182.5	(87.5)
TOTAL SOURCES	6,783.5	6,894.9	7,761.8	7,364.6	6.8
USES					
Personal Services and Employee Benefits	4,951.1	5,304.7	5,785.8	5,485.8	3.4
Contractual Services	242.3	266.4	266.4	266.4	0.0
Other	1,590.1	1,323.8	1,709.6	1,612.4	21.8
TOTAL USES	6,783.5	6,894.9	7,761.8	7,364.6	6.8
FTE					
Permanent	77.0	77.0	79.0	77.0	0.0
TOTAL FTE	77.0	77.0	79.0	77.0	0.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Number of law enforcement road stops per month	38.0	33.0	100.0	100.0	100.0
Outcome	Number of disease cases per one thousand head inspected	0.0	0.0	0.0	0.0	0.0
Outcome	Number of stolen or missing livestock recovered	1,089.0	736.0	850.0	850.0	0.0
Output	Number of individual animals inspected for verification of animal health, disease control and movement	2,845,212.0	3,029,043.0	2,250,000.0	2,250,000.0	2,250,000.0
Output	Number of estrays processed per 1,000 head inspected	0.0	0.0	0.0	0.0	0.0
Efficiency	Average percentage of larceny investigation findings completed within one month	59.00%	67.00%	92.00%	92.00%	92.00%
Efficiency	Average percentage of cruelty investigation findings completed within one month	81.00%	73.00%	95.00%	95.00%	95.00%

MEAT INSPECTION DIVISIONBUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	0.0	0.0	1,713.0	964.9	0.0
TOTAL SOURCES	0.0	0.0	1,713.0	964.9	0.0
USES					
Personal Services and Employee Benefits	0.0	0.0	1,375.4	782.1	0.0
Contractual Services	0.0	0.0	8.4	8.4	0.0
Other	0.0	0.0	329.2	174.4	0.0
TOTAL USES	0.0	0.0	1,713.0	964.9	0.0
FTE					
Permanent	0.0	0.0	17.0	9.0	0.0
TOTAL FTE	0.0	0.0	17.0	9.0	0.0

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	61.2	0.0	0.0	0.0	0.0
Federal Revenues	15,455.6	14,976.1	14,976.1	14,976.1	0.0
Other Revenues	30,345.9	27,340.2	31,571.8	31,571.8	15.5
TOTAL SOURCES	45,862.7	42,316.3	46,547.9	46,547.9	10.0
USES					
Personal Services and Employee Benefits	22,880.2	24,332.8	26,902.7	26,456.5	8.7
Contractual Services	4,929.2	4,200.7	4,677.6	4,775.7	13.7
Other	15,806.5	13,600.5	14,785.3	15,133.4	11.3
Other Financing Uses	182.3	182.3	182.3	182.3	0.0
TOTAL USES	43,798.2	42,316.3	46,547.9	46,547.9	10.0
FTE					
Permanent	314.0	306.0	306.0	306.0	0.0
Temporary	1.0	1.5	1.5	1.5	0.0
TOTAL FTE	315.0	307.5	307.5	307.5	0.0

At A Glance

The Department of Game and Fish (DGF) requested a budget increase of \$4.23 million, or 10 percent, for FY23. The agency's budget is supported by federal grants and state revenue derived from agency fees, fines, and other sources. The entirety of DGF's requested budget increase was supported by other state revenues, specifically from the game protection fund. The LFC recommendation fully supports the agency's request.

Budget Issues

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. Total revenues to all DGF's funds decreased by less than 1 percent between FY20 and FY21, and revenue to the game protection fund grew by approximately \$1.54 million, or 4 percent. The FY21 ending balance of the game protection fund was \$20.68 million.

In FY21, DGF used its budget adjustment authority to increase its operating budget by \$3.9 million and spent \$1.9 million in excess of the approved operating budget. The agency also received \$12 million in federal capital grants in FY21 for large capital projects, such as acquisition of property for habitat and migration corridor conservation and construction of facilities or amenities on State Game Commission land.

The majority of DGF's requested budget increase was in the personal services and employee benefits category to provide salary increases as part of a recruitment and retention effort. In each of the agency's four programs, DGF reported difficulty retaining current employees and staying competitive with surrounding states and other law enforcement agencies.

In the Field Operations program, DGF requested \$681.3 thousand to fund salary increases for conservation officers. The agency reported a significant decline in applications for these law enforcement positions, and the program's vacancy rate at the time of the budget submission was 17 percent. At 99 FTE in the entire program (including non-law enforcement positions), the requested increase amounted to roughly \$6,900 per FTE, including benefits, and an average pay increase of 10 percent. In Conservation Services, the requested additional personnel funding of \$1.63 million would have provided an average salary and benefits increase of about \$11 thousand to the program's 148 permanent FTE and an average pay increase of 13 percent. The average vacancy rate in the Conservation Services program over the last year was 8 percent. For the Wildlife Depredation and Nuisance Abatement program, DGF requested a personnel budget increase of \$59.4 thousand, or \$14.9 thousand per FTE. This would have allowed for salary increases of 26 percent to the program's staff. One position in this program was vacant for about three months this year, but typically all 4 FTE are filled. Finally, in Program Support, the agency requested \$200 thousand in additional personnel funding, roughly \$3.6 thousand per FTE for an average pay increase of 2 percent. This program had an average vacancy rate of 15 percent over the past year.

Any recommendation from the committee for an across-the-board salary increase for state employees will likely be funded in a distinct section of the General Appropriation Act of 2022, separate from agency budgets. A 10.6 percent personnel budget increase for DGF would therefore be duplicative. LFC instead recommends a personnel budget increase that would provide DGF employees with, on average, a 6 percent salary increase. The average pay increase varies by program in accordance with the LFC FY23 budget guidelines that prioritize targeted compensation increases in agency base budgets to keep state employment competitive with the private sector and other government organizations. LFC's personnel budget recommendation provides for average salary increases of 8 percent in Field Operations, 8 percent in Conservation Services, 6 percent in Wildlife Depredation and Nuisance Abatement, and 2 percent in Program Support.

The remaining amount of DGF's requested increase is recommended in contractual services and the other costs category for various expenditures associated with capital improvement projects, wildlife habitat studies and similar contracts, and maintenance and repair of Game-Commission-owned land and facilities.

DGF's requested budget for other costs included an additional \$299.4 thousand for the replacement of vehicles. The Legislature increased DGF's funding for vehicle replacement by \$285.7 thousand, or 37 percent, between FY20 and FY21, allocating over \$1 million annually for this purpose. Analysis of the agency's operating budget detail, however, reveals DGF did not apportion all of these funds for vehicle replacement. In FY21, just \$423.7 thousand was budgeted for vehicle purchases, though expenditures totaled \$751.7 thousand. Meanwhile, funds the Legislature appropriated for vehicles were instead budgeted for desktop calculators and typewriters, clothing and uniforms, radios, building maintenance tools, and state game commissioner expenses for attending commission meetings and other travel. These allocations were maintained in FY22 because the department requested a flat budget. LFC recommends the requested increase for vehicle replacements but notes implementation of past increases has not been consistent with legislative intent.

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.

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Federal Revenues	164.1	312.4	312.4	312.4	0.0
Other Revenues	9,536.3	9,614.6	10,587.9	10,587.9	10.1
TOTAL SOURCES	9,700.4	9,927.0	10,900.3	10,900.3	9.8
USES					
Personal Services and Employee Benefits	7,167.5	7,735.4	8,416.7	8,298.7	7.3
Contractual Services	124.9	128.7	128.7	128.7	0.0
Other	2,136.7	2,062.9	2,354.9	2,472.9	19.9
TOTAL USES	9,429.1	9,927.0	10,900.3	10,900.3	9.8
FTE					
Permanent	107.0	99.0	99.0	99.0	0.0
TOTAL FTE	107.0	99.0	99.0	99.0	0.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Output	Number of conservation officer hours spent in the field checking for compliance	47,230.0	54,256.0	56,000.0	56,000.0	56,000.0
Output	Number of hunter and conservation education programs delivered by field staff	493.0	384.0	800.0	800.0	800.0
Output	Number of special field operations to deter, detect and apprehend off-highway vehicle and game and fish violators	135.0	192.0	300.0	300.0	300.0
Explanatory	Number of citations issued per 100 contacts	TBD	4.4	N/A	N/A	N/A
Explanatory	Percent of noncompliance with wildlife laws	NEW	3.9%	N/A	N/A	N/A

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	54.9	0.0	0.0	0.0	0.0
Federal Revenues	14,956.6	14,264.5	14,264.5	14,264.5	0.0
Other Revenues	11,665.0	9,197.4	11,524.8	11,596.9	26.1
TOTAL SOURCES	26,676.5	23,461.9	25,789.3	25,861.4	10.2

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
USES					
Personal Services and Employee Benefits	11,020.0	11,626.8	13,256.0	13,051.9	12.3
Contractual Services	4,370.9	3,628.3	3,806.2	3,878.3	6.9
Other	10,728.5	8,024.5	8,544.8	8,748.9	9.0
Other Financing Uses	182.3	182.3	182.3	182.3	0.0
TOTAL USES	26,301.7	23,461.9	25,789.3	25,861.4	10.2
FTE					
Permanent	147.0	148.0	148.0	148.0	0.0
Temporary	1.0	1.5	1.5	1.5	0.0
TOTAL FTE	148.0	149.5	149.5	149.5	0.0

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 2023 from these appropriations shall revert to the game protection fund.

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Outcome	Number of elk licenses offered on an annual basis in New Mexico	37,045.0	37,577.0	35,000.0	35,000.0	35,000.0
* Outcome	Percent of public hunting licenses drawn by New Mexico resident hunters	84.00%	84.00%	84.00%	84.00%	84.00%
* Output	Annual output of fish from the department's hatchery system, in pounds	666,738.0	673,974.0	660,000.0	660,000.0	660,000.0
Outcome	Percent of anglers satisfied with opportunity and success	92.80%	82.90%	90.00%	90.00%	90.00%
Output	Acres of accessible sportsperson opportunity through the open gate program	209,990.0	208,864.0	210,000.0	210,000.0	210,000.0
Output	Percent of state-threatened, endangered species or candidate species studied and conserved through the state wildlife action plan and other state programs	51.00%	45.00%	48.00%	48.00%	48.00%
Output	Percent of New Mexico youth participation annually through education and outreach programs	5.50%	15.00%	12.00%	12.00%	12.00%

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Federal Revenues	40.9	0.0	0.0	0.0	0.0
Other Revenues	873.0	1,039.4	1,124.0	1,124.0	8.1
TOTAL SOURCES	913.9	1,039.4	1,124.0	1,124.0	8.1
USES					
Personal Services and Employee Benefits	290.3	347.8	407.2	355.2	2.1
Contractual Services	83.9	125.7	130.7	156.7	24.7
Other	286.7	565.9	586.1	612.1	8.2
TOTAL USES	660.9	1,039.4	1,124.0	1,124.0	8.1
FTE					
Permanent	4.3	4.0	4.0	4.0	0.0
TOTAL FTE	4.3	4.0	4.0	4.0	0.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Outcome	Percent of depredation complaints resolved within the mandated one-year timeframe	92.00%	94.00%	96.00%	96.00%	96.00%
Output	Number of educational publications viewed or distributed with a message about minimizing potentially dangerous encounters with wildlife	785,800.0	1,075,809.0	850,000.0	850,000.0	850,000.0
Outcome	Percent of wildlife complaints responded to	100.00%	100.00%	99.00%	99.00%	99.00%

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	6.3	0.0	0.0	0.0	0.0
Federal Revenues	294.0	399.2	399.2	399.2	0.0
Other Revenues	8,271.6	7,488.8	8,335.1	8,263.0	10.3
TOTAL SOURCES	8,571.9	7,888.0	8,734.3	8,662.2	9.8

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
USES					
Personal Services and Employee Benefits	4,402.4	4,622.8	4,822.8	4,750.7	2.8
Contractual Services	349.5	318.0	612.0	612.0	92.5
Other	2,654.5	2,947.2	3,299.5	3,299.5	12.0
TOTAL USES	7,406.4	7,888.0	8,734.3	8,662.2	9.8
FTE					
Permanent	55.7	55.0	55.0	55.0	0.0
TOTAL FTE	55.7	55.0	55.0	55.0	0.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Number of working days between expenditure of federal funds and request for reimbursement from federal treasury from the close of the accounting period	10.0	18.0	20.0	20.0	20.0
Outcome	Average department-wide vacancy rate for the fiscal year	15.00%	9.00%	9.00%	9.00%	9.00%

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	23,154.7	24,140.0	31,910.6	25,962.5	7.5
Other Transfers	3,315.8	4,281.3	4,281.3	4,281.3	0.0
Federal Revenues	15,840.4	23,279.4	26,034.0	26,034.0	11.8
Other Revenues	17,025.9	16,416.0	17,200.8	17,200.8	4.8
Fund Balance	1,338.3	1,799.5	2,629.1	2,629.1	46.1
TOTAL SOURCES	60,675.1	69,916.2	82,055.8	76,107.7	8.9
USES					
Personal Services and Employee Benefits	29,948.7	34,406.0	39,646.0	36,185.4	5.2
Contractual Services	9,597.1	12,204.4	15,190.9	14,644.2	20.0
Other	16,596.8	21,746.6	25,659.7	23,718.9	9.1
Other Financing Uses	957.9	1,559.2	1,559.2	1,559.2	0.0
TOTAL USES	57,100.5	69,916.2	82,055.8	76,107.7	8.9
FTE					
Permanent	435.3	404.0	441.0	414.0	2.5
Term	32.0	31.0	35.0	35.0	12.9
Temporary	35.6	45.6	45.6	45.6	0.0
TOTAL FTE	502.9	480.6	521.6	494.6	2.9

At A Glance

The Energy, Minerals and Natural Resources Department (EMNRD) requested a total FY23 budget of \$82.05 million, an increase of \$12.14 million, or 17.4 percent, above the FY22 operating budget. The request included a general fund increase of \$7.77 million, or 32.2 percent, primarily in the State Parks and Oil Conservation divisions. EMNRD's request also included an increase of \$2.75 million from federal funds and an increase of \$1.61 million from other state revenues, including fund balance. The LFC recommendation supports the increases from federal and other state sources, and includes a general fund increase of \$1.82 million to add 9 FTE and support other personnel actions, such as targeted salary increases and recruitment efforts. EMNRD has experienced an employment decline of 11 percent in the last year and has a funded vacancy rate of 14 percent, meaning funding is sufficient to fill approximately 67 FTE. In addition to adding FTE for certain specialized positions, LFC recommends reclassifying existing vacant positions to meet the agency's personnel request.

Budget Issues

Energy Conservation and Management. The FY23 budget request for the Energy Conservation and Management Division (ECMD) increased general fund expenditures by \$753.3 thousand for 2 FTE, contracts for emissions reduction planning, grid modernization roadmap, and economic energy diversification, employee training and travel, office and field supplies, and other miscellaneous expenditures. LFC recommends a general fund increase of \$200 thousand for the requested transfer of 2 FTE from other programs. The positions will be reclassified as a climate bureau chief and a

deputy director for ECMD to better manage the program's increasing responsibilities for the state's climate change planning and energy sector modernization and diversification efforts. The committee recommendation also supports a federal revenue increase of \$61.3 thousand.

Healthy Forests. The FY23 request for the Healthy Forests Program, also known as the State Forestry Division (SFD), included a general fund increase of \$1.3 million, or 33.2 percent, mostly for 12 new FTE and a 10 percent salary increase for firefighters. The general fund request also included increases for office equipment and related costs for the requested FTE as well as vehicle and radio replacements.

The committee recommendation supports the addition of 2 FTE and reclassification of existing vacant positions with a general fund increase of \$346.4 thousand. One of the recommended new positions would lead a statewide seed collection program to reforest areas damaged by wildfire with trees resilient to drought and extreme temperatures. SFD is also responsible for management and collection of the state's endangered plants, populations of which are declining due to climate change; the only position dedicated to this task is a temporary, federally funded state botanist. The agency requested to fund a new state botanist position with general fund and plans to reclassify the existing grant-funded position to a forester to assist with endangered plant field monitoring, inventory, and permit administration. The recommendation supports this FTE addition and reclassification.

The general fund increase also supports 3 FTE that represent six new part-time wildfire engine bosses who will assist the fire management officer in each of SFD's six district offices with safety oversight and supervision of emergency wildland firefighters. The current emergency-only basis of fire engine staffing hinders safety drills and training opportunities for engine staff who could be well-placed to apply for future fire management officer job openings. Because the program has a high funded vacancy rate, LFC does not recommend adding FTE for this purpose but, rather, reclassifying existing vacant positions to better suit SFD's priorities.

Additionally, LFC recommends \$64.8 thousand from the general fund to provide firefighters in pay bands 70 and below with a 3 percent salary increase to remain competitive with federal firefighter compensation. This amount would be in addition to any compensation increases for state employees in general. The general fund recommendation also supports the replacement of vehicles and radios with an increase of \$75 thousand, supplemented with other funding sources.

State Parks. Visitation to state parks and related revenue were severely affected by the Covid-19 pandemic in FY20 and FY21 due to mandated park closures and limits on overnight camping. Although visitation increased in FY21 above FY20 levels, it did not exceed FY19 visitation, which was the fourth consecutive year of decline. The State Parks Division (SPD) hopes to reverse this trend through a combination of capital investment and advertising campaigns, supported in the LFC recommendation by state, federal, and general fund revenue increases. Specifically, SPD plans to use its FY23 appropriation to improve the visitor experience by increasing park staff and making infrastructure improvements as well as modernizing processes by expanding the online reservation system and installing self-pay kiosks.

SPD requested a general fund increase of \$1.46 million in the personal services and employee benefits budget to fully fund benefits for all authorized (including vacant) FTE, reduce vacancies, supplant federal and other state revenues, and increase funding for seasonal employees. An additional \$671.1 thousand in general fund revenue was requested in contractual services and other costs for fuel and transportation, field supplies, IT equipment, and maintenance or repairs of park roadways and facilities. The agency's request also increased other state revenue sources, including fund balance from SPD's allocation of governmental gross receipts tax revenue by \$1.13 million and federal funds by \$1.53 million. These revenues were primarily requested for contractual services and other costs to support land and infrastructure improvements, building maintenance, utilities and supplies, advertising and promotional campaigns, Department of Corrections inmate work crews who provide park grounds maintenance, and wastewater engineering services.

The LFC recommendation supports the requested increases to federal and other state funds and provides a general fund increase of \$577.5 thousand to support vacancy reduction, seasonal employee hiring, contracts for park grounds maintenance, and roadway and facility repairs. The general fund increase also allows for a reprioritization of other state revenues from personnel expenditures to land and infrastructure improvements to ensure SPD has adequate state match for federal funds available for conservation and other large-scale projects.

Mine Reclamation. The FY23 request for the Mine Reclamation Program increased general fund revenue by \$201.7 thousand for fuel and travel, IT infrastructure, and supplies and to supplant federal and other state revenue that was used in FY22 to avoid reductions to the personnel budget. The request also increased federal funds by \$489.2 thousand and reduced other revenues by \$76.6 thousand. The LFC recommendation increases general fund revenue by \$148.1 thousand to support the personnel budget and includes the requested changes to federal and other state funds.

Oil and Gas Conservation. The Oil and Gas Conservation Division (OCD) requested a budget increase of \$3.14 million for FY23, made up of \$2.57 million from the general fund and \$571.7 thousand from other state revenues. Included in OCD's general fund request is \$1.51 million to add 26 FTE for increased inspections and compliance, including for the methane and natural gas waste rule adopted by the Oil Conservation Commission in 2021. For this purpose, LFC recommends an increase of \$385.7 thousand and 6 FTE.

The remaining \$1.06 million of OCD's general fund request was for miscellaneous expenditures, such as field and office supplies, employee training, IT infrastructure, and contractual services for hearing examiners and court reporters. LFC recommends a general fund increase of \$125 thousand for these expenditures. The committee recommendation also supports the request for other state revenues, which represents an increase from the oil reclamation fund for contracted development of an OCD fee fund portal and document management system.

Program Leadership and Support. EMNRD's budget request for Program Support increased general fund revenue by \$815.8 thousand and kept all other funding sources flat. The increase was requested for employee retention efforts and to create an Office of Regulatory Affairs with 4 FTE who would be responsible for collaborating with the Public Regulation Commission (PRC) on rate cases to ensure climate and greenhouse gas emissions issues are addressed in the PRC's rate process. The LFC recommendation does not include funding for this new office and reduces general fund revenue by \$100 thousand to support the requested transfer of 1 FTE to the Energy Conservation and Management Division.

ENERGY CONSERVATION AND MANAGEMENT

The purpose of the energy conservation and management program is to develop and implement clean energy programs to decrease per capita energy consumption; 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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,257.2	1,204.4	1,957.7	1,404.4	16.6
Federal Revenues	1,122.2	1,817.0	1,878.3	1,878.3	3.4
Other Revenues	159.6	227.4	227.4	227.4	0.0
TOTAL SOURCES	2,539.0	3,248.8	4,063.4	3,510.1	8.0
USES					
Personal Services and Employee Benefits	1,541.8	1,856.2	2,208.4	2,072.7	11.7
Contractual Services	387.5	402.9	669.4	447.7	11.1
Other	523.7	989.7	1,185.6	989.7	0.0
TOTAL USES	2,453.0	3,248.8	4,063.4	3,510.1	8.0
FTE					
Permanent	15.5	17.0	19.0	19.0	11.8
Term	3.0	2.0	2.0	2.0	0.0
TOTAL FTE	18.5	19.0	21.0	21.0	10.5

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Explanatory	Number of emergency responder and shipment inspection trainings and practice exercises conducted related to the waste isolation pilot plant	44.0	27.0	N/A	N/A	N/A
Explanatory	Number of clean energy projects to which the division provided information and technical assistance	143.0	226.0	N/A	N/A	N/A
Outcome	Percent of completed tax credit applications reviewed within thirty days of receipt	90.00%	88.00%	90.00%	90.00%	90.00%

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	3,864.0	3,916.3	5,217.1	4,402.5	12.4
Other Transfers	2,004.3	2,000.0	2,000.0	2,000.0	0.0
Federal Revenues	6,779.9	9,720.9	10,394.0	10,394.0	6.9
Other Revenues	362.7	533.8	353.8	353.8	(33.7)
Fund Balance	4.0	107.7	279.5	279.5	159.5
TOTAL SOURCES	13,014.9	16,278.7	18,244.4	17,429.8	7.1
USES					
Personal Services and Employee Benefits	5,276.5	6,742.4	8,491.1	7,819.2	16.0
Contractual Services	2,313.5	2,343.2	2,342.5	2,342.5	0.0
Other	4,837.7	7,136.9	7,354.6	7,211.9	1.1
Other Financing Uses	21.3	56.2	56.2	56.2	0.0
TOTAL USES	12,449.0	16,278.7	18,244.4	17,429.8	7.1
FTE					
Permanent	68.0	67.0	79.0	72.0	7.5
Term	10.0	11.0	11.0	11.0	0.0
TOTAL FTE	78.0	78.0	90.0	83.0	6.4

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Output	Number of nonfederal wildland firefighters provided professional and technical incident command system training	1,229.0	1,066.0	1,500.0	1,500.0	1,500.0
* Output	Number of acres treated in New Mexico's forests and watersheds	8,213.0	14,637.0	14,500.0	14,500.0	14,750.0
Output	Percentage of forest and watershed restoration projects with total funding leveraged from other sources (federal, local, tribal, private and other state funding)	NEW	78.00%	50.00%	50.00%	75.00%
Output	Percentage of wildland firefighting equipment and training provided to local communities and fire departments in medium/high threat response areas	NEW	76.00%	50.00%	50.00%	65.00%
Explanatory	Percentage of forest acres treated in high priority watersheds	NEW	99.00%	N/A	N/A	N/A
Output	Percentage of communities with medium/high impervious surface cover that receive technical assistance	NEW	50.00%	50.00%	50.00%	50.00%
Output	Percentage of forest and watershed restoration accomplished within high priority watersheds	NEW	50.00%	50.00%	50.00%	50.00%

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	8,335.7	8,770.7	10,896.8	9,348.2	6.6
Other Transfers	542.0	1,044.0	1,044.0	1,044.0	0.0
Federal Revenues	1,860.8	3,154.5	4,685.5	4,685.5	48.5
Other Revenues	10,511.8	10,667.9	11,137.6	11,137.6	4.4
Fund Balance	1,287.9	1,691.8	2,349.6	2,349.6	38.9
TOTAL SOURCES	22,538.2	25,328.9	30,113.5	28,564.9	12.8
USES					
Personal Services and Employee Benefits	11,427.8	11,859.3	12,776.3	12,072.8	1.8
Contractual Services	613.2	753.1	2,018.1	2,018.1	168.0
Other	9,607.9	11,561.4	14,164.0	13,318.9	15.2
Other Financing Uses	797.1	1,155.1	1,155.1	1,155.1	0.0
TOTAL USES	22,446.0	25,328.9	30,113.5	28,564.9	12.8
FTE					
Permanent	222.0	185.0	184.0	184.0	(0.5)
Term	3.0	5.0	5.0	5.0	0.0
Temporary	35.6	45.6	45.6	45.6	0.0
TOTAL FTE	260.6	235.6	234.6	234.6	(0.4)

Recommended Language

The general fund appropriation to the state parks program of the energy, minerals and natural resources department includes 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.

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Explanatory	Number of visitors to state parks	3,953,902.0	4,409,704.0	N/A	N/A	N/A
* Explanatory	Amount of self-generated revenue per visitor, in dollars	\$1.04	\$0.65	N/A	N/A	N/A
Explanatory	Number of new proposed Rio Grande Trail miles to the Rio Grande Trail Commission	0.0	0.0	N/A	N/A	N/A
Output	Number of newly designated Rio Grande Trail miles	NEW	0.0	0.0	0.0	100.0

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	554.6	540.7	742.4	688.8	27.4
Other Transfers	33.3	97.1	97.1	97.1	0.0
Federal Revenues	5,078.7	6,917.0	7,406.2	7,406.2	7.1
Other Revenues	658.3	781.3	704.7	704.7	(9.8)
Fund Balance	46.4	0.0	0.0	0.0	0.0
TOTAL SOURCES	6,371.3	8,336.1	8,950.4	8,896.8	6.7
USES					
Personal Services and Employee Benefits	2,967.7	3,134.0	3,120.9	3,120.9	(0.4)
Contractual Services	2,926.1	4,707.0	5,237.0	5,237.0	11.3
Other	384.0	446.9	544.3	490.7	9.8
Other Financing Uses	15.6	48.2	48.2	48.2	0.0
TOTAL USES	6,293.4	8,336.1	8,950.4	8,896.8	6.7
FTE					
Permanent	17.9	16.0	16.0	16.0	0.0
Term	14.0	13.0	13.0	13.0	0.0
TOTAL FTE	31.9	29.0	29.0	29.0	0.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Percent of permitted mines with approved reclamation plans and adequate financial assurance posted to cover the cost of reclamation	100.00%	99.00%	97.50%	97.50%	98.00%
Outcome	Percent of inspections of active mining operations showing compliance with approved permits and regulations	88.00%	83.00%	97.50%	97.50%	97.50%

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	6,203.1	6,513.1	9,086.0	7,023.8	7.8
Other Transfers	3.5	0.0	0.0	0.0	0.0
Federal Revenues	214.7	802.5	802.5	802.5	0.0
Other Revenues	5,333.2	4,205.6	4,777.3	4,777.3	13.6
TOTAL SOURCES	11,754.5	11,521.2	14,665.8	12,603.6	9.4

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
USES					
Personal Services and Employee Benefits	4,891.2	6,201.2	7,713.6	6,586.9	6.2
Contractual Services	3,136.8	3,822.8	4,719.7	4,394.7	15.0
Other	911.3	1,197.5	1,932.8	1,322.3	10.4
Other Financing Uses	123.9	299.7	299.7	299.7	0.0
TOTAL USES	9,063.2	11,521.2	14,665.8	12,603.6	9.4
FTE					
Permanent	68.0	73.0	94.0	74.0	1.4
Term	2.0	0.0	4.0	4.0	0.0
TOTAL FTE	70.0	73.0	98.0	78.0	6.8

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Output	Number of inspections of oil and gas wells and associated facilities	36,852.0	35,757.0	31,000.0	31,000.0	34,000.0
Output	Average number of days to process application drill permits	NEW	1.0	30.0	1.0	1.0
Outcome	Volume of flared gas	NEW	15,990,238.0	15,990,000.0	15,990,000.0	15,990,000.0
Explanatory	Size of active oil spills in barrels	15,717.0	11,734.0	N/A	N/A	N/A
Explanatory	Volume of produced water injected	NEW	898,110,200.0	N/A	N/A	N/A
Explanatory	Number of requested hearing and continuances	NEW	1,672.0	N/A	N/A	N/A
Explanatory	Volume of produced water recycled	NEW	138,135,506.0	N/A	N/A	N/A
Outcome	Volume of vented gas	NEW	15,990,238.0	15,990,000.0	15,990,000.0	15,990,000.0
* Output	Number of abandoned wells properly plugged	36.0	49.0	50.0	50.0	50.0
Explanatory	Number of violations issued	2,176.0	3,174.0	N/A	N/A	N/A
Explanatory	Percent of inspections of oil and gas wells and associated facilities showing compliance with permits and regulations	97.00%	91.88%	N/A	N/A	N/A

PROGRAM LEADERSHIP AND 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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	2,940.1	3,194.8	4,010.6	3,094.8	(3.1)
Other Transfers	732.7	1,140.2	1,140.2	1,140.2	0.0
Federal Revenues	784.2	867.5	867.5	867.5	0.0
Other Revenues	0.3	0.0	0.0	0.0	0.0
TOTAL SOURCES	4,457.3	5,202.5	6,018.3	5,102.5	(1.9)
USES					
Personal Services and Employee Benefits	3,843.7	4,612.9	5,335.7	4,512.9	(2.2)
Contractual Services	220.1	175.4	204.2	204.2	16.4
Other	332.1	414.2	478.4	385.4	(7.0)
TOTAL USES	4,395.9	5,202.5	6,018.3	5,102.5	(1.9)
FTE					
Permanent	43.8	46.0	49.0	49.0	6.5
TOTAL FTE	43.8	46.0	49.0	49.0	6.5

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Percent of prior-year financial audit findings resolved	95.0	100.0	100.0	100.0	100.0
Output	Number of working days after the final grant expenditures are available and the federal funds are allowed to be drawn	30.0	30.0	30.0	30.0	30.0

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	3,929.3	4,496.2	3,929.0	3,929.0	(12.6)
Fund Balance	0.0	697.2	1,258.8	1,258.8	80.6
TOTAL SOURCES	3,929.3	5,193.4	5,187.8	5,187.8	(0.1)
USES					
Personal Services and Employee Benefits	168.6	176.9	176.9	176.9	0.0
Contractual Services	2,125.4	4,800.8	4,805.8	4,805.8	0.1
Other	57.2	90.7	80.1	80.1	(11.7)
Other Financing Uses	65.0	125.0	125.0	125.0	0.0
TOTAL USES	2,416.2	5,193.4	5,187.8	5,187.8	(0.1)
FTE					
Permanent	2.0	2.0	2.0	2.0	0.0
TOTAL FTE	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's FY23 appropriation request was relatively flat with the FY22 operating budget, and the LFC recommendation supports the request.

Budget Issues

YCC's budget request for personnel and employee benefits and contractual services was essentially unchanged from the agency's FY22 operating budget. In other costs, the agency reduced building lease expenditures from roughly \$10 thousand to zero because staff will be moving into the Wendell Chino Building with the Energy, Minerals and Natural Resources Department in FY23. YCC states the requested appropriation will support the agency's ongoing efforts to provide youth employment opportunities.

In the March 2021 Labor Market Review from the Department of Workforce Solutions, the New Mexico youth unemployment rate was reported to be 10.7 percent, compared with the national average of 9.6 percent, and was higher in rural areas than urban areas. This data was provided by the U.S. Census Bureau's 2019 American Community Survey and, therefore, does not reflect any impacts of the Covid-19 pandemic. Also according to this data, about one in six New Mexicans aged 18-24 years old did not have a high school diploma or equivalent, indicating a need for youth job training. YCC is working with other state agencies to find ways to increase youth employment in agency programs that encourage and support outdoor recreation and economic development. Creating job opportunities in state government for New Mexican teenagers could introduce youth to a career path they otherwise might not consider and encourage young adults to seek government employment within the state in the long term.

YCC derives its funding primarily from a 10 percent distribution of GGRT revenue. In FY21, YCC's distribution was \$4.34 million, of which YCC only expended \$2.4 million, directing the remainder to fund balance, which totaled \$7.5 million at the close of FY21. The agency reports the pandemic affected a number of projects in FY21, causing expenditures and the number of youth employed by YCC to be lower than normal.

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 fund balance that directs the agency to use the funds for State Parks improvement projects.

YOUTH CONSERVATION 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

		FY20	FY21	FY22	FY23	FY23
		Actual	Actual	Budget	Request	Recomm
* Output	Number of youth employed annually	697.0	455.0	840.0	840.0	840.0
Outcome	Percent of all grant award monies used for wages for corps member wages	75.00%	76.41%	77.00%	77.00%	77.00%
Outcome	Percent of eligible corps members receiving tuition reimbursement	NEW	75.00%	85.00%	85.00%	85.00%

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 Tourism Department, which provides administrative oversight.

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	168.0	160.8	755.0	322.0	100.2
Other Revenues	25.0	0.0	0.0	0.0	0.0
TOTAL SOURCES	193.0	160.8	755.0	322.0	100.2
USES					
Personal Services and Employee Benefits	67.3	76.2	251.3	76.2	0.0
Contractual Services	36.9	71.4	153.7	134.8	88.8
Other	7.4	13.2	350.0	111.0	740.9
TOTAL USES	111.6	160.8	755.0	322.0	100.2
FTE					
Permanent	1.0	1.0	3.0	1.0	0.0
TOTAL FTE	1.0	1.0	3.0	1.0	0.0

At A Glance

The Intertribal Ceremonial Office (ICO) FY23 budget request increased general fund revenue by \$594 thousand, or 373 percent, over the FY22 operating budget. The requested increase included 2 permanent FTE, increased agency contracts, and \$300 thousand for event production. The LFC recommendation increases the contractual services category by \$63.4 thousand to support a virtual ticket platform for the event and increases the other costs category by \$97.8 thousand for public safety services, printing costs, and various recurring expenses for event production. The LFC recommendation does not support additional FTE for FY23.

Budget Issues

The budget for the Intertribal Ceremonial Office, administratively attached to the Tourism Department, has grown substantially from \$50 thousand in FY18, mostly to fund a contract with the Gallup Intertribal Indian Ceremonial Association (GITICA), to \$160 thousand in FY22 for a budget that includes a full-time director, marketing expenses, and event production.

The 2020 Intertribal Ceremony was canceled due to Covid-19, and while the state's 2021 event was held virtually amid a second surge in Covid-19 cases, GITICA hosted separate, in-person events in Gallup, including a junior rodeo, Indian dances, and art exhibits. The agency should continue to collaborate with the local nonprofit to coordinate events, leverage local expertise, and increase revenue to the agency and community.

The FY23 request included an additional \$175.1 thousand, a 229 percent increase, in general fund revenue the personal services and employee benefits category for 2 new administrative FTE and substantial increases in the contractual services and other costs category for event production and marketing. The agency request excludes any other revenue from event activities, and discontinues the \$25 thousand budgeted in FY21 from gifts and donations, despite projecting historic international attendance for the 2022 ceremony.

The LFC recommendation increases general fund revenue by \$322 thousand and prioritizes direct event spending on public safety, modernizing ticket sales, and contracts with local organizations and vendors over additional personnel overhead. Though not included in the FY23 base operating budget, the LFC recommendation also supports one-time-funding for the Intertribal Ceremonial Office to collaborate with local entities to renovate the Red Rocks State Park, where the ceremonial is held.

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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Number of intertribal ceremonial tickets sold	3,790.0	0.0	5,000.0	7,000.0	7,000.0
* Outcome	Percent of operating revenue from sources other than the general fund	84.00%	0.00%	85.00%	30.00%	85.00%
Output	Number of sponsorships	163.0	75.0	150.0	30.0	150.0

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	23,886.5	19,688.6	20,673.2	20,673.2	5.0
TOTAL SOURCES	23,886.5	19,688.6	20,673.2	20,673.2	5.0
USES					
Personal Services and Employee Benefits	14,448.8	15,247.8	15,562.5	15,562.5	2.1
Contractual Services	2,490.7	2,405.9	2,739.5	2,739.5	13.9
Other	1,738.7	2,034.9	2,371.2	2,371.2	16.5
TOTAL USES	18,678.2	19,688.6	20,673.2	20,673.2	5.0
FTE					
Permanent	187.0	175.5	178.5	178.5	1.7
Temporary	3.0	0.0	0.0	0.0	0.0
TOTAL FTE	190.0	175.5	178.5	178.5	1.7

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 on oil and gas leases, 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.

SLO received record-high revenues in FY19 and FY20 but did not expect the trend to continue and so requested a 1 percent budget reduction for FY22. Fiscal year 21 revenues, however, exceeded the agency's projections, and as a result, SLO requested a \$984.6 thousand operating budget increase in FY23. The LFC recommendation supports the agency's request.

Budget Issues

Total revenue generated by SLO exceeded \$1 billion for the third consecutive year in FY21, primarily from royalty revenue directed to the land grant permanent fund. However, because the vast majority of premium oil and gas tracts are already leased, bonus income to the land maintenance fund from monthly oil and gas lease sales has declined. Fiscal year 21 revenue to the land maintenance fund was \$65 million, a 2.2 percent decrease from the record high of \$208 million in FY19. This decline results in lower monthly distributions from the fund to beneficiaries as well as reduced transfers to the restoration and remediation fund, which annually receives 1 percent of land maintenance fund earnings for surface damage and watershed restoration and remediation projects on state trust lands.

SLO's requested budget increase included \$314.7 thousand in personnel expenditures to fill vacancies, create 3 FTE, and fund increased benefits costs, such as retirement. In the Surface Division, the agency requested two new environmental specialist positions to improve the process for sys-

tematically reviewing leases for compliance with remediation and reclamation requirements and environmental standards. SLO also requested a management analyst in the Oil, Gas, and Minerals Division to further assist with enforcement of lessee contractual terms that require site cleanup once a lease expires. The cost of the requested new FTE is \$230.4 thousand; the remaining \$84.3 thousand was requested for benefits and vacancy reduction.

The agency requested \$511.3 thousand in other costs for expenditures deferred in FY21 and FY22, including replacement of 15 vehicles with over 100 thousand miles. The remainder of SLO's requested increase, \$158.6 thousand, was in the contractual services category to return attorney fees and other contractual costs to FY21 budgeted levels, before the agency implemented cost-saving reductions. SLO expects legal expenses to increase in FY23 as staff intensify enforcement efforts to ensure the state does not incur trust land remediation costs that are the responsibility of lessees. The committee recommendation fully funds the agency's request for a 5 percent budget increase.

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.

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.

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Number of wells plugged and sites reclaimed through compliance and enforcement efforts.	\$0.0	NEW	\$0.0	\$20.0	\$20.0
Output	Total trust revenue generated, in millions	1,046.0	1,250.0	736.3	800.0	800.0
Outcome	Bonus income per acre leased for oil and gas activities, in dollars	\$534.00	\$460.00	\$475.00	\$425.00	\$475.00
* Outcome	Dollars generated through oil and natural gas audit activities, in millions	\$1	\$4	\$2	\$3	\$3
* Output	Average income per acre from oil, natural gas and mining activities, in dollars	\$510.00	\$521.00	\$375.00	\$375.00	\$375.00
Output	Percent of total trust revenue allocated to beneficiaries	98.00%	98.00%	98.00%	98.00%	98.00%
* Output	Number of acres treated to achieve desired conditions for future sustainability	25,210.0	53,350.0	25,000.0	25,000.0	25,000.0
Output	Annual income from renewable energy	\$1,227,854	\$1,688,740	\$1,500,000	\$2,100,000	\$2,100,000
Output	Annual income from commercial/leasing activities	\$48,290,887	\$8,044,299	\$6,000,000	\$7,000,000	\$7,000,000
Output	Annual revenue distributed related to trespass cases	NEW	\$4,308,321	\$1,000,000	\$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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	20,276.8	20,624.0	29,852.8	24,746.6	20.0
Other Transfers	15,145.8	14,895.0	5,540.2	12,002.3	(19.4)
Federal Revenues	131.8	0.0	0.0	0.0	(100.0)
Other Revenues	2,459.7	3,228.5	2,732.7	2,732.7	(15.4)
Fund Balance	750.4	755.4	755.4	755.4	0.0
TOTAL SOURCES	38,764.5	39,502.9	38,881.1	40,237.0	1.9
USES					
Personal Services and Employee Benefits	23,603.2	26,456.6	26,458.0	27,641.7	4.5
Contractual Services	5,874.5	6,760.4	6,760.7	6,960.7	3.0
Other	5,866.3	5,705.9	5,582.4	5,554.6	(2.7)
Other Financing Uses	80.0	580.0	80.0	80.0	(86.2)
TOTAL USES	35,424.0	39,502.9	38,881.1	40,237.0	1.9
FTE					
Permanent	312.0	310.0	309.0	309.0	(0.3)
Term	4.0	4.0	4.0	4.0	0.0
Temporary	1.0	0.0	1.0	1.0	0.0
TOTAL FTE	317.0	314.0	314.0	314.0	0.0

At A Glance

The Office of the State Engineer (OSE) requested a total budget of \$38.88 million for FY23, \$621.8 thousand less than the FY22 operating budget. The agency's request reduced transfers from the irrigation works construction fund (IWCF) and the improvement to the Rio Grande income fund (IRGIF) by a total of \$9.35 million, a reduction partially offset by a requested \$9.23 million general fund increase. OSE also reduced other state revenues by \$495.8 thousand. The LFC recommendation provides a 20 percent general fund increase and reduces fund transfers in accordance with the Legislature's intent to reduce operating expenditures from the IWCF and IRGIF while still making use of \$10.5 million of accumulated fund balances. This would allow expenditures in the total FY23 budget of \$3.85 million over FY21 actuals, provide a 5 percent increase in personnel funding, and leave combined IWCF and IRGIF balances of \$15.74 million in the State Treasury and \$22.44 million with the State Investment Council.

Budget Issues

Revenues. In addition to the IWCF, the IRGIF, and the general fund, OSE receives revenue from 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 and the land maintenance fund; they also earn interest on long-term investments of the income funds managed by the State

Investment Council (SIC). The FY21 ending balance of the IWCF in the State Treasury was \$18.13 million; including SIC investments, the balance was \$37.83 million. The IRGIF had an FY21 ending balance of \$8.55 million in the State Treasury and a balance of \$11.29 million including SIC investments.

Appropriations from IWCF and IRGIF are intended to be used primarily for water conservation and management projects to support acequias, community ditches, and other partners, but OSE has used both funds to support agency operations for many years. The General Appropriation Act of 2019 required OSE to develop a five-year plan to reduce operating expenditures from the funds, but due to other agency priorities for budget increases and limited state financial resources in recent years, no significant changes were made to OSE's revenue sources. In FY22, a total of \$13.34 million was appropriated from both funds to the agency's operating budget.

OSE's original plan to reduce operating expenditures from the IWCF and IRGIF shifted \$9 million in agency expenses to the general fund over five years. The agency's FY23 request reduced revenue from these funds by \$8.65 million, leaving \$4.69 million in the requested budget to support the Interstate Stream Compact Compliance program. The general fund increase requested to replace this revenue would grow OSE's general fund appropriations by 44.7 percent in FY23. Based on the fiscal health of the IWCF in particular, LFC recommends an incremental transition with a \$2.17 million general fund increase, 10.5 percent, in FY23. To maintain the agency's relatively flat budget request, the recommendation includes \$11.42 million from the IWCF and IRGIF, a 14.4 percent decrease from FY22.

Water Resource Allocation Program. New Mexico must responsibly and proactively manage 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) increases general fund revenue by \$2.2 million and other revenues by \$4,100 while reducing transfers by \$2.1 million.

As of the agency's budget request submission, WRAP had 36 vacant positions, 11 of which can be filled with current funding. The program cites its vacancy rate as the reason for lagging performance, such as long processing times and backlogs. The agency should use surplus funding for targeted increases for recruitment and retention, and the LFC recommendation includes a general fund increase of \$775.9 thousand for this purpose.

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. 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 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. In FY20 and FY21, ISC staff developed hydrological studies to evaluate how effectively different management actions reduce consumption, promote aquifer health, and improve surface water deliveries in the current era of extended drought and interstate water conflict. Staff are tasked with evaluating and testing water management strategies, which will include rotational, voluntary fallowing; aquifer recharge; infrastructure improvement; and supply augmentation.

In FY21, ISC established a groundwater conservation pilot program as the first phase of the water management project. The primary focus of this phase was on instituting rotational fallowing, evaluating local governance alternatives, and working with lower Rio Grande partners to establish a local water user entity to manage project efforts long-term in conjunction with ISC. Critics have raised concerns the reduction in water consumption achieved is too minimal to affect overall water flows. However, by funding it as a pilot project, the Legislature's intent in creating this program was to study the effectiveness of water management best practices not currently in widespread use in New Mexico to determine whether the state should invest in such activities on a larger scale.

The agency's FY23 request for ISC increased general fund revenue by \$3.64 million and reduced transfers by \$3.76 million for a net budget decrease of \$121.9 thousand. The LFC recommendation increases general fund revenue by \$728.1 thousand and reduces transfers by \$524.1 thousand for a net increase of \$204 thousand, recommended in the personnel budget to support the program's leading role in the state's long-term water resources planning.

Litigation and Adjudication Program. The Litigation and Adjudication Program (LAP) provides legal and technical representation for the state in the multiple, ongoing water rights adjudications 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. Mediation with Texas was unsuccessful, and the case moved to a virtual trial to hear expert witness testimony and opening arguments in October 2021. An in-person portion of the trial will be held in spring 2022.

OSE requested an overall budget decrease of \$499.9 thousand for LAP from other state revenues. The request also replaces \$3.09 million in transfers from the IRGIF with general fund revenue. LFC recommends a general fund increase of \$617.3 thousand and reduces transfers by the same amount to support the agency's expenditure request.

Program Support. In Program Support, the agency requested a general fund increase of \$409.1 thousand to replace an equivalent amount of revenue from the IRGIF. The LFC recommendation supports the request.

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	12,246.3	12,400.2	14,492.6	14,598.7	17.7
Other Transfers	2,072.4	2,096.5	0.0	673.9	(67.9)
Federal Revenues	59.2	0.0	0.0	0.0	0.0
Other Revenues	1,003.9	656.8	660.9	660.9	0.6
TOTAL SOURCES	15,381.8	15,153.5	15,153.5	15,933.5	5.1
USES					
Personal Services and Employee Benefits	12,198.1	13,018.2	13,018.2	13,794.1	6.0
Contractual Services	386.9	624.7	626.5	626.5	0.3
Other	1,491.5	1,510.6	1,508.8	1,512.9	0.2
TOTAL USES	14,076.5	15,153.5	15,153.5	15,933.5	5.1
FTE					
Permanent	170.0	171.0	170.0	170.0	(0.6)
TOTAL FTE	170.0	171.0	170.0	170.0	(0.6)

Recommended Language

The internal service funds/interagency transfers appropriations to the water resource allocation program of the state engineer include six hundred seventy-three thousand nine hundred dollars (\$673,900) from the irrigation works construction fund.

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Output	Average number of unprotested new and pending applications processed per month	39.0	37.0	35.0	35.0	35.0
Explanatory	Number of unprotested and unaggrieved water right applications backlogged	502.0	522.0	N/A	N/A	N/A
* Outcome	Number of transactions abstracted annually into the water administration technical engineering resource system database	20,432.0	24,029.0	20,000.0	20,000.0	20,000.0
Outcome	Number of notices issued to owners of publicly-owned dams notifying them of deficiencies or potential issues	58.0	78.0	45.0	45.0	45.0

INTERSTATE STREAM COMPACT COMPLIANCE AND WATER DEVELOP

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,732.9	1,854.7	5,495.4	2,752.4	48.4
Other Transfers	9,477.7	9,302.8	5,540.2	8,859.1	(4.8)
Federal Revenues	72.6	0.0	0.0	0.0	(100.0)
Other Revenues	1,055.8	124.8	124.8	124.8	0.0
Fund Balance	750.4	755.4	755.4	755.4	0.0
TOTAL SOURCES	13,089.4	12,037.7	11,915.8	12,491.7	3.8
USES					
Personal Services and Employee Benefits	3,627.0	4,817.1	4,817.0	5,224.8	8.5
Contractual Services	4,128.8	4,278.7	4,278.7	4,478.7	4.7
Other	3,168.6	2,941.9	2,820.1	2,788.2	(5.2)
TOTAL USES	10,924.4	12,037.7	11,915.8	12,491.7	3.8
FTE					
Permanent	40.0	40.0	40.0	40.0	0.0
Term	4.0	4.0	4.0	4.0	0.0
Temporary	1.0	0.0	1.0	1.0	0.0
TOTAL FTE	45.0	44.0	45.0	45.0	2.3

Recommended Language

The internal service funds/interagency transfers appropriations to the interstate stream compact compliance and water development program of the state engineer include six hundred fifty-two thousand dollars (\$652,000) from the New Mexico unit fund.

The internal service funds/interagency transfers appropriations to the interstate stream compact compliance and water development program include six million five hundred sixty-three thousand two hundred dollars (\$6,563,200) from the irrigation works construction fund, seven hundred thirteen thousand two hundred dollars (\$713,200) 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.

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Outcome	Cumulative state-line delivery credit per the Pecos river compact and amended decree at the end of the calendar year is greater than zero, in acre-feet	166,300.0	161,600.0	0.0	0.0	0.0
* Outcome	Cumulative state-line delivery credit per the Rio Grande compact at the end of the calendar year is greater than zero, in acre-feet	(38,800.0)	(96,300.0)	0.0	0.0	0.0
Explanatory	Cumulative New Mexico unit fund expenditures	20,090,000.0	22,050,000.0	N/A	N/A	N/A

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	2,240.0	2,268.2	5,354.8	2,885.5	27.2
Other Transfers	3,086.6	3,086.6	0.0	2,469.3	(20.0)
Other Revenues	400.0	2,446.9	1,947.0	1,947.0	(20.4)
TOTAL SOURCES	5,726.6	7,801.7	7,301.8	7,301.8	(6.4)
USES					
Personal Services and Employee Benefits	4,463.7	5,149.9	5,149.9	5,149.9	0.0
Contractual Services	1,291.2	1,635.8	1,635.8	1,635.8	0.0
Other	277.1	436.0	436.1	436.1	0.0
Other Financing Uses	80.0	580.0	80.0	80.0	(86.2)
TOTAL USES	6,112.0	7,801.7	7,301.8	7,301.8	(6.4)
FTE					
Permanent	62.0	59.0	59.0	59.0	0.0
TOTAL FTE	62.0	59.0	59.0	59.0	0.0

Recommended Language

The internal service funds/interagency transfers appropriations to the litigation and adjudication program of the state engineer include one million three hundred eighty-two thousand five hundred dollars (\$1,382,500) from the irrigation works construction fund and one million eighty-six thousand eight hundred dollars (\$1,086,800) from the improvement of the Rio Grande income fund.

The other state funds appropriations to the litigation and adjudication program of the state engineer include one million nine hundred forty-seven thousand dollars (\$1,947,000) from the water project fund pursuant to Section 72-4A-9 NMSA 1978.

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Outcome	Number of offers to defendants in adjudications	444.0	381.0	300.0	300.0	300.0
* Outcome	Percent of all water rights with judicial determinations	75.75%	73.24%	76.00%	76.00%	76.00%

PROGRAM SUPPORT**BUDGET SUMMARY**
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	4,057.6	4,100.9	4,510.0	4,510.0	10.0
Other Transfers	509.1	409.1	0.0	0.0	(100.0)
TOTAL SOURCES	4,566.7	4,510.0	4,510.0	4,510.0	0.0
USES					
Personal Services and Employee Benefits	3,314.5	3,471.4	3,472.9	3,472.9	0.0
Contractual Services	67.6	221.2	219.7	219.7	(0.7)
Other	929.1	817.4	817.4	817.4	0.0
TOTAL USES	4,311.2	4,510.0	4,510.0	4,510.0	0.0
FTE					
Permanent	40.0	40.0	40.0	40.0	0.0
TOTAL FTE	40.0	40.0	40.0	40.0	0.0

Health, Hospitals and Human Services

Statutory Authority

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,031.4	775.8	975.9	809.6	4.4
TOTAL SOURCES	1,031.4	775.8	975.9	809.6	4.4
USES					
Personal Services and Employee Benefits	387.9	594.4	739.5	573.2	(3.6)
Contractual Services	65.7	61.8	115.0	115.0	86.1
Other	333.8	119.6	121.4	121.4	1.5
TOTAL USES	787.4	775.8	975.9	809.6	4.4
FTE					
Permanent	7.0	7.0	9.0	7.0	0.0
Temporary	1.0	1.0	1.0	1.0	0.0
TOTAL FTE	8.0	8.0	10.0	8.0	0.0

At A Glance

The LFC recommendation supports the agency request for a base general fund increase of 7 percent mostly to improve data collection.

Budget Issues

For FY23, the Office of African American Affairs (OAAA) requested a \$55 thousand, or a 7 percent, base general fund increase, mostly in the contractual services category to improve the agency's ability to collect and provide health, economic, and educational data focusing specifically on African American communities in New Mexico. The office also requested a \$145.1 thousand expansion to add two social and community service coordinators.

The LFC recommendation supports the office's base request to improve data collection to focus on health outcomes for African Americans. With the African American population hovering at less than 3 percent statewide, and lower in some communities traditional data sources provide no or poor data for targeting interventions toward specific geographic areas.

Because the office carries a nearly 40 percent vacancy rate, the committee recommends eliminating the budget officer and administrative officer positions, bringing base budget spending closer to FY21 expenditures, but includes funding the expansion request. The LFC base with expansion recommendation is a \$33.8 thousand, or 4 percent, increase over the FY22 operating budget.

The FY22, appropriation to the office moved about \$250 thousand for programs and exhibits at the African American Performing Arts Center from OAAA's budget to the State Fair's budget, explaining the decrease from FY21 actual expenditures.

The agency's FY20 annual financial audit opinion was unmodified and included one resolved, one repeat, and one new finding. The repeat finding was for a late reversion and the new finding was a late audit report. The agency stated both issues were due to the executive director position being vacant at the time and the executive assistant will be required in the future to keep an end-of-year calendar to ensure deadlines are not missed.

Base Expansion

The office requested \$145.1 thousand in general fund revenue to add two social and community service coordinators. The committee supports the request so the office can use the newly collected data, supported in the base request, to appropriately target interventions to the African American population.

**BASE EXPANSION LISTING
FY 2022-2023**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Additional FTE	P692	145.1	145.1
TOTAL			145.1	145.1

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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Number of individuals/organizations recognized annually for contributions in the areas of economic development, educational achievement, improved health outcomes and historical preservation of African Americans	55.0	23.0	55.0	55.0	25.0
Output	Number of resources produced, including data-based tools, documents and publications related to economic, education and health disparities of African Americans	4.0	64.0	5.0	25.0	65.0
Output	Number of events, including educational conferences, town hall meetings, workshops and forums to increase awareness of resources and issues of importance pertaining to improving the quality of life for New Mexico's African American citizens	NEW	16.0	15.0	15.0	18.0
Outcome	Number of individuals who participated in agency initiatives/programs via sign-in sheets, passport cards, head count and registrations	NEW	839.0	1,500.0	1,500.0	840.0

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	480.4	790.8	1,462.1	1,186.2	50.0
Other Transfers	1,207.0	2,118.2	1,462.1	1,462.1	(31.0)
Other Revenues	2,414.0	2,118.2	1,462.1	0.0	(100.0)
TOTAL SOURCES	4,101.4	5,027.2	4,386.3	2,648.3	(47.3)
USES					
Personal Services and Employee Benefits	682.5	1,080.1	1,195.3	1,120.4	3.7
Contractual Services	537.5	1,430.3	1,330.3	1,129.3	(21.0)
Other	200.7	282.1	282.1	282.1	0.0
Other Financing Uses	1,323.5	2,234.7	1,578.6	116.5	(94.8)
TOTAL USES	2,744.2	5,027.2	4,386.3	2,648.3	(47.3)
FTE					
Permanent	15.0	15.0	16.0	16.0	6.7
TOTAL FTE	15.0	15.0	16.0	16.0	6.7

At A Glance

The Commission for Deaf and Hard-of-Hearing Persons requested a general fund increase of \$671.3 thousand, or 85 percent, over the FY22 operating budget. The commission requested a 3.7 percent increase in personnel and a 31.3 percent decrease in contractual services. For several years, the commission has not accrued telecommunications relay services funds at formerly projected levels, and for FY23, requested additional general fund revenue to offset a portion of these unrealized revenues.

The FY23 LFC general fund recommendation is \$1.2 million, or 50 percent, above the FY22 operating budget. The LFC recommendation substantially increases general fund revenue above FY22 operating levels to offset projected telecommunications relay services revenue that has not materialized. The agency and staff from LFC, the Department of Finance and Administration (DFA), and the Taxation and Revenue Department (TRD) met during the 2021 interim and agreed telecommunications relay services fund revenue is far below projected levels and general fund revenue would be needed to maintain agency operations until legislation is passed to change telecommunication relay service fund taxation and fee schedules.

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. 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 projected amount of 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 received these revenues despite sending out letters requesting industry compliance with the surcharge.

TRD has worked with the commission to pursue some limited audit review and compliance, but TRD suggested the commission request more general fund revenue to offset the unrealized revenue. Because of the rapidly changing telecommunications industry, the commission should consider pursuing statutory changes to taxation and fee schedules to apply across more lines of telecommunication services. Wireless telecommunications usage exploded during the pandemic; however, wireless telecommunication carriers apply their costs more to the wireless equipment than to their customers' wireless service plans, resulting in little generation of TRS revenue.

Given low TRS revenue collections, the committee recommends a 50 percent increase from the general fund to support the agency's operations and reduces other transfers by the requested 31 percent to align more closely with actual revenue collections.

LFC recommends a 3.7 percent increase in personnel to assist with filling vacant positions and includes funding for a reclassified position to manage upcoming Federal Communications Commission requirements. The recommendation reduces contractual services by 21 percent, still a substantial increase over actual expenditures, to support contractual services for aging, hearing-impaired, and deaf-blind individuals.

The agency met about half of its FY21 performance targets, including "number of accessible technology equipment distributions" and "number of sign language interpreters who participated in commission-sponsored professional development."

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.

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 hundred 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 pro-gram 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.

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Number of workshops and training sessions conducted	80.0	88.0	135.0	135.0	135.0
Output	Number of outreach events coordinated	101.0	38.0	122.0	122.0	122.0
Output	Average number of relay minutes per month	9,567.0	8,814.0	10,000.0	10,000.0	10,000.0
* Output	Number of accessible technology equipment distributions	1,674.0	1,089.0	1,070.0	1,070.0	1,070.0
Output	Number of sign language interpreters who participated in New Mexico commission for deaf and hard-of-hearing persons-sponsored professional development including in-house mentoring programs and events provided in collaboration with other organizations	77.0	201.0	200.0	200.0	200.0
Output	Number of communication barriers addressed	13,057.0	25,098.0	20,000.0	20,000.0	20,000.0

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 communities.

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	343.1	327.9	327.9	327.9	0.0
TOTAL SOURCES	343.1	327.9	327.9	327.9	0.0
USES					
Personal Services and Employee Benefits	119.8	183.2	183.2	183.2	0.0
Contractual Services	18.3	27.8	27.8	27.8	0.0
Other	72.1	116.9	116.9	116.9	0.0
TOTAL USES	210.2	327.9	327.9	327.9	0.0
FTE					
Permanent	2.0	2.0	2.0	2.0	0.0
TOTAL FTE	2.0	2.0	2.0	2.0	0.0

At A Glance

The Martin Luther King, Jr. Commission requested no change from the FY22 operating budget and the LFC recommendation supports the request. The commission has two positions and each are filled. The personnel costs request is in line with expected commission expenditures, as long as both positions remain filled.

The commission's annual financial audit was unmodified with material weaknesses identified and noncompliance material to the financial statements noted. The audit included four repeated findings dating to 2014 including insufficient supporting documentation because of missing authorizations, no purchase orders, and voucher amounts not matching invoices, lack of internal controls, late reversions, and a missed deadline to submit the independent public accountant contract to the State Auditor's Office. The commission also had two travel vouchers, each exceeding the \$85 per night per diem limit, leading to the new audit finding for FY20.

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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Number of statewide holiday commemorative programs supported	12.0	6.0	10.0	10.0	6.0
Output	Number of youth anti-violence workshops conducted	20.0	1.0	20.0	4.0	8.0
Outcome	Number of student ambassadors who worked with state agencies to explore the historical, social, political and cultural themes associated with the life and works of Dr. King	15.0	45.0	55.0	55.0	55.0
Outcome	Number of commission visits to schools, tribes, non-profit providers and communities to teach Dr. King's principles of nonviolence	NEW	0.0	10.0	10.0	10.0
Output	Number of youth attending statewide youth conferences using Dr. King's principles of nonviolence	NEW	0.0	250.0	250.0	250.0

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	2,303.6	2,279.9	2,303.6	2,303.6	1.0
Other Transfers	268.6	349.0	261.0	261.0	(25.2)
Federal Revenues	4,324.6	5,161.1	5,615.3	5,615.3	8.8
Other Revenues	5,784.0	5,399.7	8,043.3	8,043.3	49.0
Fund Balance	0.0	150.0	150.0	150.0	0.0
TOTAL SOURCES	12,680.8	13,339.7	16,373.2	16,373.2	22.7
USES					
Personal Services and Employee Benefits	4,309.6	5,319.0	5,797.4	5,797.4	9.0
Contractual Services	142.8	159.3	159.3	159.3	0.0
Other	7,694.7	7,754.3	10,309.4	10,309.4	33.0
Other Financing Uses	106.8	107.1	107.1	107.1	0.0
TOTAL USES	12,253.9	13,339.7	16,373.2	16,373.2	22.7
FTE					
Permanent	89.3	90.5	90.5	90.5	0.0
TOTAL FTE	89.3	90.5	90.5	90.5	0.0

At A Glance

The Commission for the Blind requested a general fund increase of \$23.7 thousand over FY22, or a 1 percent increase. The agency requested an increase over FY22 of \$478.4 thousand, or 9 percent, in personnel to reduce its vacancy rate.

The agency also requested a \$2.5 million increase in other revenues generated from contracts to provide food services at the federal Law Enforcement Training Center (FLETC) in Artesia and at Kirtland Air Force Base in Albuquerque. The other revenues are requested for payment to the FLETC vendors in the other costs category. The commission's request supported minimum wage requirements and workload funding for concession operators at the FLETC. 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.

Budget Issues

The LFC recommends the requested level of general fund revenue for FY23 of \$2.3 million. The committee also supports the agency's FY23 request for personnel in an effort to fill vacant positions in programs to continue providing services to the blind and visually impaired citizens of New Mexico. 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 to only employment services for blind or visually impaired people.

Supporting the request, the recommendation adds \$150 thousand in fund balance to support care and support for blind and visually impaired individuals. The recommendation supports the requested funding in the other costs category and 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 quality employment opportunities obtained for the agency's blind or visually impaired clients.

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.

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 2023 from appropriations made from the general fund shall not revert.

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Number of quality employment opportunities obtained for agency's blind or visually impaired clients	15.0	21.0	15.0	19.0	19.0
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	471.0	407.0	525.0	525.0	525.0
* Outcome	Average hourly wage for the blind or visually impaired person	\$18.42	\$28.23	\$16.00	\$16.50	\$16.50
* 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	215.0	103.0	150.0	125.0	125.0

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	2,616.0	2,717.4	3,668.6	2,979.9	9.7
Other Transfers	1,254.6	171.0	249.3	249.3	45.8
TOTAL SOURCES	3,870.6	2,888.4	3,917.9	3,229.2	11.8
USES					
Personal Services and Employee Benefits	1,359.6	1,446.2	2,197.4	1,735.3	20.0
Contractual Services	638.5	530.1	730.1	530.1	0.0
Other	1,326.4	912.1	990.4	963.8	5.7
TOTAL USES	3,324.5	2,888.4	3,917.9	3,229.2	11.8
FTE					
Permanent	19.0	17.0	24.0	19.0	11.8
TOTAL FTE	19.0	17.0	24.0	19.0	11.8

At A Glance

The department's FY23 budget request included a \$951.2 thousand, or 35 percent, increase from the general fund to expand the base for 7 FTE to improve capacity, fill all vacancies, and increase contractual and other spending. The request also included a 46 percent increase from tobacco settlement revenue and was in line with amounts budgeted prior to FY22 when revenues decreased for one-year because of arbitration agreements with tobacco companies. Of the 17 authorized FTE, the agency had 15 filled FTE in early October 2021.

The committee recommendation increases general fund revenue by 9.7 percent and supports the request for tobacco settlement program fund revenue because settlement revenue is expected to recover. Recommended spending levels partially support the request, funding 2 expansion FTE and allowing for sufficient funding to fill vacant positions. Spending levels in the contractual services and other categories are in line with the FY22 operating budget but include small adjustments for tobacco cessation related spending.

Budget Issues

One of the Indian Affairs Department's (IAD) primary functions is to coordinate operations across state executive branch agencies and the state's 23 pueblos and tribes in a way that improves the outcomes of Native American populations while recognizing tribal sovereignty. This includes hosting the annual state-tribal leadership summit, maintaining state agency plans and policies related to the State-Tribal Collaboration Act, ensuring all state agencies consult and collaborate with tribes, and making sure agency tribal liaisons are trained and culturally competent. Through this process, the department takes the lead on managing relationships between tribes and pueblos and state agencies by facilitating discussion. The agency should also consider including the Legislature in state-tribal summits.

The department also administers the Tribal Infrastructure Act and disburses capital funding for infrastructure projects from general fund appropriations. Of \$75.2 million appropriated to the IAD in FY19 from general fund capital outlay, the department carries a balance of \$42.3 million, or 56 percent, that expires at the end of FY23. Seventy-seven percent remains from total FY20 appropriations that expire in FY24 and nothing has been spent from total FY21 appropriations. The largest expenditures from FY19 appropriations included nearly \$1 million for water improvements in the Jicarilla Apache Nation, \$750 thousand for a water study in Ohkay Owingeh, \$1 million for community health at Santa Clara Pueblo, and \$1.9 million for a judicial and public safety complex in Shiprock. The department distributed funding for a total of 150 projects from FY19 and FY20 appropriations. Some of

the larger outstanding project balances are for a natural gas project in Acoma Pueblo, water projects in the Jicarilla Apache Nation, and an emergency response command center in Shiprock.

Additionally, the department budgeted \$22.1 million for 33 projects from appropriations from severance tax bonds between FY18 and FY20. As of early October 2021, the department expended \$15.7 million from these appropriations and carries a balance of \$6.3 million, or 28.5 percent.

The department's expansion request for 7 FTE included a public information officer, program coordinator, operations research analyst, administrative operations staff, and environmental specialist. Currently, six of the department's 15 filled positions are classified as governor exempt and include the secretary, deputy secretary, general counsel, and three special projects coordinators. Aside from the secretary and deputy secretary, it is unclear how the expansion or exempt positions fit into the agency's structure or strategic plan or what they will do to improve oversight and accelerate capital outlay spending. If the two vacancies and seven expansion positions were filled as requested, the department's on-hand personnel would increase 60 percent.

Recognizing the administrative challenge of managing over \$120 million in general fund and severance tax bond capital outlay projects, the committee base recommendation is sufficient to fill all vacancies and appropriates \$189.1 thousand for 2 expansion FTE. With a total of 20 positions listed in the state's personnel tool report, the department should consider reclassifying or deleting positions to match the recommendation and to better align with the department's strategic priorities. LFC's recommendation is sufficient to assist in meeting the goals of the Martinez-Yazzie education lawsuit and the Tribal Education Alliance (TEA), including working with the Department of Cultural Affairs on tribal libraries. Recommended funding levels in the contractual services and other categories are in line with the FY22 operating budget but include minor adjustments for projected increases in tobacco settlement program fund revenue.

The department anticipates a FY21 reversion to the general fund of \$100 thousand, or about 4 percent. The prior year's reversion was about 14 percent. The department's FY20 audit was clean and included no findings.

BASE EXPANSION LISTING FY 2022-2023

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	FY23 Expansion Request	P696	576.2	189.1
TOTAL			576.2	189.1

INDIAN AFFAIRS DEPARTMENT

The purpose of the Indian affairs program is to coordinate intergovernmental and interagency programs concerning tribal governments and the state.

Recommended Language

The internal service funds/interagency transfers appropriation to the Indian affairs program of the Indian affairs department includes two hundred forty-nine thousand three hundred dollars (\$249,300) from the tobacco settlement program fund for tobacco cessation and prevention programs for Native American communities throughout the state.

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Explanatory	Number of capital outlay, tribal infrastructure fund, grant trainings and/or technical assistance sessions conducted	10.0	5.0	N/A	N/A	N/A
Outcome	Percent of capital projects completed and closed on schedule	100.00%	100.00%	100.00%	100.00%	100.00%

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Percent of tribal infrastructure fund projects completed and closed on schedule	100.00%	100.00%	100.00%	100.00%	100.00%
Explanatory	Number of outreach meetings held in tribal communities	NEW	5.0	N/A	N/A	N/A
Explanatory	Number of tribal consultation meetings conducted or facilitated by the Indian affairs department	NEW	2.0	N/A	N/A	N/A
Output	Number of Indian affairs department grant awards successfully awarded to tribal governments	NEW	23.0	15.0	15.0	15.0
Explanatory	Number of state employees attending cultural competency trainings provided by the Indian affairs department throughout the fiscal year	NEW	230.0	N/A	N/A	N/A

Statutory Authority

The Early Childhood Education and Care Department established in Sections 9-29-1 to 9-29-12 NMSA 1978 is a cabinet department consisting of (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 developing 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 aligning an early childhood education and care system.

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	193,376.8	191,765.5	201,279.6	198,566.7	3.5
Other Transfers	62,669.6	74,628.0	84,627.5	84,627.5	13.4
Federal Revenues	144,652.0	410,584.2	204,266.9	204,266.9	(50.2)
Other Revenues	2,640.6	3,659.8	3,258.5	3,258.5	(11.0)
Fund Balance	39.5	3,684.8	0.0	0.0	(100.0)
TOTAL SOURCES	403,378.5	684,322.3	493,432.5	490,719.6	(28.3)
USES					
Personal Services and Employee Benefits	17,761.4	20,201.2	23,566.8	22,853.9	13.1
Contractual Services	102,127.4	345,214.4	101,955.0	101,955.0	(70.5)
Other	227,026.3	255,848.6	305,529.4	303,529.4	18.6
Other Financing Uses	50,774.0	63,058.1	62,381.3	62,381.3	(1.1)
TOTAL USES	397,689.1	684,322.3	493,432.5	490,719.6	(28.3)
FTE					
Permanent	184.5	173.5	183.5	185.5	6.9
Term	112.5	100.0	101.0	101.0	1.0
TOTAL FTE	297.0	273.5	284.5	286.5	4.8

At A Glance

The FY23 general fund request was \$201.3 million, 5 percent above the FY22 operating budget. In addition, the department requested two large reorganizations including the creation of the new Policy, Research, and Quality Initiatives Program and consolidation of public provider and private provider prekindergarten into the Prekindergarten Program. In total, the agency requested \$493.4 million.

The LFC recommendation increases general fund appropriations by \$6.8 million, or 3.5 percent, including \$3.7 million for prekindergarten to replace exhausted fund balance revenue and \$500 thousand for training and IT services related to the federal Comprehensive Addiction and Recovery Act (CARA) that establishes a strategy for decreasing the impact of prenatal substance use. The committee recommends the use of a total \$30 million from the early childhood education and care fund, an increase of \$10 million. The committee recommendation also continues federal Temporary Assistance for Needy Families (TANF) grant transfers for Childcare Assistance, Prekindergarten, and Home Visiting support for new families services.

Budget Issues

The Early Childhood Education and Care Department (ECECD) administers the state's early childhood care and education system. Primary programs include Childcare Assistance, Home Visiting, Prekindergarten, and the Family, Infant, Toddler (FIT) program. However, some programs still considered part of the early care and education system remain in other state agencies or are directly federally funded, such as the K-5 Plus extended school year program, the Women, Infants and Children (WIC) program, and Head Start. These programs are funded by both the state and federal governments and delivered by both public and private entities. New Mexico continues to show leadership in early childhood care and education funding. Since FY12, early childhood program appropriations have more than doubled. 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 based on infrastructure availability and parental preference.

Early Care and Education Trust Fund. In FY22, ECECD was appropriated \$20 million in revenue from the early care and education trust fund. In FY23, the department requested \$10 million additional trust fund revenue, for a total of \$30 million. The request for additional revenue included \$5.9 million for Prekindergarten, \$2 million for Home Visiting, \$1.6 million for tribal early childhood programs, and \$50 thousand for website maintenance. The committee's recommendation for the early care and education trust fund increases Home Visiting \$2 million, Prekindergarten and Early Prekindergarten \$5.5 million, workforce supports \$1 million, tribal early childhood programs \$1.6 million, and website maintenance \$50 thousand.

Childcare

Childcare Assistance has benefited greatly from unprecedented federal revenue increases included in the federal Coronavirus Aid, Relief, and Economic Security Act (CARES), Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA), and American Rescue Plan Act (ARPA). Between these three federal acts, Childcare Assistance in New Mexico received \$432.2 million, which must be spent by 2024. A large portion, \$197.1 million, was federally earmarked for provider stabilization grants. The department reported awarding over \$157.4 million in October 2021 to over 1,000 providers statewide, with an average award of over \$156 thousand. In addition to stabilization grants the department also budgeted \$71 million of CRRSA in the Childcare Assistance program in FY22 and nearly \$62 million in ARPA for FY23. These large onetime federal increases resulted in significant federal revenue changes between FY22 and FY23. Additionally, if the federal Build Back Better framework is enacted, New Mexico could receive significant additional revenue for childcare and prekindergarten. There is some concern regarding possible federal language that would pro-hibit states from supplanting new federal revenues with state revenues already dedicated to the prekindergarten program.

Childcare assistance provides an opportunity for low-income families to work or go to school. In FY22, New Mexico was funded to serve over 20 thousand children up to age 14. The program subsidizes the cost of childcare for families with incomes up to 350 percent of the federal poverty level (FPL), increased from 200 percent in the previous fiscal year. The early days of the pandemic saw childcare attendance drop precipitously, and several hundred providers closed their doors. ECECD responded with emergency measures providing financial incentives for childcare providers that 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.

Childcare Enrollment. Prior to the pandemic, despite increased eligibility criteria, average monthly enrollment in the program had been relatively flat with the previous fiscal years, ranging between 18 thousand and 20 thousand children a month. As a result of the Covid-19 pandemic, Childcare Assistance enrollment declined to 13,151 thousand children in February 2021, its lowest point since 1999, (enrollment increased to 17,001 by September 2021). The last previous significant enrollment decline was in FY13, when the state reduced income eligibility from 200 percent of the federal poverty level (FPL) to 100 percent, reducing average enrollment from nearly 20 thousand in FY13 to 17 thousand in FY14. The few times the state has experienced large declines in childcare enrollment, it has taken significant time to recover enrollment. Given this experience, it is unknown when enrollment will reach its funded level to serve 20 thousand children a month, despite increased eligibility to 350 percent FPL.

Childcare Provider Rates. Despite declining enrollment, the average cost per child continues to grow. Prior to the pandemic, New Mexico was spending close to \$11 million monthly to serve 20 thousand children in FY18, FY19, and FY20. However, as of the first few months of FY22 Childcare Assistance monthly spending was over \$12 million to serve an average of 16 thousand children. In previous fiscal years, rates for the highest levels of quality care primarily contributed to increased spending as 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. In July 2021, ECECD increased rates for childcare providers based on a recently published cost estimation model. Previously, New Mexico used a market rate study to inform rate setting for the program. The new cost estimation model sets rates based on cost reported by childcare providers depending on the type of care, age of the child, and state licensing and quality requirements. Provider rates have grown 118 percent from an average monthly rate of \$326 in 2013 to \$733 in FY22. In addition to increased provider rates, waiver of parent copayments and increased differentials to providers also increased the average monthly cost per child. When the department phases out pandemic-related adjustments, the average cost per child might decline slightly. The LFC recommendation supports the department request for Childcare Assistance, remaining relatively flat for general fund revenues. (See Volume III, Childcare Assistance Sources and Uses).

Early Learning

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 mostly extended-day services. In FY22, the state contracted for 13,978 children to receive prekindergarten services, including extended-day services. Prior to FY21, New Mexico prekindergarten was administered by the Children, Youth and Families Department (CYFD) and the Public Education Department (PED). ECECD began administration of the program in FY21; funding prekindergarten services offered by school districts flows through the new department to the Public Education Department after awards are decided. For the FY23, ECECD and PED

requested PED department level Prekindergarten staff be transferred to ECECD. Additionally, the department requested a reorganization transferring both public provider and private provider prekindergarten to the Prekindergarten Program, which previously only included funding for public school prekindergarten.

LFC has consistently found prekindergarten programs improve math and reading proficiency for low-income 4-year-olds, lower special education rates, lower retention rates, and lessen the negative effects of mobility. LFC has also found prekindergarten programs deliver a positive return on investment for New Mexico taxpayers based on improvement in test scores through the 12th 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 continues to compare favorably to other states for funding of prekindergarten. According to the National Institute of Early Education Research (NIEER), 34 percent of 4-year-olds in the United States were enrolled in prekindergarten programs in 2019, and the average state spending was \$5,499 per child enrolled. New Mexico reported having higher enrollment at 41 percent and New Mexico ranked 14th for 4-year-olds enrolled in prekindergarten programs in 2020 and 9th for state spending at \$7,334 per child. The LFC recommendation includes an additional \$3.7 million in general fund revenue to replace exhausted fund balance and over \$5 million from the early care and education trust fund to expand prekindergarten for 3-year-olds and 4-year-olds. (For capacity estimates see Volume III, "Early Childhood Capacity Estimate.")

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. Early Head Start and Head Start enrollment has fallen 30 percent since 2012, with enrollment of 4-year-old falling 40 percent over the same period. A 2019 LFC evaluation of Childcare Assistance noted a lack of coordination among Head Start programs and childcare hurt access to programming in some counties. This lack of coordination continues, with the number of Head Start slots decreasing as the number of other early childhood program slots increase, signaling prekindergarten may be crowding out Head Start programs. The state needs to coordinate effectively so it does not supplant federally funded Head Start with state-funded prekindergarten and childcare. Notably, the number of Early Head Start slots continues to increase as Head Start slots decrease, and Early Head Start enrollment is its highest in eight years.

A recent LFC evaluation noted teacher qualification is a component of federal high-quality standards for Head Start programs. Although New Mexico made improvements in FY18 and FY19, New Mexico continues to lag the nation on Head Start teacher qualifications. Nationally, 75 percent of teachers have a bachelor's degree or higher, but in FY19, New Mexico had 42 percent of its Head Start teachers meeting this requirement.

Home Visiting

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 as 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. As a result of the pandemic, traditional face-to-face home visits were not possible for an extended period of time, and future analysis of the Home Visiting Program will clarify effectiveness of video and tele-visits. Because as the home visiting program is likely to expand, it is unclear how ECECD can recruit additional families and if the current system of providers can accommodate an increase. For example, some high-risk, high-need families could be a better fit for certain types of high-intensity programs, such as Nurse Family Partnership, whereas lower-risk, lower-need families could be a better fit with lighter touch paraprofessional programs like First Born.

Medicaid-matched Home Visiting. New Mexico started billing Medicaid for Nurse Family Partnership and Parents as Teachers Home Visiting in 2019, with 151 families receiving services through Medicaid Home Visiting in 2020. However, First Born, one of the most promising, home-grown programs, is not eligible for Medicaid funding and more research is likely needed to make the program evidence-based. As the state continues to expand home visits, additional models may be considered, but the return on investment and potential impact varies, from \$14 for Triple P (targets families at risk of child maltreatment) to less than a dollar for Early Head Start.

In FY22, ECECD contracted for 5,927 families to receive home-visiting services. The 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 for referrals can assist home-visit providers destigmatize services while targeting at-risk families. The LFC recommendation increases the early care and education trust fund revenue for home visits by \$2 million in FY23 to expand services.

Other Early Support and Intervention. The Family, Infant, Toddler Program (FIT), transferred from the Department of Health to ECECD, is a state-wide 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 since FY14, or about 24 percent. The LFC recommendation supports the department request for FIT remaining relatively flat with FY22 operating budget.

Wage Supplements

Across the early care and education system, an insufficient or undertrained workforce has been a barrier to expansion and delivery of high-quality services. In particular, low-wages and lack of parity have hampered recruitment. 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 its staff. In some early childhood fields, the report found wages were low enough to qualify early childhood educators for public assistance. Wage supplements are an alternative to increasing provider rates to boost quality. 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. Federal funding increases have allowed the department to provide several rounds of wage supplements to the early childhood workforce, on top of the state-funded wage supplement program. For example, in November 2021, ECECD announced one-time incentive payments of \$1,500 to New Mexico childcare professionals—including teachers, administrative staff, and other staff of early childhood providers. The LFC recommendation increases workforce supports, such as wage supplements by \$1 million for FY23 from the early care and education trust fund.

Program Support

Program Support consists of the Office of the Secretary and Administrative services. The FY23 request moves \$11 million in general fund revenue from Program Support to the new Policy, Research, and Quality Program. In addition, the program requested \$2 million for farm to preschool grants, \$846 thousand for an administrative rate increase, and \$500 thousand related to the Comprehensive Addiction and Recovery Act (CARA). The federal CARA act mandated babies born exposed to substances receive a plan of care before discharge. New Mexico plans a partnership between the Department of Health, the Children, Youth and Families Department, and ECECD. The FY23 request by ECECD will support data services and training for home visits, childcare, and early intervention staff. The LFC recommendation includes \$846 thousand for administrative rates and \$500 thousand for CARA data support and training.

PROGRAM SUPPORT

BUDGET SUMMARY (dollars in thousands)					
	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	4,718.0	17,476.4	10,565.3	7,852.4	(55.1)
Other Transfers	103.5	4,800.0	2,295.9	2,295.9	(52.2)
Federal Revenues	862.8	79,850.5	4,551.2	4,551.2	(94.3)
Other Revenues	0.0	202.4	202.5	202.5	0.0
TOTAL SOURCES	5,684.3	102,329.3	17,614.9	14,902.0	(85.4)
USES					
Personal Services and Employee Benefits	3,489.3	7,162.4	7,360.9	6,648.0	(7.2)
Contractual Services	460.0	66,100.6	5,984.5	5,984.5	(90.9)
Other	1,620.8	29,066.3	4,269.5	2,269.5	(92.2)
TOTAL USES	5,570.1	102,329.3	17,614.9	14,902.0	(85.4)
FTE					
Permanent	77.5	69.5	59.0	49.0	(29.5)
Term	16.0	12.0	6.0	6.0	(50.0)
TOTAL FTE	93.5	81.5	65.0	55.0	(32.5)

FAMILY SUPPORT & EARLY INTERVENTION**BUDGET SUMMARY**
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	29,684.0	46,145.1	46,174.8	46,174.8	0.1
Other Transfers	14.8	10,100.5	12,600.0	12,600.0	24.7
Federal Revenues	2,303.8	8,104.5	8,190.8	8,190.8	1.1
Other Revenues	1,759.8	2,357.4	1,956.0	1,956.0	(17.0)
TOTAL SOURCES	33,762.4	66,707.5	68,921.6	68,921.6	3.3
USES					
Personal Services and Employee Benefits	2,559.5	3,416.5	3,743.5	3,743.5	9.6
Contractual Services	2,567.1	25,335.1	29,242.6	29,242.6	15.4
Other	18,523.8	27,054.3	25,033.9	25,033.9	(7.5)
Other Financing Uses	5,081.6	10,901.6	10,901.6	10,901.6	0.0
TOTAL USES	28,732.0	66,707.5	68,921.6	68,921.6	3.3
FTE					
Permanent	13.0	11.0	12.0	12.0	9.1
Term	30.5	29.0	30.0	30.0	3.4
TOTAL FTE	43.5	40.0	42.0	42.0	5.0

Recommended Language

The internal service funds/interagency transfers appropriations to the support and intervention program of the early childhood education and care department includes five million dollars (\$5,000,000) from the federal temporary assistance for needy families block grant for home-visiting services.

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Outcome	Percent of children enrolled in home visiting for longer than six months that receive regular well child exams as recommended by the American academy of pediatrics	0.0%	56.0%	0.0%	80.0%	80.0%
* Output	Average annual number of home visits per family	0.0	0.0	0.0	12.0	12.0
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	74.03%	65.00%	73.00%	75.00%
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	27.19%	74.00%	75.00%	75.00%
Outcome	Percent of children participating in the family infant toddler program for at least six months who demonstrate substantial increase in their development as measure by the early childhood outcomes tool in: positive social-emotional skills (including social relationships), acquisition and use of knowledge and skills (including early language/communication), and use of appropriate behaviors to meet their needs	NEW	76.70%	72.00%	72.00%	75.00%
* Outcome	Number of families enrolled in centennial home visiting	NEW	177.0	2,000.0	1,500.0	1,500.0
Outcome	Percentage of women that are pregnant when they enroll in home visiting and families FIRST who access postpartum care	NEW	0.00%	39.00%	90.00%	90.00%
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	97.00%	100.00%	100.00%	100.00%

EARLY CHILDHOOD SERVICES

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	113,618.3	84,622.1	51,252.4	51,252.4	(39.4)
Other Transfers	59,051.3	53,392.9	31,827.5	31,827.5	(40.4)
Federal Revenues	141,485.4	322,629.2	187,459.6	187,459.6	(41.9)
Other Revenues	880.8	1,100.0	1,100.0	1,100.0	0.0
Fund Balance	39.5	3,684.8	0.0	0.0	(100.0)
TOTAL SOURCES	315,075.3	465,429.0	271,639.5	271,639.5	(41.6)

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
USES					
Personal Services and Employee Benefits	11,712.5	9,622.3	9,100.0	9,100.0	(5.4)
Contractual Services	96,068.5	253,778.7	3,298.8	3,298.8	(98.7)
Other	206,881.7	199,728.0	259,240.7	259,240.7	29.8
Other Financing Uses	0.0	2,300.0	0.0	0.0	(100.0)
TOTAL USES	314,662.7	465,429.0	271,639.5	271,639.5	(41.6)
FTE					
Permanent	93.0	93.0	89.0	89.0	(4.3)
Term	66.0	59.0	59.0	59.0	0.0
TOTAL FTE	159.0	152.0	148.0	148.0	(2.6)

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 thirty-one million five hundred twenty-seven thousand five hundred dollars (\$31,527,500) from the federal temporary assistance for needy families block grant for childcare.

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Average monthly copay as a percentage of monthly income	0.0%	0.0%	0.0%	10.0%	10.0%
* Outcome	Percent of licensed childcare providers participating in the focus tiered quality rating and improvement system at the four- and five-star level	NEW	0.00%	45.00%	0.00%	0.00%
* 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	0.00%	85.00%	75.00%	75.00%
* Outcome	Percent of infants and toddlers participating in the childcare assistance program enrolled in childcare programs with four or five stars	NEW	60.02%	40.00%	40.00%	40.00%
Outcome	Percent of licensed child care providers participating in FOCUS tiered quality rating and improvement system	NEW	0.00%	45.00%	0.00%	50.00%
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	95.00%	40.00%	75.00%	95.00%

PUBLIC PRE-KINDERGARTEN**BUDGET SUMMARY**
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	0.0	0.0	80,912.1	80,912.1	0.0
Other Transfers	0.0	0.0	33,304.1	33,304.1	0.0
TOTAL SOURCES	0.0	0.0	114,216.2	114,216.2	0.0
USES					
Personal Services and Employee Benefits	0.0	0.0	1,018.5	1,018.5	0.0
Contractual Services	0.0	0.0	45,429.4	45,429.4	0.0
Other	0.0	0.0	16,288.6	16,288.6	0.0
Other Financing Uses	0.0	0.0	51,479.7	51,479.7	0.0
TOTAL USES	0.0	0.0	114,216.2	114,216.2	0.0
FTE					
Permanent	0.0	0.0	0.0	12.0	0.0
TOTAL FTE	0.0	0.0	0.0	12.0	0.0

Recommended Language

The internal service funds/interagency transfer appropriation to the pre-kindergarten program of the early childhood education and care department includes seventeen million six hundred thousand dollars (\$17,600,000) from the federal temporary assistance for needy families block grant: fourteen million one hundred thousand dollars (\$14,100,000) for private prekindergarten, and three million five hundred thousand dollars (\$3,500,000) for public pre-kindergarten.

The public pre-kindergarten program of the early childhood education and care department shall prioritize awards of pre-kindergarten programs at school districts and charter schools that also provide K-5 plus programs approved by the public education department.

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Outcome	Percentage of children who participated in a New Mexico pre-k program for at least nine months, that are proficient in literacy in kindergarten	0.0%	0.0%	0.0%	32.0%	32.0%
* Outcome	Percentage of children who participated in a New Mexico pre-k program, for at least nine months, that are proficient in math in kindergarten	0.0%	0.0%	0.0%	37.0%	37.0%

POLICY, RESEARCH AND QUALITY INITIATIVES PROGRAM**BUDGET SUMMARY**
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	45,356.5	43,521.9	12,375.0	12,375.0	(71.6)
Other Transfers	3,500.0	6,334.6	4,600.0	4,600.0	(27.4)
Federal Revenues	0.0	0.0	4,065.3	4,065.3	0.0
TOTAL SOURCES	48,856.5	49,856.5	21,040.3	21,040.3	(57.8)
USES					
Personal Services and Employee Benefits	0.0	0.0	2,343.9	2,343.9	0.0
Contractual Services	3,031.8	0.0	17,999.7	17,999.7	0.0
Other	0.0	0.0	696.7	696.7	0.0
Other Financing Uses	45,692.4	49,856.5	0.0	0.0	(100.0)
TOTAL USES	48,724.2	49,856.5	21,040.3	21,040.3	(57.8)
FTE					
Permanent	1.0	0.0	23.5	23.5	0.0
Term	0.0	0.0	6.0	6.0	0.0
TOTAL FTE	1.0	0.0	29.5	29.5	0.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Outcome	Percent of licensed child care providers participating in FOCUS tiered quality rating and improvement system as the four and five star level	0.0%	0.0%	0.0%	50.0%	50.0%
Outcome	Percent of licensed child care providers participating in FOCUS tiered quality rating and improvement system	0.0%	0.0%	0.0%	60.0%	60.0%
Output	Percent of early childhood professionals, including tribal educators, with degrees and/or credentials	0.0%	0.0%	0.0%	45.0%	45.0%

Statutory Authority

Under sections 9-23-1 through 9-23-12 NMSA 1978, the existing Agency on Aging was elevated 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 General Appropriation Act of 2011 transferred all of the health-related programs (DE waiver, PCO, PACE, TBI) to the Human Services Department to centralize management.

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	49,616.0	48,941.5	55,225.2	51,443.0	5.1
Other Transfers	1,972.4	5,676.3	5,676.3	5,676.3	0.0
Federal Revenues	15,890.8	13,778.5	13,778.5	13,778.5	0.0
Other Revenues	156.4	115.8	115.8	115.8	0.0
Fund Balance	0.0	0.0	6,247.6	2,553.0	0.0
TOTAL SOURCES	67,635.6	68,512.1	81,043.4	73,566.6	7.4
USES					
Personal Services and Employee Benefits	15,694.5	19,165.2	20,783.5	19,442.3	1.4
Contractual Services	4,208.6	5,351.7	12,727.3	8,667.3	62.0
Other	44,200.3	43,995.2	47,532.6	45,457.0	3.3
TOTAL USES	64,103.4	68,512.1	81,043.4	73,566.6	7.4
FTE					
Permanent	238.5	228.0	228.0	228.0	0.0
Term	10.0	10.0	10.0	10.0	0.0
Temporary	35.0	1.0	1.0	1.0	0.0
TOTAL FTE	283.5	239.0	239.0	239.0	0.0

At A Glance

The Aging and Long-Term Services Department (ALTSD) FY23 request included \$55.2 million from the general fund, a 12.8 percent increase above the FY22 operating budget. The request also increased fund balance revenues from the Kiki Saavedra senior dignity fund by \$6.2 million, none of which had been previously included in the FY22 operating budget. The fund balance was requested for a variety of new programs the department plans to develop. A majority of the requested general fund increase included \$2.6 million for grants in the Aging Network, \$750 thousand in the Adult Protective Services Program for compensation increases of 4 percent, \$200 thousand for senior employment services, \$900 thousand for food initiatives, and \$600 thousand for department IT needs. The LFC base recommendation partially supports increases for compensation, grants for the Aging Network, and IT infrastructure in addition to expansions for the Continuing Care Act and an IT FTE in Program Support. The LFC recommendation

includes \$2.6 million from the Kiki Saavedra senior dignity fund for a caregiver cooperative, ombudsman outreach, volunteer network, senior physical and mental well-being services, and Medicaid infrastructure.

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-region 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, North Central, has a new board and staff. Previously, North Central had significant audit findings, but it is working to resolve many of the audit findings and issues.

Aging Network. The Aging Network Program is responsible for overseeing the system that provides home-delivered meals, meals in senior centers and other congregate (group) settings, and other services to over 145 thousand older adults. Overall, the program requested a general fund increase of 13 percent. The Aging Network is experiencing higher enrollment and cost for nutritional support due to the Covid-19 pandemic. Fiscal year 2021 nutritional services increased over 127 percent due to Covid-19 pandemic. The department reported nutritional support enrollment increased 23 percent in FY22 to date. While a majority of senior centers and adult daycare centers have reopened, 25 percent remain closed for congregate meals and have 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 an additional \$1.5 million. The department has reported need for additional FTE in the Office of Indian Elder Affairs and \$324.4 thousand to properly maintain the Native American Aging Network. The LFC recommendation supports this request.

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 impact of delayed payments but stopped this practice over concerns it could leave the state liable if federal revenues did not materialize. In the General Appropriation Act of 2018, the Legislature appropriated \$400 thousand with language to allow the advanced payments to resume, but the appropriation was vetoed. LFC staff and the department then worked on language in the General Appropriation Act of 2019 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 FY23.

During summer 2021 the Non Metro Area Agency on Aging reported it was developing a plan, using nonrecurring federal funding, to establish Medicaid funded adult daycare services. This could significantly increase both funding resources and services availability of adult daycare services by senior centers statewide.

Adult Protective Services. The department general fund request for the Adult Protective Services Program was a \$750 thousand increase, or 7.9 percent, to provide personnel compensation increases of 4 percent. In FY21, the program began reporting rates of repeat maltreatment to assess the effectiveness of the program in preventing maltreatment. At the end of FY21, 3.7 percent of abuse, neglect, or exploitation cases had a recurrence within six months of a previously substantiated case. In FY21, the program investigated 4,355 cases of abuse, neglect, or exploitation, down from 5,494 in FY19. During the first quarter of FY22, the number of investigations of abuse, neglect, or exploitation initiated by Adult Protective Services was 1,332, on par with the number of investigations during the first quarter of the previous fiscal year. The department believes the drop in reports of abuse or neglect from FY21 and FY20 was due to Covid-19 restrictions because most reports are a result of visits to doctors' offices, banks, and other community services.

The department's request for the Consumer and Elder Rights Program was flat with the FY22 operating budget, which the LFC recommendation supports.

The FY23 general fund request for Program Support included an increase of nearly \$1.4 million, or 23 percent. The request included \$273 thousand to reduce the vacancy rate, \$600 thousand for IT infrastructure and several requests for expansions. The LFC recommendation included \$200 thousand for IT and expansions for the Continuing Care Act and IT. Additionally, Program Support requested over \$6 million from the Kiki Saavedra senior dignity fund for a variety new initiatives.

Kiki Saavedra Senior Dignity Fund. During the 2020 legislative session the Legislature appropriated \$7 million to the newly created Kiki Saavedra senior dignity fund. The fund is overseen by ALTSD to address high-priority services for senior citizens and adults with disabilities in New Mexico, to include transportation, food insecurity, physical and behavioral health, case management, and caregiving. The department requested \$6.5 million for nine priorities, including \$1.1 million for caregiver cooperative, \$50 thousand for ombudsman outreach and recruitment, \$365 thousand to build a volunteer network, \$40 thousand for senior physical and mental well-being services, \$1 million for Medicaid infrastructure for the Aging Network, \$1 mil-

lion for supportive housing, \$460 thousand for housing stabilization, \$2 million for home modifications, and \$50 thousand for an economic stability program. The LFC recommendation includes \$2.6 million for the top five priorities of the department, including the caregiver cooperative, ombudsman outreach, the volunteer network, senior physical and mental well-being services, and Medicaid infrastructure. However, the Legislature should be cautious in the use of nonrecurring revenue, such as revenue from this fund, in building programs with recurring expenses.

Capital Outlay. The department has 257 active capital outlay projects with \$51.2 million in unspent balances. If authorized by the Legislature and approved by voters, the 2022 bond question will add 71 additional projects with an additional funding of \$22.5 million.

Base Expansion

The department requested eight expansions. In Adult Protective Services Program, the department requested \$750 thousand for compensation increases for recruitment and retention, and the LFC recommendation includes \$300 thousand. In the Aging Network Program, the department requested \$324.4 thousand for the Office of Indian Elder Affairs, \$81 thousand for the NM Grown food program, and \$55 thousand for additional senior services; the LFC recommendation includes funding for the Office of Indian Elder Affairs. Finally, Program Support requested \$100 thousand for compliance of the Continuing Care Act, \$88.8 thousand for an IT FTE, \$94.1 thousand for a policy analyst FTE, and \$264 thousand to senior services. The LFC recommendation includes \$188.8 thousand for the Continuing Care Act and the IT FTE.

BASE EXPANSION LISTING FY 2022-2023

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Appropriate Placement	P593	750.0	0.0
1	IT-FTE	P591	88.8	88.8
1	NM Grown FTE	P594	81.1	0.0
1	Office of Indian Elder Affairs FTE	P594	324.4	0.0
1	Policy- FTE	P591	94.1	0.0
1	Senior Services Bureau FTE	P594	55.5	0.0
2	Continuing Care Act Compliance	P591	100.0	100.0
3	Kiki Saavedra	P591	265.4	0.0
TOTAL			1,759.3	188.8

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,672.5	1,741.9	1,741.9	1,741.9	0.0
Other Transfers	953.5	1,300.0	1,300.0	1,300.0	0.0
Federal Revenues	2,239.3	1,958.8	1,958.8	1,958.8	0.0
TOTAL SOURCES	4,865.3	5,000.7	5,000.7	5,000.7	0.0

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
USES					
Personal Services and Employee Benefits	3,408.0	3,817.9	3,817.9	3,817.9	0.0
Contractual Services	473.2	497.8	452.8	452.8	(9.0)
Other	790.0	685.0	730.0	730.0	6.6
TOTAL USES	4,671.2	5,000.7	5,000.7	5,000.7	0.0
FTE					
Permanent	46.5	40.0	40.0	40.0	0.0
Term	8.0	8.0	8.0	8.0	0.0
TOTAL FTE	54.5	48.0	48.0	48.0	0.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Quality	Percent of calls to the aging and disability resource center answered by a live operator	55.00%	44.00%	90.00%	90.00%	90.00%
Outcome	Percent of ombudsman complaints resolved within sixty days	100.00%	93.00%	97.00%	97.00%	97.00%
* Outcome	Percent of residents who remained in the community six months following a nursing home care transition	82.00%	83.75%	90.00%	90.00%	90.00%
Quality	Percent of nursing and assisted living facility residents who remained in the facility following a discharge/eviction complaint	95.00%	94.00%	85.00%	85.00%	85.00%
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	92.00%	92.00%	90.00%	90.00%	92.00%
Outcome	Percent of individuals provided short-term assistance that accessed services within 30 days of a referral from options counseling	NEW	98.75%	80.00%	80.00%	95.00%
Output	Percentage of facilities visited monthly	NEW	18.25%	40.00%	40.00%	40.00%

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	11,352.5	9,471.8	10,221.8	9,771.8	3.2
Other Transfers	974.7	4,376.3	4,376.3	4,376.3	0.0
Other Revenues	4.3	0.0	0.0	0.0	0.0
TOTAL SOURCES	12,331.5	13,848.1	14,598.1	14,148.1	2.2
USES					
Personal Services and Employee Benefits	7,631.2	9,708.1	10,458.1	10,008.1	3.1
Contractual Services	2,097.0	3,418.6	3,418.6	3,418.6	0.0
Other	1,145.9	721.4	721.4	721.4	0.0
TOTAL USES	10,874.1	13,848.1	14,598.1	14,148.1	2.2
FTE					
Permanent	130.0	128.0	128.0	128.0	0.0
TOTAL FTE	130.0	128.0	128.0	128.0	0.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* 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	99.00%	98.86%	99.00%	99.00%	99.00%
Output	Number of adult protective services' investigations of abuse, neglect or exploitation	5,494.0	4,355.0	6,150.0	6,150.0	6,150.0
Output	Number of referrals made to and enrollments in home care and adult day care services as a result of an investigation of abuse, neglect or exploitation	NEW	89.0	600.0	600.0	600.0
Outcome	Percentage of repeat abuse, neglect, or exploitation cases within six months of a substantiation of an investigation	NEW	3.74%	5.00%	5.00%	5.00%
Outcome	Percentage of contractor referrals in which services were implemented within two weeks of the initial referral	80.00%	64.19%	99.00%	99.00%	99.00%
Outcome	Percent of priority two investigations in which a caseworker makes initial face to face contact with the alleged victim within prescribed time frames	95.00%	99.36%	95.00%	95.00%	99.00%
Output	Number of outreach presentations conducted in the community within adult protective services' jurisdiction	205.0	132.0	141.0	141.0	141.0

AGING NETWORK

The purpose of the aging network program is to provide supportive social and nutrition services for older individuals and persons with disabilities so they can remain independent and involved in their communities and to provide training, education and work experience to older individuals so they can enter or re-enter the workforce and receive appropriate income and benefits.

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	31,505.7	31,797.0	35,958.0	33,621.4	5.7
Other Transfers	10.5	0.0	0.0	0.0	0.0
Federal Revenues	13,635.4	11,697.8	11,697.8	11,697.8	0.0
Other Revenues	150.2	115.8	115.8	115.8	0.0
TOTAL SOURCES	45,301.8	43,610.6	47,771.6	45,435.0	4.2
USES					
Personal Services and Employee Benefits	1,066.1	1,433.6	1,894.6	1,433.6	0.0
Contractual Services	1,446.2	1,245.1	2,052.7	2,052.7	64.9
Other	40,990.4	40,931.9	43,824.3	41,948.7	2.5
TOTAL USES	43,502.7	43,610.6	47,771.6	45,435.0	4.2
FTE					
Permanent	12.0	14.0	14.0	14.0	0.0
Term	1.0	1.0	1.0	1.0	0.0
Temporary	34.0	0.0	0.0	0.0	0.0
TOTAL FTE	47.0	15.0	15.0	15.0	0.0

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 2023 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 2023 shall not revert to the general fund.

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Percent of individuals exiting the senior employment programs achieving financial independence through employment without public sector subsidy	24.00%	36.00%	43.00%	43.00%	43.00%
* Outcome	Number of hours of caregiver support provided	278,513.0	104,730.0	444,000.0	444,000.0	444,000.0
* Output	Number of hours of service provided by senior volunteers, statewide	957,031.0	607,258.0	1,638,000.0	1,638,000.0	1,638,000.0
Explanatory	Average cost per meal in Bernalillo/Santa Fe counties	NEW	\$7.47	N/A	N/A	N/A
Explanatory	Average cost per meal in rural and tribal areas (all counties except Bernalillo and Santa Fe)	NEW	\$3.78	N/A	N/A	N/A
Explanatory	Average cost per unit of transportation in Bernalillo and Santa Fe counties	NEW	\$121.93	N/A	N/A	N/A
Explanatory	Average cost per unit of transportation in rural and tribal areas (all counties except Bernalillo and Santa Fe)	NEW	\$10.04	N/A	N/A	N/A

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
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	1,135.0	50.0	50.0	250.0
Output	Number of meals served in congregate and home delivered meal settings	NEW	4,744,937.0	4,410,000.0	4,410,000.0	4,410,000.0
Explanatory	Number of clients appointed as legal guardians of kinship children in their care	NEW	309.0	N/A	N/A	N/A
Output	Number of transportation units provided	NEW	68,180.0	637,000.0	637,000.0	637,000.0
Outcome	Percentage of older New Mexicans receiving congregate and home delivered meals through aging network programs that are assessed with "high" nutritional risk	NEW	16.22%	15.00%	15.00%	15.00%

PROGRAM SUPPORTBUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	5,085.3	5,930.8	7,303.5	6,307.9	6.4
Other Transfers	33.8	0.0	0.0	0.0	0.0
Federal Revenues	16.1	121.9	121.9	121.9	0.0
Other Revenues	1.9	0.0	0.0	0.0	0.0
Fund Balance	0.0	0.0	6,247.6	2,553.0	0.0
TOTAL SOURCES	5,137.1	6,052.7	13,673.0	8,982.8	48.4
USES					
Personal Services and Employee Benefits	3,589.2	4,205.6	4,612.9	4,182.7	(0.5)
Contractual Services	192.2	190.2	6,803.2	2,743.2	1,342.3
Other	1,274.1	1,656.9	2,256.9	2,056.9	24.1
TOTAL USES	5,055.5	6,052.7	13,673.0	8,982.8	48.4
FTE					
Permanent	50.0	46.0	46.0	46.0	0.0
Term	1.0	1.0	1.0	1.0	0.0
Temporary	1.0	1.0	1.0	1.0	0.0
TOTAL FTE	52.0	48.0	48.0	48.0	0.0

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,092,249.8	1,155,365.0	1,430,734.9	1,417,025.2	22.6
Other Transfers	247,368.6	308,801.3	288,252.9	289,072.3	(6.4)
Federal Revenues	7,927,093.6	6,749,661.4	7,339,533.3	7,338,644.6	8.7
Other Revenues	89,069.9	71,453.0	136,562.5	136,562.5	91.1
Fund Balance	2,640.1	0.0	0.0	0.0	0.0
TOTAL SOURCES	9,358,422.0	8,285,280.7	9,195,083.6	9,181,304.6	10.8
USES					
Personal Services and Employee Benefits	110,454.2	116,198.2	128,514.6	123,602.7	6.4
Contractual Services	256,837.4	232,458.5	280,406.2	270,747.2	16.5
Other	8,956,361.7	7,936,624.0	8,786,162.8	8,786,954.7	10.7
TOTAL USES	9,323,653.3	8,285,280.7	9,195,083.6	9,181,304.6	10.8
FTE					
Permanent	1,977.5	2,004.5	2,013.5	2,001.5	(0.1)
Term	16.0	16.0	16.0	16.0	0.0
TOTAL FTE	1,993.5	2,020.5	2,029.5	2,017.5	(0.1)

At A Glance

The Human Services Department's FY23 budget request was \$9.195 billion from all revenue sources, a \$909.8 million, or 11 percent, increase over the FY22 operating budget and included an additional \$275.4 million from the general fund, an increase of 23.8 percent. The LFC recommendation is \$9.2 billion from all revenue sources, an \$896 million, or 10.8 percent, increase over the FY22 operating budget, and includes an additional \$261.7 million from the general fund, an increase of 22.6 percent.

The department requested an additional \$244.2 million from the general fund for the Medicaid Program, which represents an increase of 27.4 percent over the FY22 operating budget. LFC recommends a \$243.4 million increase in general fund support for the state's Medicaid program in FY23, an increase of 27.3 percent over the FY22 operating budget. The recommendation primarily uses revenue from the general fund to "backfill" federal funds increased during the pandemic and slated to wind down in FY23 with enrollment projected to slowly decline. LFC also recommends additional general fund support for enrollment and hospital and provider rates affected by utilization, inflation, and minimum wage adjustments.

Budget Issues

Medicaid and Medicaid Behavioral Health. The Human Services Department (HSD) requested a substantial increase in general fund support in FY23 for the Medicaid Program to offset the projected decline in pandemic-related federal support for the program. However, HSD's updated October Medicaid projection indicates the program would require an additional \$35 million in general fund revenue over the requested increase of \$244.2 million. HSD also projected in October that, barring additional pandemic federal funds support beyond March 2022, the Medicaid Program would finish FY22 with a projected shortfall of \$54.5 million. HSD submitted a supplemental appropriation request for this amount, and LFC recommends \$25 million in FY22 supplemental funding because remaining uncertainty in federal funding and possible lower utilization and enrollment.

LFC recommends a \$243.4 million increase in general fund support for the state's Medicaid program in FY23, an increase of just over 27 percent above the operating budget. The LFC recommendation for general fund support backfills Covid-19 federal matching funds used during 2020 and 2021. The LFC recommendation also includes \$819.1 thousand in additional revenue from the county-supported Medicaid fund. The recommendation also provides funding to support decreases in federal matching rates, projected enrollment levels, hospital and provider rates driven by utilization, inflation, and minimum wage, and support to recruit and retain healthcare professionals in New Mexico.

Medicaid Enrollment. HSD reported 951,161 individuals enrolled in Medicaid in October 2021, approximately 45 percent of the state's population and 7 percent over October 2020. The department projects a total of 917,981 people will enroll in Medicaid at the end of FY23 and peak in March 2022 with an estimated 970 thousand individuals. These projections include a projected 248 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 an individual at 138 percent FPL is \$17.8 thousand.

The declining rate of growth in Medicaid enrollment projected for FY23 is a residual effect of HSD's compliance in FY22 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 2022.

In return for the extra 6.2 percent federal matching funds, states' 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 (MOE) 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 rising Medicaid costs. HSD projects an improving economy and growing employment in FY23 will lead to slowing Medicaid enrollment growth, but it will take individuals time to gradually come off the Medicaid program.

Beginning April 2022, HSD's Medicaid and Children's Health Insurance Program (CHIP) enrollment projection applies a 90-day period of MOE population adjustments, from eligibility redeterminations and transitional Medicaid enrollments. As of October 2021, there were 154 thousand individuals identified as the MOE population, including 85 thousand individuals over the qualifying income limit. In addition, there are 139 thousand individuals who have not had their eligibility revisited over the course of the public health emergency. HSD's enrollment projection assumes a net disenrollment of 64 thousand individuals over a 90-day period from April to June 2022. However, this disenrollment projection is preliminary and highly uncertain.

HSD's enrollment outlook for FY23 assumes modest economic recovery in the aftermath of the public health emergency and overall enrollment is projected to average approximately 917 thousand members per month. Despite HSD's projected downward enrollment trend for FY23, the projected enrollment remains above 2020 levels. LFC recommends near the requested level of funding for Medicaid enrollment.

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 CHIP, healthcare inflation, and higher utilization driven by pent-up healthcare demand, Covid-19 patient acuity, and minimum wage increases for personal care services. The federal government is reducing support for CHIP, which will require states to add funding to maintain the program. Also, New Mexico's overall FY23 Medicaid federal matching rate, or federal medical assistance percentage (FMAP), decreased from a rate of 73.71 to 73.26, resulting in additional general fund costs of \$13 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.

For FY23, in addition to support for inflationary impacts on Medicaid rates, HSD also requested over \$20 million in general fund support for additional items including extending post-partum care from three months to 12 months, support for the Kevin S. settlement's required high-fidelity wraparound services, and continued healthcare workforce support through the graduate medical education (GME) program and primary care expansions. The LFC recommendation includes support for these services.

It should be noted Medicaid managed care organizations (MCOs) rates were initially developed based on enrollment projections smaller than actual enrollment. Therefore, MCOs and providers benefitted from larger enrollments with more substantial rates. During the peak of the pandemic, providers also received additional federal relief and saw fewer clients during lockdowns, realizing savings in fixed costs.

Coverage Initiatives. The healthcare affordability fund was authorized during the 2021 legislative session and will generate monies to lower out-of-pocket costs for people purchasing health insurance on the state's health insurance exchange. Revenue for the healthcare affordability fund will be

generated from an increased 2.75 percent surcharge on health insurance premiums. Initially 52 to 55 percent of the revenues will be distributed to the healthcare affordability fund decreasing in 2024 onward to 30 percent. The general fund receives the remainder of the distribution of revenue.

The healthcare affordability fund was initially projected to receive an estimated \$54 million in FY22, rise to a projected \$115 million in FY23 and FY24, and decline to an estimated \$63 million in FY25 and thereafter. The state's general fund also receives revenue generated from the health insurance surtax increase and was projected to receive an estimated \$22 million in FY22, rising to \$38 million in FY23 and FY24 and increasing to \$91 million in FY25 and thereafter. HSD requested funds to pay the increased surtax for Medicaid and Medicare, and LFC recommends use of over \$30 million from the healthcare affordability fund to support the Medicaid Program in FY23.

Revenue Changes. Various other revenue changes also impacted FY23 funding for Medicaid. HSD requested and LFC recommends \$8.8 million in tobacco settlement program funds to support Medicaid.

Additionally, the Department of Finance and Administration and LFC projected the county-supported Medicaid fund will increase to \$39.8 million for FY23. This fund is divided, with 91 percent allocated to HSD and 9 percent allocated to DOH. The LFC recommendation includes \$36.22 million from the county-supported Medicaid fund, \$819.1 thousand greater than requested by HSD. The LFC recommendation decreases general fund support to offset the difference.

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 \$100 million in FY20 in pandemic federal Medicaid matching funds. In FY21, HSD received over \$250 million in pandemic federal Medicaid matching funds; however, the department has not yet finalized its reversion to the general fund. To date for FY22, the Medicaid program has received approximately \$140 million in pandemic federal Medicaid matching funds.

Medicaid Behavioral Health. The Medicaid Program 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. 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.

For FY23, HSD requested and the committee recommends \$3.36 million more general fund revenue than in FY22 for the Medicaid Behavioral Health Program based on projected enrollment and maintaining rates. The general fund support represents a 2.4 percent increase over the FY22 operating budget and represents the committee's continued support for fully funding Medicaid behavioral health services. 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 FY23 budget request for the Income Support Program was \$1.088 billion from all revenue sources, an \$8.5 million, or 0.8 percent, increase over the FY22 operating budget. The Income Support Program's budget request included an increase of \$13.6 million from the general fund, or an increase of 27.7 percent, over the operating budget. HSD's request for federal funds decreased over \$5 million largely because of projected declining enrollment in the Supplemental Nutrition Assistance Program (SNAP). The department requested a \$2.8 million increase in general fund support for personnel vacancies, and increases for IT maintenance, travel, postage, hardware and software renewals, and consolidated customer call center contracts. HSD also requested general fund support for three expansion items: \$1.8 million for the TANF transition bonus cash assistance program, \$1.1 million for a SNAP IT system error analysis contract negotiated with the federal government, and \$5.1 million for the food and hunger initiative.

LFC recommends \$1.08 billion and includes \$54.5 million from the general fund, an increase of \$5.3 million, or 10.7 percent. The LFC recommends additional general fund support to fully fund the TANF transition bonus cash assistance program and the SNAP IT system error analysis contract. LFC also recommends partial funding for increases to support IT maintenance, travel, postage, call center contracts, and hardware and software renewals. LFC recommends funding for the food and hunger initiative from nonrecurring revenue.

In November, HSD updated its Income Support Program funding projections. It should be noted the program expects to spend an additional \$5 million in FY22 for the cash assistance program because of economic pressure from the pandemic driving client enrollment increases. This spending increase in FY22 would result in less carryover balance moving into FY23, reducing the projected carryover amount from \$11 million to approximately \$5 million. HSD could also receive approximately \$13 million in additional federal TANF contingency funds that would also accrue to the carryover bal-

ance. 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 challenging to maintain the same level of TANF support to other departments, such as the over \$54 million transfer to the Early Childhood Education and Care Department for prekindergarten, home visiting, and childcare.

Supplemental Nutrition Assistance Program. The LFC recommendation supports the request for federal SNAP funds totaling \$756.4 million, \$21.7 million less than FY22 levels and \$690 million below FY21 actual expenditures. Monthly SNAP caseloads have been increasing during the Covid-19 pandemic. The September 2021 SNAP caseload was 280,546, up 24 percent from a year ago. Food insecurity remains a significant problem for adults and children in New Mexico. In FY21 and FY22, the Legislature added \$10 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 September 2021 was 12,549, an increase of 9.8 percent from a year ago.

The LFC recommendation for TANF cash assistance is \$49.9 million based on HSD's current projection that indicates continued program growth. HSD is requesting over \$5 million in additional FY22 program expenditure authority for the cash assistance program. The LFC recommendation maintains FY22 operating levels of funding for the vocational training and wage subsidy programs but reduces funding by \$1.4 million as requested for the Career Links program currently administered by the Workforce Solutions Department.

TANF Transfers. Transfers totaling \$54.1 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 \$900 thousand to the Children, Youth and Families Department for supportive housing. However, LFC does not recommend FY23 transfers totaling \$200 thousand to the Public Education Department (PED) for the Graduation, Reality and Dual-Role Skills (GRADS) program because these funds are instead supplanted with general fund revenue in the PED FY23 budget.

Behavioral Health Services Program. The Behavioral Health Services Program's FY23 budget request was \$86 million from all sources. The general fund request of \$56.1 million was an increase of \$7.7 million, or 15.9 percent, above the FY22 operating budget. The Behavioral Health Services Division (BHSD) requested general fund increases of \$4.7 million for expansion items, including the 988 Crisis Now phone line implementation, \$1.2 million for provider rate increases for behavioral health services not eligible for Medicaid funding, \$1.2 million for trauma and evidence-based behavioral healthcare, and \$549.3 thousand for local behavioral health collaboratives and behavioral health collaborative staffing and training.

The LFC recommendation for the Behavioral Health Services Program supports an overall budget for FY23 of \$82.6 million, including increasing general fund support by \$4.3 million, or 9 percent. LFC recommends general fund support totaling \$1.5 million for the 988 Crisis Now phone line in addition to \$2.2 million in a special appropriation for a total of \$4.7 million. The recommendation also includes \$1.2 million for non-Medicaid-eligible behavioral health provider rate increases, \$850 thousand for substance use disorder and evidence-based behavioral health program modalities, \$270.4 thousand for local behavioral health collaboratives, and an additional \$500 thousand for the Linkages supportive housing program.

To improve behavioral health access during the pandemic, New Mexico Medicaid managed care organization (MCOs) and non-Medicaid programs allowed behavioral health providers to bill for telephone visits using the same rates for in-person visits. For the 12-month period, July 1, 2019 through June 30, 2020, 22,575 unduplicated members were served through telehealth services. In the last two federal stimulus packages, BHSD received over \$20 million in federal funds to support treatment services for individuals with mental health and substance use disorders. Priorities are to train and provide ongoing coaching to providers on evidence-based practices that can rapidly be delivered via telehealth, enhance the New Mexico Crisis and Access Line (NMCAL), implement peer recovery supports, and support the network of crisis response, including telepsychiatry, crisis triage, and mobile outreach.

Child Support Enforcement Program. The recommendation supports the Child Support Enforcement Division's (CSED) \$33.3 million request for FY23, including an additional \$1.88 million in general fund support. The total request and recommendation represent an increase over the FY22 operating budget of 1.6 percent and an additional 23 percent in general fund revenue. The additional general fund support includes \$1.7 million for an expansion item to replace child support TANF collection recoveries with general fund revenue, allowing leveraging of federal TANF recovery funds that can be paid directly to clients receiving child support. 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 \$75.8 million for FY23, including an increase of \$4.5 million in general fund revenue, a 25 percent increase over the FY22 operating budget. The requested funding supports the maintenance and operations contract for the department's Medicaid management information system (MMIS) used to process Medicaid and other transactions, IT system security software, an expansion of 4 FTE in the Information Technology Division, and additional funding to address vacancy rates in the Office of Human Resources. The LFC recommendation supports \$3.3 million of the \$4.5 million request for general fund revenue for these items.

HSD Quarterly Performance Reporting. In FY21, HSD endeavored to maintain and improve healthcare access during the Covid-19 pandemic despite multiple challenges, including facility closures due to public health orders. Nonetheless, HSD underperformed in the Medicaid and Income Support programs. New Mexico's Medicaid program covers the largest percent of the state's population compared with other programs in the country, but throughout FY21, Medicaid reported quarterly performance data on just three performance measures. The Medicaid program received a red rating because of declining performance and a lack of quarterly reporting of performance data for this important program. However, for FY22 the department has added substantially more performance measures and is slated to increase its quarterly performance reporting both in FY22 and FY23.

**BASE EXPANSION LISTING
FY 2022-2023**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	988 and Crisis Now Implementation	P767	0.0	1,500.0
0	Behavioral Health Collaborative	P767	0.0	270.4
0	Hiring and Onboarding for the 21st Century	P522	0.0	165.0
0	Implementation of Trauma Responsive and Evidence Based BH Care	P767	0.0	850.0
0	Pitches for the People: Project Amiga	P525	0.0	1,055.9
0	Pitches for the People: Transition Bonus Program	P525	0.0	1,821.7
0	Provider rate increase not provided for non-Medicaid services	P767	0.0	1,250.0
1	Implementation of Trauma Responsive and Evidence Based BH Care	P767	1,241.2	0.0
3	988 and Crisis Now Implementation	P767	4,672.5	0.0
4	Pitches for the People: Project Amiga	P525	1,055.9	0.0
5	Pitches for the People: Transition Bonus Program	P525	1,821.7	0.0
6	Behavioral Health Collaborative	P767	549.3	0.0
7	Hiring and Onboarding for the 21st Century	P522	324.6	0.0
8	Provider rate increase not provided for non-Medicaid services	P767	1,250.0	0.0
9	Food and Hunger Initiative - Hunger Relief	P525	5,081.0	0.0
TOTAL			15,996.2	6,913.0

CHILD SUPPORT ENFORCEMENT

The purpose of the child support enforcement program is to provide location, establishment and collection services for custodial parents and their children; to ensure that all court orders for support payments are being met to maximize child support collections; and to reduce public assistance rolls.

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	8,119.7	8,223.6	10,105.2	10,105.2	22.9
Other Transfers	41.6	0.0	0.0	0.0	0.0
Federal Revenues	22,140.4	21,554.2	21,919.0	21,919.0	1.7
Other Revenues	2,604.2	3,016.4	1,281.9	1,281.9	(57.5)
Fund Balance	2,636.7	0.0	0.0	0.0	0.0
TOTAL SOURCES	35,542.6	32,794.2	33,306.1	33,306.1	1.6
USES					
Personal Services and Employee Benefits	19,323.9	21,013.4	21,189.3	21,189.3	0.8
Contractual Services	7,473.3	6,916.5	7,202.4	7,202.4	4.1
Other	5,746.2	4,864.3	4,914.4	4,914.4	1.0
TOTAL USES	32,543.4	32,794.2	33,306.1	33,306.1	1.6
FTE					
Permanent	373.0	370.0	370.0	370.0	0.0
TOTAL FTE	373.0	370.0	370.0	370.0	0.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Outcome	Amount of child support collected, in millions	\$156	N/A	\$145	\$145	\$145
* Outcome	Percent of current support owed that is collected	58.70%	N/A	60.00%	60.00%	60.00%
* Outcome	Percent of cases with support orders	83.20%	N/A	85.00%	85.00%	85.00%
Output	Total dollars collected in child support obligations for each dollar expended by the child support enforcement program	N/A	N/A	\$4	\$4	\$4
Outcome	Average amount of child support collected, per child	NEW	N/A	\$0	\$58	\$58
* Outcome	Percent of noncustodial parents paying support to total cases with support orders	NEW	N/A	58.00%	0.00%	65.00%

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	852,416.4	891,255.9	1,135,491.4	1,134,662.0	27.3
Other Transfers	247,002.9	308,801.3	285,952.9	286,772.3	(7.1)
Federal Revenues	5,536,237.1	5,084,537.0	5,652,649.8	5,650,877.1	11.1
Other Revenues	85,474.7	67,164.4	134,008.4	134,008.4	99.5
TOTAL SOURCES	6,721,131.1	6,351,758.6	7,208,102.5	7,206,319.8	13.5
USES					
Personal Services and Employee Benefits	12,383.7	13,746.5	15,508.3	14,281.7	3.9
Contractual Services	105,738.6	73,439.8	103,476.4	102,930.3	40.2
Other	6,578,058.9	6,264,572.3	7,089,117.8	7,089,107.8	13.2
TOTAL USES	6,696,181.2	6,351,758.6	7,208,102.5	7,206,319.8	13.5
FTE					
Permanent	202.5	215.5	219.5	216.5	0.5
TOTAL FTE	202.5	215.5	219.5	216.5	0.5

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 2023 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 one million two hundred fifty-five thousand four hundred dollars (\$1,255,400) from the tobacco settlement program fund for the breast and cervical cancer treatment program, five million three hundred thirteen thousand nine hundred dollars (\$5,313,900) from the tobacco settlement program fund for medicaid programs and two million two hundred seventy-seven thousand dollars (\$2,277,000) from tobacco settlement program fund balances for medicaid programs.

The internal service funds/interagency transfers appropriations to the medical assistance program of the human services department include thirty-six million two hundred eighteen thousand dollars (\$36,218,000) from the county-supported medicaid fund.

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Percent of children ages three to twenty-one who had one or more well-care visits during the measurement year	0.00%	NEW	NEW	67.00%	67.00%
Outcome	Percent of children two years of age enrolled in Medicaid managed care who had four diphtheria, tetanus and acellular pertussis; three polio; one measles, mumps, and rubella; three haemophilus influenza type B; three hepatitis B; one chicken pox; and four pneumococcal conjugate vaccines by their second birthday	0.00%	NEW	NEW	71.00%	71.00%
Outcome	Percent of discharges for members six years of age or older in Medicaid managed care who were hospitalized for treatment of selected mental illness diagnoses and who had a follow-up visit with a mental health practitioner within thirty days after discharge	0.00%	NEW	NEW	52.00%	55.00%
Outcome	Percent of emergency department visits for members six years of age and older with a principal diagnosis of mental illness who had a follow-up visit for mental illness within thirty days of the emergency department visit	0.00%	NEW	NEW	47.00%	50.00%
Outcome	Percent of hospital readmissions for adults eighteen and over within thirty days of discharge	0.00%	NEW	NEW	8.00%	8.00%
Outcome	Percent of Medicaid managed care member deliveries with a postpartum visit on or between seven and eighty-four calendar days after delivery	0.00%	NEW	NEW	66.00%	66.00%
Outcome	Percent of Medicaid managed care members age eighteen years and older as of April 30 of the measurement year who were diagnosed with a new episode of major depression during the intake period and received at least one-hundred eighty calendar days six months of continuous treatment with an antidepressant medication	0.00%	NEW	NEW	35.00%	35.00%
Outcome	Percent of Medicaid managed care members eighteen to sixty-four years of age with schizophrenia, schizoaffective disorder or bipolar disorder who were dispensed an antipsychotic medication and had a diabetes screening test during the measurement year	0.00%	NEW	NEW	82.00%	82.00%
Outcome	Percent of adolescent and adult Medicaid managed care members with a new episode of alcohol or other drug dependence who received initiation of alcohol and other drug treatment	0.00%	NEW	NEW	46.00%	50.00%
Outcome	Percent of adult Medicaid members diagnosed with major depression who receive continuous treatment with an antidepressant medication	0.00%	NEW	NEW	35.00%	35.00%
Outcome	Percent of members three to seventeen years of age enrolled in Medicaid managed care who had an outpatient visit with a primary care physician or obstetrician/gynecologist and who had evidence of counseling for physical activity during the measurement year	0.00%	NEW	NEW	58.00%	58.00%

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Number of unique Medicaid managed care members receiving behavioral health services by a behavioral health provider	0.0	NEW	NEW	230,000.0	230,000.0
Output	Number of unique Medicaid managed care members receiving behavioral health services by a non-behavioral health provider	0.0	NEW	NEW	140,000.0	140,000.0
Output	Number of unique Medicaid managed care members with a telemedicine visit at the end of the previous calendar year	0.0	NEW	NEW	140,000.0	140,000.0
* 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	61.00%	N/A	72.00%	72.00%	72.00%
* Explanatory	Percent of infants and children in Medicaid managed care who had six or more well-child visits in the first fifteen months of life	46.10%	0.00%	N/A	N/A	N/A
* 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	73.20%	N/A	88.00%	88.00%	88.00%
* Outcome	Percentage of members eighteen to seventy-five years of age in Medicaid managed care with diabetes, types 1 and 2, whose HbA1c was 9 percent during the measurement year	62.80%	N/A	86.00%	86.00%	86.00%
Outcome	Percent of hospital readmissions for children in Medicaid managed care ages two through seventeen years within thirty days of discharge.	5.30%	N/A	5.00%	5.00%	5.00%
* Outcome	Percent of adults in medicaid managed care age eighteen and over readmitted to a hospital within thirty days of discharge	7.50%	N/A	0.00%	8.00%	8.00%
* Outcome	Percent of Medicaid managed care member deliveries who received a prenatal care visit in the first trimester or within forty-two days of eligibility	82.00%	N/A	83.00%	83.00%	83.00%
Explanatory	Expenditures for children and youth receiving services through Medicaid school-based service programs through an individualized education program (IEP), in millions	\$14	N/A	N/A	N/A	N/A
Quality	Percent of members reporting satisfaction with centennial care services	N/A	N/A	82.00%	82.00%	82.00%
Outcome	Percent of Centennial Care members participating in Centennial rewards	41.30%	N/A	47.00%	47.00%	47.00%
Outcome	Rate of short term complication admissions for Medicaid managed care members with diabetes per 100,000 members	16.7	N/A	16.4	16.4	16.4
Outcome	Percent of Medicaid managed care members five through 64 years of age who were identified as having persistent asthma and had a ratio of controller medications to total asthma medications of 0.50 or greater during the measurement year	66.00%	N/A	55.00%	55.00%	55.00%
Explanatory	Number of justice-involved individuals who are made eligible for Medicaid prior to release	1,479.0	N/A	N/A	N/A	N/A

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Percent of non-emergent utilization of all emergency department utilization that is categorized as non-emergent care	59.00%	N/A	50.00%	50.00%	45.00%
Explanatory	Number of Medicaid managed care members being served by patient-centered medical homes and health homes (as compared to) previous year	367,602.0	N/A	N/A	N/A	N/A
Output	Number of Medicaid managed care members that have received treatment for hepatitis C in the reporting year	1,411.0	N/A	1,200.0	1,200.0	1,200.0
Output	Percent of provider payments included in value-based purchasing arrangements	48.00%	N/A	20.00%	20.00%	50.00%
Outcome	Percent of Medicaid managed care members with a nursing facility level of care who are being served in a non-institutional setting	86.00%	NEW	80.00%	80.00%	86.00%

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	49,569.0	49,236.5	62,874.9	54,501.6	10.7
Other Transfers	141.6	0.0	0.0	0.0	0.0
Federal Revenues	1,728,500.3	1,030,750.4	1,025,637.9	1,026,613.2	(0.4)
Other Revenues	129.5	60.8	60.8	60.8	0.0
TOTAL SOURCES	1,778,340.4	1,080,047.7	1,088,573.6	1,081,175.6	0.1
USES					
Personal Services and Employee Benefits	59,593.5	59,530.5	67,992.6	65,118.7	9.4
Contractual Services	51,779.8	49,322.9	48,077.3	42,726.8	(13.4)
Other	1,666,597.8	971,194.3	972,503.7	973,330.1	0.2
TOTAL USES	1,777,971.1	1,080,047.7	1,088,573.6	1,081,175.6	0.1
FTE					
Permanent	1,121.0	1,124.0	1,125.0	1,124.0	0.0
Term	7.0	9.0	9.0	9.0	0.0
TOTAL FTE	1,128.0	1,133.0	1,134.0	1,133.0	0.0

Recommended Language

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 fifty million six hundred ninety-five thousand six hundred dollars (\$50,695,600) from the federal temporary assistance for

needy families block grant to provide cash assistance grants to participants as defined in the New Mexico Works Act, including 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 sixteen million six hundred forty-eight thousand three hundred dollars (\$16,648,300) from the federal temporary assistance for needy families block grant for job training and placement and job-related transportation services, employment-related costs and a transitional employment program. The funds for the transitional employment program and the wage subsidy program may be used interchangeably.

The federal funds appropriations to the income support program of the human services department include thirty-one million five hundred twenty-seven thousand five hundred dollars (\$31,527,500) 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 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 2023 from the other state funds appropriations derived from reimbursements received from the social security administration for the general assistance program shall not revert.

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Average supplemental nutrition assistance program benefit payment, per client	\$0.00	NEW	NEW	\$0.00	\$400.00
Outcome	Percent of supplemental nutrition assistance program payment errors showing percent over issued during reporting period	0.00%	NEW	NEW	1.18%	1.00%
Outcome	Percent of supplemental nutrition assistance program payment errors showing percent under issued during reporting period	0.00%	9,999,999.10%	NEW	1.18%	1.00%
Outcome	Percent of two-parent temporary assistance for needy families meeting federal work participation requirements	0.00%	NEW	NEW	62.00%	63.00%
Outcome	Supplemental nutrition assistance program and Medicaid recertification timeliness, which includes supplemental nutrition assistance program and Medicaid benefits, that were approved ongoing and terminated during reporting period	0.0	NEW	NEW	96.0	96.0
Output	Number of homes heated and cooled in New Mexico via the low-income home energy assistance program	0.0	NEW	NEW	N/A	5,000.0
Output	Number of meals provided to New Mexican families via the supplemental nutrition assistance program	0.0	NEW	NEW	N/A	2,000,000.0
Output	Number of New Mexican families provided with necessities and shelter for the last full month via the temporary assistance for needy families program	0.0	NEW	NEW	N/A	10,000.0
* Outcome	Percent of all parent participants who meet temporary assistance for needy families federal work participation requirements	35.00%	N/A	20.00%	37.00%	53.00%

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Outcome	Percent of temporary assistance for needy families two-parent recipients meeting federal work participation requirements	43.10%	N/A	40.00%	52.00%	63.00%
Outcome	Percent of expedited (emergency) supplemental nutritional assistance program cases meeting federally required measure of timeliness within seven days	98.80%	98.00%	95.00%	98.00%	98.00%
Outcome	Percent of non-expedited (non-emergency) supplemental nutritional assistance program cases meeting the federally required measure of timeliness within thirty days	98.80%	98.63%	95.00%	98.00%	98.00%
Outcome	Percent of adult temporary assistance for needy families recipients who become newly employed during the report year	18.10%	99,999.20%	30.00%	30.00%	50.00%
Outcome	Percent of adult temporary assistance for needy families recipients who have become ineligible for cash assistance due to new work-related income	14.10%	0.00%	37.00%	0.00%	37.00%

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	115,954.9	140,420.0	143,787.0	143,787.0	2.4
Federal Revenues	571,711.3	537,785.0	559,518.0	559,518.0	4.0
TOTAL SOURCES	687,666.2	678,205.0	703,305.0	703,305.0	3.7
USES					
Other	684,087.0	678,205.0	703,305.0	703,305.0	3.7
TOTAL USES	684,087.0	678,205.0	703,305.0	703,305.0	3.7

Recommended Language

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.

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Outcome	Percent of readmissions to same level of care or higher for children or youth discharged from residential treatment centers and inpatient care	8.90%	10.77%	5.00%	5.00%	5.00%
* Output	Number of individuals served annually in substance use or mental health programs administered through the behavioral health collaborative and medicaid programs	214,935.0	200,932.0	200,000.0	200,000.0	200,000.0
Outcome	Percent of people with a diagnosis of alcohol or drug dependency who initiated treatment and received two or more additional services within 34 days of the initial visit.	NEW	17.57%	18.00%	14.40%	20.00%
* 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	53.80%	50.00%	55.00%	60.00%

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	48,348.7	48,406.8	56,119.8	52,777.2	9.0
Other Transfers	150.9	0.0	0.0	0.0	0.0
Federal Revenues	28,069.6	33,048.2	29,861.1	29,861.1	(9.6)
Other Revenues	150.1	0.0	0.0	0.0	0.0
TOTAL SOURCES	76,719.3	81,455.0	85,980.9	82,638.3	1.5
USES					
Personal Services and Employee Benefits	3,075.9	4,411.3	5,329.4	4,958.8	12.4
Contractual Services	63,951.7	75,120.2	79,059.4	76,111.9	1.3
Other	6,826.5	1,923.5	1,592.1	1,567.6	(18.5)
TOTAL USES	73,854.1	81,455.0	85,980.9	82,638.3	1.5
FTE					
Permanent	37.0	46.0	51.0	46.0	0.0
Term	9.0	7.0	7.0	7.0	0.0
TOTAL FTE	46.0	53.0	58.0	53.0	0.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Percent of youth on probation who were served by the behavioral health collaborative and medicaid programs	67.40%	0.00%	62.00%	62.00%	62.00%
Outcome	Percent of adults with mental illness or substance abuse disorders receiving services who report satisfaction with staff's assistance with their housing need	N/A	53.80%	50.00%	55.00%	55.00%
Outcome	Percent of individuals discharged from inpatient facilities who receive follow-up services at seven days	38.40%	NEW	50.00%	36.20%	40.00%
* Outcome	Percent of individuals discharged from inpatient facilities who receive follow-up services at thirty days	55.40%	NEW	70.00%	56.90%	60.00%
Outcome	Percent of increase in Health Homes clients over the prior year.	10.00%	4,183.00%	3.50%	5.00%	5.00%
* 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	20.60%	0.00%	18.00%	14.40%	20.00%
Explanatory	Number of suicides of youth served by the behavioral health collaborative and medicaid programs	8.0	5.0	N/A	N/A	N/A
Quality	Percent of persons receiving behavioral health services who report satisfaction with those services.	N/A	85.82%	88.00%	85.00%	85.00%
* Outcome	Percent of adults diagnosed with major depression who remained on an antidepressant medication for at least one hundred eighty days	36.40%	38.30%	35.00%	39.30%	39.30%
Explanatory	Percent increase of persons served through telehealth in urban, rural, and frontier counties for behavioral health.	633.00%	68.80%	N/A	N/A	N/A
Outcome	Percent of emergency department visits, for medicaid managed care members 13 years of age and older, with a principal diagnosis of alcohol or other drug dependence, who had a follow-up visit for mental illness within seven days and 30 days of emergency department visit	18.70%	19.70%	19.00%	19.60%	25.00%
Output	Percent of Certified Peer Support Workers providing services in at least 2 quarters of the measurement year.	NEW	62.50%	5.00%	30.00%	30.00%
Explanatory	Members with opioid abuse or dependence who initiated treatment within 14 days of diagnosis	NEW	N/A	N/A	N/A	N/A
* Outcome	Percent of medicaid members released from inpatient psychiatric hospitalization stays of four or more days who receive seven-day follow-up visits into community-based behavioral health	NEW	57.30%	51.00%	51.00%	51.00%

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Explanatory	Members with alcohol abuse or dependence who initiated treatment within 14 days of diagnosis	NEW	NEW	N/A	N/A	N/A
Explanatory	Members with opioid abuse or dependence who had two or more additional visits within 34 days	NEW	28.0	N/A	N/A	N/A
Outcome	Number of persons receiving telephone behavioral health services through Medicaid and non-Medicaid programs.	NEW	NEW	60,000.0	15,000.0	15,000.0
Explanatory	Members with alcohol abuse or dependence who had two or more additional visits within 34 days	NEW	NEW	N/A	N/A	N/A
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	N/A	49.00%	50.00%	50.00%	50.00%

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	17,841.1	17,822.2	22,356.6	21,192.2	18.9
Other Transfers	31.6	0.0	2,300.0	2,300.0	0.0
Federal Revenues	40,435.0	41,986.6	49,947.5	49,856.2	18.7
Other Revenues	711.4	1,211.4	1,211.4	1,211.4	0.0
Fund Balance	3.4	0.0	0.0	0.0	0.0
TOTAL SOURCES	59,022.5	61,020.2	75,815.5	74,559.8	22.2
USES					
Personal Services and Employee Benefits	16,077.3	17,496.5	18,495.0	18,054.2	3.2
Contractual Services	27,894.0	27,659.1	42,590.7	41,775.8	51.0
Other	15,045.4	15,864.6	14,729.8	14,729.8	(7.2)
TOTAL USES	59,016.7	61,020.2	75,815.5	74,559.8	22.2
FTE					
Permanent	244.0	249.0	248.0	245.0	(1.6)
TOTAL FTE	244.0	249.0	248.0	245.0	(1.6)

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Percent of automated eligibility decisions including real time eligibility, administrative renewal, auto denial/closure, and mass update	0.00%	NEW	NEW	30.00%	12.00%
Outcome	Percent of employees who leave the human services department during the quarter as an annualized number	0.00%	NEW	NEW	15.00%	12.00%
Outcome	Percent of human services department mentions in the media with positive and neutral sentiments compared to negative sentiments	0.00%	NEW	NEW	0.00%	12.00%
Outcome	Percent of human services department positions that are filled as a portion of authorized full time equivalent positions and budgeted positions	0.00%	NEW	NEW	95.22%	12.00%
Outcome	Average customer self-reported satisfaction with the human services department and its programs supplemental nutrition assistance program, temporary assistance for needy families, child support, Medicaid and low-income home energy assistance program	0.00%	NEW	NEW	4.00%	12.00%
Outcome	Average human services department staff self-reported score related to having the tools, training, and resources needed to telework effectively	0.00%	NEW	NEW	4.00%	12.00%
Output	Number of visits across human services department website, Medicaid portal, YesNM Portal, child support portal, human services department facebook page, and human services department twitter account	0.0	NEW	NEW	638,550.0	1,000,000.0
Output	Percent of timely final decisions on administrative disqualification hearings (within 90 days of hearing being scheduled)	100.00%	N/A	100.00%	100.00%	100.00%
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 90 days from the date of the assignment	N/A	0.00%	N/A	N/A	N/A
Outcome	Percent of administrative cost compared to total claims collected by the restitution services bureau	15.00%	NEW	NEW	15.00%	10.00%
Outcome	Total Medicaid program integrity recoveries collected for each dollar expended by the program	\$12	N/A	\$7	\$3	\$8

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	9,880.6	9,456.2	11,356.2	9,849.9	4.2
Other Transfers	3,616.6	12,147.6	19,804.4	20,991.3	72.8
Federal Revenues	76,995.0	85,925.3	86,119.7	86,119.7	0.2
Other Revenues	1,625.3	0.0	0.0	0.0	0.0
Fund Balance	4,982.4	4,982.4	4,982.4	5,169.3	3.8
TOTAL SOURCES	97,099.9	112,511.5	122,262.7	122,130.2	8.5
USES					
Personal Services and Employee Benefits	31,647.7	34,852.1	40,590.5	40,590.5	16.5
Contractual Services	14,094.5	16,178.7	16,336.8	16,336.8	1.0
Other	43,350.7	56,498.3	60,353.0	60,033.6	6.3
Other Financing Uses	1,312.3	4,982.4	4,982.4	5,169.3	3.8
TOTAL USES	90,405.2	112,511.5	122,262.7	122,130.2	8.5
FTE					
Permanent	702.0	414.5	664.0	547.0	32.0
Term	145.0	84.5	146.5	158.5	87.6
Temporary	95.0	0.0	104.0	38.0	0.0
TOTAL FTE	942.0	499.0	914.5	743.5	49.0

At A Glance

Workforce Solutions' FY23 budget request was a \$1.9 million, or 20.1 percent increase, in general fund revenue. The request would replace \$1 million in Workers' Compensation Administration revenue for general fund revenue and fill vacancies to implement the Healthy Workplaces Act, Section 50-17-1 NMSA 1978, which requires employers to provide paid sick leave. The department's request included an increase in FTE or 415.5 positions, for an 83 percent increase. The new positions would address claim backlogs, implement the Healthy Workplaces Act, and operate the federal Temporary Assistance for Needy Families (TANF) employment and training program that transferred from the Human Services Department (HSD) in 2021.

The committee's revenue recommendation increases general fund revenue by 4 percent, the use of recurring fund balances by nearly 3 percent, and other transfers by 73 percent in support of the TANF transfer. The recommendation does not support replacing general fund revenue with Workers' Compensation Administration transfer revenue. Because of growing personnel and pandemic-related needs, LFC supports the department's expenditure request for personnel cost and contractual service increases but makes minor adjustments to the other category.

Budget Issues

After responding to the Covid-19 pandemic, the Workforce Solutions Department continued to adapt to ongoing labor force challenges. In FY21, the department distributed nearly \$3 billion in pandemic unemployment insurance aid to help keep the state's labor force afloat. At the pandemic's height, close to 200 thousand weekly claims were being processed at a cost of about \$140 million per week. By September 2020, the unemployment insurance trust fund, from which benefits are drawn, was insolvent and the state started borrowing from the federal government to pay claims. Loan bal-

ances reached a high of \$290 million before the state paid the balances and replenished the fund from federal state fiscal relief funds. The unprecedented number of claims led to backlogged claims and claim processing staff shortages.

The department initially responded by shifting staff from fraud prevention to claims processing, which led to backlogged fraud investigations. Other fraud and payment problems surfaced and a May 2021 LFC policy spotlight identified \$250 million in unemployment insurance (UI) benefit overpayments. To address issues identified in the report, the department underwent a surge in staff hiring, many of which were repurposed Department of Health contact tracers. Between October 2020 and October 2021, the Unemployment Insurance Program added 118 new positions above the 164 existing positions, a 72 percent increase. However, on September 4, 2021, federal pandemic related UI benefits ended and weekly claims dropped from 100 thousand to about 25 thousand in October 2021, with further claims decreases expected as the 13-week extended benefits program runs its course. As of October, many of the workers remain employed with WSD and are augmenting permanent staff, who are being used to work through investigation backlogs. The department expects to reduce the number of workers in the coming months.

The request for the Unemployment Insurance (UI) Program would increase revenue from the general fund by \$150.5 thousand, or about 13 percent, over the FY22 operating budget. The requested increase in the other costs category is for IT hardware and software and is aligned with FY21 elevated spending levels. The UI program would also increase the number of FTE to 335, more than doubling the number of FTE in the FY22 operating budget.

When the department's request was assembled in August 2021, 300 FTE were filled in the UI program but by October the number dropped to 237, largely because the department is eliminating temporary staff transferred from Department of Health. As unemployment programs wind down, the number of staff needed to process backlogged claims and investigate fraud is also expected to decline. LFC's recommendation for the program largely supports the request but maintains FTE levels commensurate with the FY22 operating budget. LFC also maintained other costs category spending at FY22 levels because the department will not need to purchase as much hardware and software as it did in FY21.

Rebuilding the Labor Force. Like UI, the request for Employment Services substantially grew the program. The request replaced a \$1 million transfer from the Workers' Compensation Administration (WCA) with general fund revenue and more than doubled transfer revenue to operate the federal Temporary Assistance for Needy Families (TANF) employment and training program, formerly operated by the Human Services Department. Largely because of the TANF program, spending on personnel costs would increase 53 percent and other category spending would increase 31 percent, with FTE in the program increasing from 149 in the FY22 operating budget to 368 in FY23, a 147 percent increase.

Most of the newly requested positions are interns, career counselors, and recruiters. When the wage employment and training program was at the Human Services Department, the Income Support Program primarily contracted the program to SL Start New Mexico, which worked with TANF recipients to help them find work through career counseling and internships while clients received training or education. According to Workforce Solutions, instead of contracting the program out, the department is operating the program internally, explaining the substantial increase in FTE. Interns will work for state agencies or the private sector and will be paid with TANF funds by the state. The department expects it could hire as many as 200 interns.

August 2021 balances in the WCA fund were \$4.2 million, or about 37 percent above August 2020. The agency request to eliminate the annual transfer of \$1 million from the Workers' Compensation Administration fund to the Workforce Solutions Department is not supported and the committee recommends continuing the transfer in FY23. With \$4.2 million in fund balances in the WCA fund and the likelihood assessment fee revenue will continue to increase as workers return to work, WCA fund balances are sufficient to continue supporting the transfer.

Aside from the request to eliminate the WCA transfer, the LFC's recommendation supports the request for employment services and the TANF program.

Expansion. The department also requested \$900 thousand in general fund revenue, across three programs, to implement the Healthy Workplaces Act (HWA). In 2021, the Legislature passed HWA requiring employers to provide sick leave of one hour per 30 hours worked, with earned sick leave carrying over from year-to-year with carryover not less than 64-hours. The Labor Relations Division is primarily responsible for implementing the act and is finalizing the rules ahead of the effective date of July 1, 2022. Funding was also requested in Program Support and Information Technology. Unlike wage and hour statutes, WSD reports it is required to investigate complaints related to the act, which may significantly increase investigation volumes. The department already hired a program administrator and is requesting an administrative assistant, an attorney, a paralegal, tech support staff, and five investigators.

The recommendation supports the expansion request but uses more revenue from the employment security department fund instead of relying solely on the general fund in Program Support and Information Technology. LFC supports the requested funding levels for the Labor Relations Program but adjusted other category spending to align with the FY22 operating budget. The recommendation supports spending levels in the other two programs to allow for implementation of the act.

Accountability. The 2020 fiscal audit included three repeated and modified findings and three new findings. One finding was due to the department not reconciling the general ledger timely, resulting in inaccurate accruals of receivables and benefits payable that led the auditor to adjust the UI trust fund twice, for a total of \$235 million, to reconcile the fund after the end of the fiscal year. The auditor noted turnover in the department's accounting staff, including the departure of the former chief financial officer (CFO) was partially to blame. Also, there has been no formally appointed cabinet secretary since June 2021, with the current acting secretary also serving double-duty as State Personnel Office director.

Concerns remain over the strength of WSD accounting practices, due to continued turnover and internal issues found by staff at the State Auditor's Office. For example, the new CFO and several other finance staff recently departed and WSD needed to contract with a third-party financial firm to assist in the FY21 annual financial audit and to assist in day-to-day financial management. The situation is concerning because accurate accounting is imperative and the state wants to ensure unemployment insurance trust fund solvency for the long term. In October 2021, WSD reported the program hired someone to help with the audit but that the audit will be late.

As of the July 2021 quarterly capital outlay report, the renovation of WSD's administrative Tiwa building in Albuquerque was on track and the project received a green rating because the project was in construction and the \$6 million in phase one funds had been budgeted. Administrative staff expect the project to move smoothly because most of WSD's staff continue working from home.

**BASE EXPANSION LISTING
FY 2022-2023**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	HB20 implementation Staffing	P776	0.0	455.0
0	HB20 Implementation IT staffing	P777	0.0	146.9
0	HB20 Implementation Legal staff	P779	0.0	173.1
1	HB20 implementation Staffing	P776	580.0	0.0
2	HB20 Implementation IT staffing	P777	146.9	0.0
3	HB20 Implementation Legal staff	P779	173.1	0.0
TOTAL			900.0	775.0

UNEMPLOYMENT INSURANCE DIVISION

The purpose of the unemployment insurance program is to administer an array of demand-driven workforce development services to prepare New Mexicans to meet the needs of business.

**BUDGET SUMMARY
(dollars in thousands)**

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,352.7	1,183.4	1,333.9	1,139.5	(3.7)
Other Transfers	830.2	968.7	818.2	818.2	(15.5)
Federal Revenues	12,600.7	11,955.3	12,149.7	12,149.7	1.6
TOTAL SOURCES	14,783.6	14,107.4	14,301.8	14,107.4	0.0
USES					
Personal Services and Employee Benefits	10,251.8	10,856.8	10,856.8	10,856.8	0.0
Contractual Services	1,620.6	1,255.0	1,255.0	1,255.0	0.0
Other	2,187.9	1,995.6	2,190.0	1,995.6	0.0
TOTAL USES	14,060.3	14,107.4	14,301.8	14,107.4	0.0

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
FTE					
Permanent	303.0	132.0	249.0	132.0	0.0
Term	20.0	32.0	20.0	32.0	0.0
Temporary	66.0	0.0	66.0	0.0	0.0
TOTAL FTE	389.0	164.0	335.0	164.0	0.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Output	Percent of eligible unemployment insurance claims issued a determination within twenty-one days from the date of claim	72.80%	55.80%	89.00%	80.00%	80.00%
Output	Percent of all first payments made within 14 days after the waiting week	83.50%	60.20%	90.00%	87.00%	87.00%
Output	Percent accuracy rate of claimant separation determinations	N/A	53.30%	91.00%	75.00%	75.00%
* 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	24:0	18:7	18:0	18:0	18:0
* Output	Average wait time to speak to a customer service agent in the unemployment insurance operation center to file a weekly certification, in minutes	18:0	16:6	15:0	15:0	15:0

LABOR RELATIONS DIVISION

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	2,016.4	2,102.2	2,682.2	2,557.2	21.6
Other Transfers	1,436.2	399.5	399.5	399.5	0.0
Federal Revenues	365.5	445.7	445.7	445.7	0.0
Other Revenues	1,405.0	0.0	0.0	0.0	0.0
TOTAL SOURCES	5,223.1	2,947.4	3,527.4	3,402.4	15.4

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
USES					
Personal Services and Employee Benefits	2,122.3	2,443.3	2,805.2	2,805.2	14.8
Contractual Services	18.9	76.7	144.8	144.8	88.8
Other	1,904.6	427.4	577.4	452.4	5.8
TOTAL USES	4,045.8	2,947.4	3,527.4	3,402.4	15.4
FTE					
Permanent	35.6	35.5	41.5	41.5	16.9
Term	4.0	1.5	4.0	4.0	166.7
TOTAL FTE	39.6	37.0	45.5	45.5	23.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Percent of investigated wage claims that are issued an administrative determination within ninety days	17.00%	14.00%	85.00%	35.00%	50.00%
Output	Average number of days to investigate and issue a determination on a charge of discrimination	185.0	0.0	0.0	230.0	230.0
Outcome	Percentage of legacy claims that are issued an administrative determination	NEW	62.00%	90.00%	N/A	90.00%
Output	Percent of total public works projects inspected	NEW	N/A	80.00%	45.00%	45.00%
* Output	Percent of discrimination claims investigated and issued a determination within two hundred days	NEW	27.00%	75.00%	60.00%	60.00%

WORKFORCE TECHNOLOGY DIVISION

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	5,511.0	5,361.8	5,508.7	5,361.8	0.0
Other Transfers	0.8	2,237.5	2,237.5	2,384.4	6.6
Federal Revenues	17,307.6	17,621.0	17,621.0	17,621.0	0.0
TOTAL SOURCES	22,819.4	25,220.3	25,367.2	25,367.2	0.6
USES					
Personal Services and Employee Benefits	4,035.9	4,220.3	4,367.2	4,367.2	3.5
Contractual Services	10,903.1	12,000.0	12,000.0	12,000.0	0.0
Other	7,967.5	9,000.0	9,000.0	9,000.0	0.0
TOTAL USES	22,906.5	25,220.3	25,367.2	25,367.2	0.6

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
FTE					
Permanent	40.0	40.0	42.0	42.0	5.0
Term	7.0	8.0	8.0	8.0	0.0
Temporary	2.0	0.0	3.0	3.0	0.0
TOTAL FTE	49.0	48.0	53.0	53.0	10.4

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Outcome	Percent of time the unemployment framework for automated claims and tax services are available during scheduled uptime	99.37%	99.10%	99.00%	99.00%	99.00%
Outcome	Response time from system outage to restoration of service on unemployment framework for automated claims and tax services in minutes	147:0	23:2	20:0	20:0	20:0

EMPLOYMENT SERVICES DIVISION

The purpose of the employment services program is to provide standardized business solution strategies and labor market information through the New Mexico public workforce system that is responsive to the needs of New Mexico businesses.

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	866.6	673.4	1,522.9	522.9	(22.3)
Other Transfers	1,347.5	7,305.0	15,112.3	16,112.3	120.6
Federal Revenues	12,661.4	14,527.0	14,527.0	14,527.0	0.0
Other Revenues	109.9	0.0	0.0	0.0	0.0
TOTAL SOURCES	14,985.4	22,505.4	31,162.2	31,162.2	38.5
USES					
Personal Services and Employee Benefits	8,167.1	9,551.9	14,608.4	14,608.4	52.9
Contractual Services	1,142.5	1,667.4	1,757.4	1,757.4	5.4
Other	4,781.7	11,286.1	14,796.4	14,796.4	31.1
TOTAL USES	14,091.3	22,505.4	31,162.2	31,162.2	38.5
FTE					
Permanent	227.6	112.0	227.5	227.5	103.1
Term	107.5	37.0	108.5	108.5	193.2
Temporary	24.0	0.0	32.0	32.0	0.0
TOTAL FTE	359.1	149.0	368.0	368.0	147.0

Recommended Language

The internal service funds/interagency transfers appropriations to the employment services program of the workforce solutions department include one million dollars (\$1,000,000) from the workers' compensation administration fund of the workers' compensation administration.

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Percent of recently separated veterans entering employment	49.00%	46.70%	50.00%	50.00%	75.00%
Outcome	Percent of unemployed disabled veterans entering employment after receiving workforce development services in a Connections Office	43.90%	47.40%	50.00%	50.00%	75.00%
Output	Total number of individuals receiving employment services in a connections office	91,743.0	107,366.0	100,000.0	100,000.0	100,000.0
* Outcome	Percent of unemployed individuals employed after receiving employment services in a connections office	67.20%	56.60%	60.00%	60.00%	60.00%
Outcome	Percent of unemployed individuals that have received employment services in a connections office retaining employment after six months	68.80%	56.90%	75.00%	60.00%	60.00%
* Outcome	Average six-month earnings of individuals entering employment after receiving employment services in a connections office	\$11,936	\$13,594	\$13,000	\$12,750	\$14,000
Outcome	Percent of recently separated veterans retaining employment after six months	52.00%	45.40%	71.00%	60.00%	60.00%
Outcome	Average six-month earnings of unemployed veterans entering employment after receiving veterans' services in a connections office	\$9,478	\$14,193	\$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	TBD	\$1,500	\$800	\$800
* Output	Percent of audited apprenticeship programs deemed compliant	NEW	66.50%	75.00%	75.00%	75.00%
Output	Total number of individuals accessing the agency's online job seeker portal	NEW	73,459.0	125,000.0	125,000.0	125,000.0
Output	Number of apprentices registered and in training	1,785.0	1,837.0	1,500.0	1,500.0	1,900.0

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	133.9	135.4	308.5	268.5	98.3
Other Transfers	1.8	1,236.9	1,236.9	1,276.9	3.2
Federal Revenues	34,059.8	41,376.3	41,376.3	41,376.3	0.0
Other Revenues	110.4	0.0	0.0	0.0	0.0
TOTAL SOURCES	34,305.9	42,748.6	42,921.7	42,921.7	0.4

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
USES					
Personal Services and Employee Benefits	7,070.6	7,779.8	7,952.9	7,952.9	2.2
Contractual Services	409.4	1,179.6	1,179.6	1,179.6	0.0
Other	26,508.9	33,789.2	33,789.2	33,789.2	0.0
TOTAL USES	33,988.9	42,748.6	42,921.7	42,921.7	0.4
FTE					
Permanent	95.8	95.0	104.0	104.0	9.5
Term	6.5	6.0	6.0	6.0	0.0
Temporary	3.0	0.0	3.0	3.0	0.0
TOTAL FTE	105.3	101.0	113.0	113.0	11.9

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Number of adult and dislocated workers receiving supplemental services of the Workforce Innovation and Opportunity Act as administered and directed by the local area workforce board	3,601.0	0.0	0.0	2,863.0	2,863.0
Outcome	Percentage 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 (WIOA) program.	NEW	0.00%	62.00%	62.00%	62.00%
Outcome	Percent of reemployment services and eligibility assessment (RESEA) program participants exhausting unemployment insurance benefits	NEW	0.00%	47.00%	47.00%	47.00%
Outcome	Percent of youth who are employed in the state	NEW	57.40%	59.00%	59.00%	59.00%
Outcome	Percent of reemployment services and eligibility assessment (RESEA) program participants reemployed	NEW	0.00%	54.00%	54.00%	54.00%
Outcome	Number of enrolled participants in title I Workforce Innovation and Opportunity Act (WIOA) training programs.	NEW	0.0	6,800.0	6,800.0	6,800.0
Outcome	Percentage of participants who are in unsubsidized employment during the fourth quarter after exit from a Workforce Innovation and Opportunity Act (WIOA) program	NEW	0.00%	75.00%	75.00%	75.00%

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Percentage 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 (WIOA) program.	NEW	0.00%	65.00%	65.00%	65.00%
Outcome	Percentage of participants who are in unsubsidized employment during the second quarter after exit from a Workforce Innovation and Opportunity Act (WIOA) program	NEW	0.00%	77.00%	77.00%	77.00%
Outcome	Median earnings of participants who are in unsubsidized employment during the second quarter after exit from a Workforce Innovation and Opportunity Act (WIOA) program	NEW	\$0	\$7,467	\$7,467	\$7,467
Outcome	Percentage of those participants enrolled in an education or training program (excluding those in on-the-job training (OJT) 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 (WIOA) program	NEW	0.00%	59.00%	59.00%	59.00%
Output	Number of youth receiving services and registered in the online career solutions tool	NEW	2,862.0	3,000.0	3,000.0	3,000.0

SPECIAL REVENUEBUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Fund Balance	4,982.4	4,982.4	4,982.4	5,169.3	3.8
TOTAL SOURCES	4,982.4	4,982.4	4,982.4	5,169.3	3.8
USES					
Other Financing Uses	1,312.3	4,982.4	4,982.4	5,169.3	3.8
TOTAL USES	1,312.3	4,982.4	4,982.4	5,169.3	3.8

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	12,513.3	12,069.9	11,814.9	12,425.2	2.9
TOTAL SOURCES	12,513.3	12,069.9	11,814.9	12,425.2	2.9
USES					
Personal Services and Employee Benefits	8,304.9	8,819.9	9,374.1	9,111.9	3.3
Contractual Services	247.0	457.6	385.0	385.0	(15.9)
Other	1,500.0	1,792.4	2,055.8	1,928.3	7.6
Other Financing Uses	1,000.0	1,000.0	0.0	1,000.0	0.0
TOTAL USES	11,051.9	12,069.9	11,814.9	12,425.2	2.9
FTE					
Permanent	122.0	122.0	122.0	122.0	0.0
TOTAL FTE	122.0	122.0	122.0	122.0	0.0

At A Glance

The Workers' Compensation Administration request was a 2.1 percent decrease from the FY22 operating budget. The decrease was largely a result of the agency's wish to end the annual transfer of \$1 million to the Workforce Solutions Department (WSD). The request would have increased personnel spending by 6.3 percent and increased spending in the other uses category by 14.7 percent.

The LFC recommendation maintains the \$1 million transfer to WSD and moderately increases personnel spending by 3.3 percent and other spending by 7.6 percent. Revenues are expected to improve this year as employment recovers from the pandemic.

Budget Issues

As required in Section 52-5-19 NMSA 1978, revenue to operate the Worker's Compensation Administration (WCA) comes primarily from the quarterly workers' compensation assessment of \$4.30 per employee. The fee consists of a \$2.30 employer contribution matched with a \$2 employee payroll deduction. The base assessment for workers' compensation has not increased since it was first established in 1993. Four dollars per employee is deposited into the WCA fund and 30 cents is earmarked for the uninsured employer's fund (UEF) and used to pay claims filed against employers non-compliant with the workers' compensation insurance law. The Taxation and Revenue Department collects the fees.

Total FY21 revenue to the WCA fund and the UEF was \$12.5 million, with almost all of it coming from employer assessments and about 1 percent from UEF penalties and interest collected from employers that did not have workers' compensation coverage in place at the time of a worker's injury. August 2021 balances in the WCA fund were \$4.2 million, or about 37 percent above August 2020. Uninsured employers' fund balances were \$6.2 million, up about 3.6 percent during the same time period.

The agency's FY23 request for personnel costs was a 6.3 percent increase over the FY22 operating budget and a 13 percent increase over FY21 expenditures. The request was sufficient to fill nearly 17 of the agency's 22 vacant positions and was not realistic. WCA requested a 15.9 percent

decrease to contractual services mostly due to expenses for IT services moving to the other uses category. The request also included a \$183.1 thousand increase in payments from the uninsured employers' fund for insurance premium payments. Fiscal Year 21 expenditures in UEF were higher than the amount budgeted in FY22.

For personnel costs in FY23, with the annual cost of all filled positions estimated at \$8.4 million and an average FTE cost of about \$80 thousand, the committee recommends a total 3.3 percent increase over the FY22 operating budget, sufficient to fill about nine vacancies. The committee supports the agency's request for contractual services spending. Projecting an increase of insurance premium payments in FY23, the committee recommendation includes an increase of 7.6 percent in the other category.

The agency request to eliminate the annual transfer of \$1 million from the workers' compensation administration fund to the Workforce Solutions Department is not supported and the committee recommends continuing the transfer in FY23. With \$4.2 million in fund balances in the WCA fund and the likelihood assessment fee revenue will continue to increase as the unemployment rate decreases, WCA fund balances are sufficient to support the transfer.

The agency's FY20 annual financial audit was unmodified with three findings, none of which were material or significant. The findings included an overspent budget of \$1,400, an untimely cash deposit, and year-end accounting entries recorded to the wrong fund. Performance on the agency's FY21 indicators were largely unchanged with the exception of serious injuries and illnesses caused by workplace conditions increasing by about 9 percent.

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	11,507.0	11,183.0	10,756.2	11,494.0	2.8
TOTAL SOURCES	11,507.0	11,183.0	10,756.2	11,494.0	2.8
USES					
Personal Services and Employee Benefits	7,986.9	8,477.6	9,012.9	8,750.7	3.2
Contractual Services	245.0	357.4	315.0	315.0	(11.9)
Other	1,040.0	1,348.0	1,428.3	1,428.3	6.0
Other Financing Uses	1,000.0	1,000.0	0.0	1,000.0	0.0
TOTAL USES	10,271.9	11,183.0	10,756.2	11,494.0	2.8
FTE					
Permanent	118.0	118.0	118.0	118.0	0.0
TOTAL FTE	118.0	118.0	118.0	118.0	0.0

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 one hundred fifty thousand five hundred dollars (\$150,500) from the workers' compensation administration fund for the unemployment insurance program of the workforce solutions department and eight hundred forty-nine thousand five hundred dollars (\$849,500) from the workers' compensation administration fund for the employment services program of the workforce solutions department.

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Percent of formal claims resolved without trial	96.50%	97.10%	95.00%	95.00%	97.00%
* Outcome	Rate of serious injuries and illnesses caused by workplace conditions per one hundred workers	0.5	0.6	0.6	0.6	0.6
* Outcome	Percent of employers determined to be in compliance with insurance requirements of the Workers' Compensation Act after initial investigations	98.30%	98.20%	95.00%	95.00%	98.00%
Outcome	Percent of employers in the risk reduction program who pass the follow up inspections	100.00%	0.00%	95.00%	95.00%	95.00%
Outcome	Percent of formal complaints and applications resolved within six months of filing	83.60%	81.80%	75.00%	75.00%	82.00%

UNINSURED EMPLOYERS' FUNDBUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	1,006.3	886.9	1,058.7	931.2	5.0
TOTAL SOURCES	1,006.3	886.9	1,058.7	931.2	5.0
USES					
Personal Services and Employee Benefits	318.0	342.3	361.2	361.2	5.5
Contractual Services	2.0	100.2	70.0	70.0	(30.1)
Other	460.0	444.4	627.5	500.0	12.5
TOTAL USES	780.0	886.9	1,058.7	931.2	5.0
FTE					
Permanent	4.0	4.0	4.0	4.0	0.0
TOTAL FTE	4.0	4.0	4.0	4.0	0.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Percent of indemnity payments for eligible and compensable claims initiated within 120 days of filing of formal litigation complaint	NEW	0.00%	70.00%	70.00%	70.00%
Output	Percent of reimbursements collected to claims expenses paid out on a fiscal year basis	32.30%	22.60%	33.00%	33.00%	33.00%

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	6,407.6	6,467.7	6,467.7	6,467.7	0.0
Other Transfers	198.3	198.6	198.6	198.6	0.0
Federal Revenues	33,325.1	44,167.0	44,167.0	44,167.0	0.0
Other Revenues	40.7	0.0	0.0	0.0	0.0
TOTAL SOURCES	39,971.7	50,833.3	50,833.3	50,833.3	0.0
USES					
Personal Services and Employee Benefits	18,740.3	22,648.0	22,574.3	22,574.3	(0.3)
Contractual Services	4,462.3	7,812.5	7,644.4	7,644.4	(2.2)
Other	13,746.0	20,109.3	20,353.6	20,353.6	1.2
Other Financing Uses	261.7	263.5	261.0	261.0	(0.9)
TOTAL USES	37,210.3	50,833.3	50,833.3	50,833.3	0.0
FTE					
Permanent	150.0	84.0	63.0	63.0	(25.0)
Term	186.0	248.0	291.0	291.0	17.3
TOTAL FTE	336.0	332.0	354.0	354.0	6.6

At A Glance

The Division of Vocational Rehabilitation (DVR) requested \$6.47 million from the general fund, flat with FY22, and requested federal and other transfer revenue also flat with FY22. The agency requested to continue converting vacant positions from permanent to term status and requested a 5 percent vacancy rate for each of its four programs.

The FY23 LFC recommendation supports the agency at the funding levels requested, flat with FY22 but up 27 percent from FY21 actual expenditures. 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 it provided rehabilitative services to 9,558 New Mexicans and had 1,374 people on the waiting list for services. 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 FY23, the agency requested \$50.8 million overall, with all revenue from the general fund, other transfers, and federal funds flat with FY22 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 \$6.47 million is flat with the FY22 operating budget. 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 a vacancy rate near 20 percent as of September 2021. The agency reports near 20 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 \$27.4 million for the Rehabilitation Services Program is flat with FY22, and the general fund recommendation is \$5.8 million. LFC recommends the requested level of funding in all categories. 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. 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 based on available resources to provide services to 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 130 thousand New Mexicans are receiving over \$1 billion in annual disability benefits. The LFC recommendation supports the requested \$16.88 million in federal funds.

Agency vacancies continue to be a significant concern because enrollment determinations directly affect timely provision of benefits to eligible New Mexicans. LFC supports the agency's request to continue converting vacant federally funded positions from permanent to sponsored term status.

ADMINISTRATIVE SERVICES UNIT

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Federal Revenues	6,496.0	5,002.2	5,002.2	5,002.2	0.0
Other Revenues	40.7	0.0	0.0	0.0	0.0
TOTAL SOURCES	6,536.7	5,002.2	5,002.2	5,002.2	0.0

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
USES					
Personal Services and Employee Benefits	3,284.9	3,810.1	3,736.4	3,736.4	(1.9)
Contractual Services	207.8	404.0	235.9	235.9	(41.6)
Other	644.1	788.1	1,029.9	1,029.9	30.7
TOTAL USES	4,136.8	5,002.2	5,002.2	5,002.2	0.0
FTE					
Permanent	10.0	10.0	4.0	4.0	(60.0)
Term	29.0	35.0	46.0	46.0	31.4
TOTAL FTE	39.0	45.0	50.0	50.0	11.1

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Number of working days between expenditure of federal funds and request for reimbursement from federal treasury	7.0	7.0	7.0	7.0	7.0
Outcome	Number of working days between disbursements of federal funds from federal treasury to deposit of such funds into state treasury	1.0	1.0	1.0	1.0	1.0

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	5,731.6	5,825.5	5,825.5	5,825.5	0.0
Other Transfers	191.5	191.5	191.5	191.5	0.0
Federal Revenues	14,751.8	21,389.2	21,389.1	21,389.1	0.0
TOTAL SOURCES	20,674.9	27,406.2	27,406.1	27,406.1	(0.0)

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
USES					
Personal Services and Employee Benefits	9,140.0	11,002.8	11,002.7	11,002.7	0.0
Contractual Services	2,575.7	3,300.0	3,300.0	3,300.0	0.0
Other	8,759.3	12,903.4	12,903.4	12,903.4	0.0
Other Financing Uses	200.0	200.0	200.0	200.0	0.0
TOTAL USES	20,675.0	27,406.2	27,406.1	27,406.1	(0.0)
FTE					
Permanent	84.0	52.0	41.0	41.0	(21.2)
Term	85.0	111.0	117.0	117.0	5.4
TOTAL FTE	169.0	163.0	158.0	158.0	(3.1)

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.

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Outcome	Number of clients achieving suitable employment for a minimum of ninety days	475.0	830.0	700.0	700.0	700.0
* Outcome	Percent of clients achieving suitable employment outcomes of all cases closed after receiving planned services	37.00%	45.00%	45.00%	45.00%	45.00%
Outcome	Percent of clients achieving suitable employment outcomes competitively employed or self-employed	99.00%	98.00%	99.00%	98.00%	98.00%
Outcome	Percent of clients with significant disabilities achieving suitable employment outcomes who are competitively employed or self-employed, earning at least minimum wage	98.00%	98.00%	98.00%	98.00%	98.00%

INDEPENDENT LIVING SERVICES

The purpose of the independent living services program is to increase access for individuals with disabilities to technologies and services needed for various applications in learning, working and home management.

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	676.0	642.2	642.2	642.2	0.0
Other Transfers	6.8	7.1	7.1	7.1	0.0
Federal Revenues	1,208.6	892.7	892.7	892.7	0.0
TOTAL SOURCES	1,891.4	1,542.0	1,542.0	1,542.0	0.0
USES					
Contractual Services	46.7	51.5	51.5	51.5	0.0
Other	1,421.5	1,427.0	1,429.5	1,429.5	0.2
Other Financing Uses	61.7	63.5	61.0	61.0	(3.9)
TOTAL USES	1,529.9	1,542.0	1,542.0	1,542.0	0.0

Recommended Language

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-one thousand dollars (\$61,000) for the independent living program of the commission for the blind to provide services to blind or visually impaired New Mexicans.

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Output	Number of independent living plans developed	1,004.0	660.0	750.0	750.0	750.0
* Output	Number of individuals served for independent living	1,781.0	700.0	765.0	765.0	765.0

DISABILITY DETERMINATION

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Federal Revenues	10,868.7	16,882.9	16,883.0	16,883.0	0.0
TOTAL SOURCES	10,868.7	16,882.9	16,883.0	16,883.0	0.0

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
USES					
Personal Services and Employee Benefits	6,315.4	7,835.1	7,835.2	7,835.2	0.0
Contractual Services	1,632.1	4,057.0	4,057.0	4,057.0	0.0
Other	2,921.2	4,990.8	4,990.8	4,990.8	0.0
TOTAL USES	10,868.7	16,882.9	16,883.0	16,883.0	0.0
FTE					
Permanent	56.0	22.0	18.0	18.0	(18.2)
Term	72.0	102.0	128.0	128.0	25.5
TOTAL FTE	128.0	124.0	146.0	146.0	17.7

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Efficiency	Average number of days for completing an initial disability claim	102.0	177.0	100.0	100.0	100.0
Quality	Percent of initial disability determinations completed accurately	96.00%	99.70%	97.00%	97.00%	97.00%

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 improve 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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,355.3	1,304.0	1,480.5	1,389.0	6.5
Other Transfers	4.1	0.0	0.0	0.0	0.0
Federal Revenues	265.6	543.3	543.2	543.2	0.0
Fund Balance	0.0	81.3	100.0	100.0	23.0
TOTAL SOURCES	1,625.0	1,928.6	2,123.7	2,032.2	5.4
USES					
Personal Services and Employee Benefits	898.6	1,045.7	1,173.8	1,099.9	5.2
Contractual Services	219.2	251.2	284.7	267.1	6.3
Other	503.9	631.7	665.2	665.2	5.3
TOTAL USES	1,621.7	1,928.6	2,123.7	2,032.2	5.4
FTE					
Permanent	12.0	10.0	10.0	10.0	0.0
Term	4.0	4.0	4.0	4.0	0.0
TOTAL FTE	16.0	14.0	14.0	14.0	0.0

At A Glance

The Governor's Commission on Disability (GCD) requested a total general fund amount of \$1.48 million, an increase of \$176.5 thousand, or 13.5 percent, over FY22. The commission requested federal revenue flat with FY22 and increased its requested use of fund balance from \$81.3 thousand to \$100 thousand for FY23. The agency requested fund balance to support the Residential Accessibility Modifications Program (RAMP).

The committee recommends an overall 6.5 percent increase in general fund revenue and supports the agency's request for federal funds and fund balance. LFC recommends a 5.2 percent increase in personal services and employee benefits for the agency to reduce vacancy rates. The committee fully supports the requested 10 percent increase, or \$20 thousand, for the brain injury advisory council and its children's helmet safety program.

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 met just over half of its six performance measure targets, including "number of technology assistance outreach presentations," "percent of individuals receiving education or training on brain injury," "percent of constituent inquiries addressed," and "percent of architectural plan reviews and site inspections completed." However, the commission did not meet its performance measure targets for "number of technology assistance program devices loaned statewide" and "number of individuals who received technical assistance regarding brain injury."

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,161.1	1,116.0	1,272.3	1,180.8	5.8
Other Transfers	3.4	0.0	0.0	0.0	0.0
Federal Revenues	265.6	543.3	543.2	543.2	0.0
Fund Balance	0.0	81.3	100.0	100.0	23.0
TOTAL SOURCES	1,430.1	1,740.6	1,915.5	1,824.0	4.8
USES					
Personal Services and Employee Benefits	824.8	968.9	1,097.2	1,023.3	5.6
Contractual Services	130.5	208.9	227.6	210.0	0.5
Other	474.5	562.8	590.7	590.7	5.0
TOTAL USES	1,429.8	1,740.6	1,915.5	1,824.0	4.8
FTE					
Permanent	11.0	9.0	9.0	9.0	0.0
Term	4.0	4.0	4.0	4.0	0.0
TOTAL FTE	15.0	13.0	13.0	13.0	0.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Outcome	Percent of requested architectural plan reviews and site inspections completed	93.00%	99.00%	98.00%	98.00%	98.00%
Output	Number of technology assistance program devices loaned statewide	328.0	352.0	580.0	580.0	580.0
Output	Number of technology assistance program outreach presentations, trainings and events	80.0	307.0	175.0	175.0	175.0
Outcome	Percent of constituent inquiries addressed	99.50%	99.00%	99.00%	99.00%	99.00%

BRAIN INJURY ADVISORY COUNCIL

The purpose of the brain injury advisory council program is to provide guidance on the use and implementation of programs provided through the human services department's brain injury services fund so the department may align service delivery with needs identified by the brain injury community.

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	194.2	188.0	208.2	208.2	10.7
Other Transfers	0.7	0.0	0.0	0.0	0.0
TOTAL SOURCES	194.9	188.0	208.2	208.2	10.7

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
USES					
Personal Services and Employee Benefits	73.8	76.8	76.6	76.6	(0.3)
Contractual Services	88.7	42.3	57.1	57.1	35.0
Other	29.4	68.9	74.5	74.5	8.1
TOTAL USES	191.9	188.0	208.2	208.2	10.7
FTE					
Permanent	1.0	1.0	1.0	1.0	0.0
TOTAL FTE	1.0	1.0	1.0	1.0	0.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Percent of individuals receiving education or training on brain injury issues who demonstrate increased knowledge as evidenced by pre- and post-training tests	95.00%	100.00%	95.00%	95.00%	95.00%
Output	Number of individuals who received technical assistance regarding brain injury	1,862.0	3,168.0	3,300.0	3,300.0	3,300.0

Statutory Authority

The Developmental Disabilities Council (DDC) 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. 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 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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	5,228.3	6,749.4	7,691.7	7,293.4	8.1
Other Transfers	389.3	631.5	625.0	625.0	(1.0)
Federal Revenues	363.6	497.3	530.2	530.2	6.6
Other Revenues	6.5	0.0	0.0	0.0	0.0
Fund Balance	469.5	0.0	0.0	0.0	0.0
TOTAL SOURCES	6,457.2	7,878.2	8,846.9	8,448.6	7.2
USES					
Personal Services and Employee Benefits	1,340.6	1,628.1	1,916.3	1,641.9	0.8
Contractual Services	4,816.7	5,427.1	6,047.1	5,923.2	9.1
Other	398.5	823.0	883.5	883.5	7.4
TOTAL USES	6,555.8	7,878.2	8,846.9	8,448.6	7.2
FTE					
Permanent	17.0	22.0	22.0	22.0	0.0
Term	2.0	0.0	0.0	0.0	0.0
TOTAL FTE	19.0	22.0	22.0	22.0	0.0

At A Glance

DDC received significant general fund revenue increases in FY22. Between FY21 and FY22, the general fund appropriation to the agency grew nearly 30 percent. The increased general fund appropriation included replacing over \$500 thousand per year in depleted fund balance for guardianship services and funding to create a statewide special education ombudsman program.

The council's FY23 request from the general fund was \$7.7 million, nearly 14 percent above the FY22 operating budget. The council requested several increases for a personnel reorganization, guardianship rate increases, and operating costs to replace the agency IT system. Currently, DDC is working with the Human Services Department, Behavioral Health Services, to replace the data system used to track guardianship cases and billing. The agency reports the current IT system does not allow the council to easily report on basic guardianship case oversight metrics and billing. Additionally, the council recently published an updated rate study proposing guardianship rate increases. The FY23 request began a phased approach to increasing rates for treatment guardianship, guardianship legal team rates, and professional guardianship rates. The LFC recommendation includes a slight general fund increase for personnel for the special education ombudsman program, operating costs to replace the IT system, and a portion of the phased rate increases for guardianship that could provide an average increase of 12 percent. In total, the LFC recommendation increases the general fund \$544 thousand, or 7.5 percent, above the FY22 operating budget.

Budget Issues

Guardianship. If a court orders a professional guardian for a protected person in an Office of Guardianship (OOG) case, DDC is legally obligated to provide guardianship services to the protected person. In FY20 the agency had a total of 987 professional guardianship cases, including 156 cases,

and a waiting list of 110 cases. As of September 2021, the agency has 984 open professional cases with a waitlist of 205 cases. The agency estimates each new guardianship case costs \$2,200 in legal services to initiate and a flat monthly rate for professional guardianship services of \$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.

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 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 for 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 COUNCIL

The purpose of the developmental disabilities council program is to provide and produce opportunities for persons with disabilities so they may realize their dreams and potential and become integrated members of society.

BUDGET SUMMARY (dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	741.9	1,000.9	1,394.3	1,038.9	3.8
Other Transfers	70.4	75.0	75.0	75.0	0.0
Federal Revenues	363.6	497.3	530.2	530.2	6.6
TOTAL SOURCES	1,175.9	1,573.2	1,999.5	1,644.1	4.5
USES					
Personal Services and Employee Benefits	575.8	849.2	1,161.6	887.2	4.5
Contractual Services	291.3	326.1	405.0	324.0	(0.6)
Other	289.7	397.9	432.9	432.9	8.8
TOTAL USES	1,156.8	1,573.2	1,999.5	1,644.1	4.5
FTE					
Permanent	7.0	12.0	12.0	12.0	0.0
Term	1.0	0.0	0.0	0.0	0.0
TOTAL FTE	8.0	12.0	12.0	12.0	0.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Number of individuals with developmental disabilities and family members trained on leadership, self-advocacy and disability-related issues	5,474.0	2,500.0	4,000.0	4,000.0	4,000.0
Output	Number of outreach/training activities conducted statewide focused on accessing community supports	151.0	120.0	150.0	150.0	150.0
Output	Number of contact with individuals with developmental disabilities and family members to assist in accessing information on local, community-based health resources	54,412.0	190,974.0	10,000.0	10,000.0	100,000.0
Output	Number of training opportunities for individuals with developmental disabilities to become leaders and train and mentor others with developmental disabilities	103.0	200.0	90.0	90.0	200.0
Outcome	Percent of developmental disabilities planning council funded projects that promote meaningful employment opportunities and public awareness that people with developmental disabilities can work	87.00%	80.00%	85.00%	85.00%	85.00%
Output	Number of presentations/trainings/technical assistance provided statewide that promotes individualized and inclusive educational opportunities within the school system for students with developmental disabilities	53.0	100.0	150.0	150.0	150.0

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	4,486.4	5,748.5	6,297.4	6,254.5	8.8
Other Transfers	318.9	556.5	550.0	550.0	(1.2)
Other Revenues	6.5	0.0	0.0	0.0	0.0
Fund Balance	469.5	0.0	0.0	0.0	0.0
TOTAL SOURCES	5,281.3	6,305.0	6,847.4	6,804.5	7.9
USES					
Personal Services and Employee Benefits	764.7	778.9	754.7	754.7	(3.1)
Contractual Services	4,525.4	5,101.0	5,642.1	5,599.2	9.8
Other	108.8	425.1	450.6	450.6	6.0
TOTAL USES	5,398.9	6,305.0	6,847.4	6,804.5	7.9
FTE					
Permanent	9.0	10.0	10.0	10.0	0.0
Term	1.0	0.0	0.0	0.0	0.0
TOTAL FTE	10.0	10.0	10.0	10.0	0.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Number of corporate guardianship contractor complaints received by the contractor	7.0	19.0	5.0	5.0	5.0
* Outcome	Number of guardianship investigations completed	1.0	4.0	10.0	10.0	10.0
Output	Number of comprehensive service reviews conducted	20.0	13.0	20.0	25.0	25.0
* Outcome	Average amount of time spent on wait list	3:2	18:0	9:0	9:0	9:0
Outcome	Average number of people on the wait list, monthly	26.0	160.0	100.0	100.0	100.0

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	0.0	185.8	200.0	0.0	(100.0)
Other Transfers	14,566.9	17,200.0	15,300.0	7,806.0	(54.6)
Federal Revenues	5,600.1	12,050.0	15,758.0	15,758.0	30.8
Other Revenues	22,773.9	15,587.0	18,392.0	18,436.0	18.3
TOTAL SOURCES	42,940.9	45,022.8	49,650.0	42,000.0	(6.7)
USES					
Personal Services and Employee Benefits	19,968.9	21,591.7	21,768.0	21,768.0	0.8
Contractual Services	6,752.2	7,756.1	12,562.0	12,562.0	62.0
Other	6,640.2	7,075.0	7,670.0	7,670.0	8.4
Other Financing Uses	7,650.0	8,600.0	7,650.0	0.0	(100.0)
TOTAL USES	41,011.3	45,022.8	49,650.0	42,000.0	(6.7)
FTE					
Permanent	260.0	235.0	235.0	235.0	0.0
Term	12.5	20.0	20.0	20.0	0.0
Temporary	18.0	3.0	3.0	3.0	0.0
TOTAL FTE	290.5	258.0	258.0	258.0	0.0

At A Glance

The Miners' Hospital of New Mexico requested a decrease of \$1 million in miners' trust fund revenue, or 11.6 percent, below the FY22 operating budget and closer to FY21 actual receipts. However, the hospital requested a 31 percent increase in federal Medicare revenue and an 18 percent increase in other patient revenue, including Medicaid and private third-party payers. These revenues are projected to increase as patient volume rises concurrent with payment rate increases.

Notably, the hospital's FY22 operating budget includes for the first time a general fund amount of \$185.8 thousand approved by the Department of Finance and Administration to support a 2.6 percent pay increase for frontline workers. The hospital has built this rate increase into its frontline health-care workers' wages and requested the general fund revenue be carried forward into FY23. The hospital reports it continues to struggle to recruit and retain healthcare professionals and its FY23 budget request for personnel and contractual services is designed to support the rising costs of health-care personnel, particularly in rural areas.

LFC recommends the requested \$42 million level of funding supported with the projected \$15.75 million in federal Medicare revenue and the projected \$18.4 million in other revenue. However, the LFC recommendation excludes the \$200 thousand in general fund revenue and adds \$200 thousand to the projected miners' trust fund revenue for a total of \$7.8 million. LFC economists' estimate the miners' trust fund will have close to \$8 million available for appropriation in FY23. The hospital is a recipient of a dedicated revenue stream and does not need general fund recurring revenue to maintain its operations.

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 private third-party insurance payers, Medicare, and Medicaid. The hospital requested a \$3.7 million increase in federal Medicare revenue and an increase of \$2.8 million in other revenues from individual patients compared with the FY22 operating budget. The projections and receivables for these revenues vary annually.

The hospital requested an overall increase of \$5.5 million, or 15 percent, including a 0.8 percent increase in the personal services and employee benefits category to recruit and retain individuals to fill vacant state healthcare positions. This request for personnel included implementation of the healthcare workforce reclassification study approved by the State Personnel Office in FY20, which noted an approximate 30 percent adjustment was needed in the healthcare workforce pay band classification.

The hospital requested a 62 percent increase in contractual services to fund contract nursing services. Contract nurses' salaries are projected to increase from \$120 an hour to close to \$200 an hour as demand for nurses soars across the country. Miners' hospital is struggling to attract travelling nurses to work in rural northeastern New Mexico and is requesting sufficient budget to maintain competitive salaries.

The LFC recommendation supports the agency's requested level of expenditures but offsets use of general fund revenue with additional revenue from the miners' trust fund. The hospital reports its most significant challenge continues to be recruiting and retaining licensed clinical staff. Rural public medical facilities continue to face greater recruitment challenges than private medical facilities in urban areas. Private sector general medicine physician offices are also declining in rural areas particularly as retirements increase for New Mexico's aging rural healthcare providers.

The recommendation notes rural hospitals are struggling to compete nationally for a limited pool of nurses and other healthcare professionals, and wages and salaries must remain competitive to attract workers. Further, the recommendation recognizes in FY23 the State Personnel Office plans to implement pay adjustments for nurses requiring additional personal services and employee benefits funding at the hospital.

Effects of Covid-19. The hospital reports in 2021 its patient census increased substantially as the Delta variant of Covid-19 grew in northeast New Mexico. The hospital administered over 6,000 Covid-19 vaccinations but still has seen rising case counts, particularly in school-aged populations. The emergency department has remained busy and the hospital's four intensive care unit beds at times have served more than double the patients because other hospitals in northern New Mexico and Albuquerque are also full and cannot accept transfer patients.

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 in 2020 because of patients deferring healthcare during the Covid-19 pandemic. However, the hospital's patient census has substantially risen in 2021 as the Delta variant of Covid-19 has driven up emergency department and intensive care unit patient numbers beyond what the hospital previously estimated.

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, along with other revenue, is deposited into the miners' trust income fund including land rental or lease income, interest on investments, and charitable and penal funds. For FY23, the hospital requested a total of \$7.6 million from the income fund. LFC projects new revenue to the fund will total close to \$8 million, and the committee recommends \$7.8 million in miners' trust fund revenue to support the hospital for FY23 in lieu of appropriating general fund revenue. It should be noted the miners' trust fund has a projected fund balance of approximately \$12 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 2020 audit is still under review by the state auditor.

The hospital met over half of its FY21 performance targets and saw thousands of people for outpatient visits, emergency room visits, births, and vaccinations. The hospital did not perform as well on inpatient readmissions, medication errors, and infection rate performance measures, which 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 its performance targets for employee turnover rate or cash on hand.

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.

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.

Recommended Language

The internal service funds/interagency transfers appropriations to the healthcare program of miners' hospital of New Mexico include seven million eight hundred thousand six dollars (\$7,806,000) from the miners' trust fund.

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Percent of budgeted revenue collected	100.00%	100.00%	100.00%	100.00%	100.00%
Outcome	Annual percent of healthcare-associated infections	0.00%	0.00%	1.50%	1.50%	1.50%
Outcome	Average patient length of stay, in days, for the acute care facility	4.0	5.0	5.0	5.0	5.0
Outcome	Rate of unassisted patient falls per one thousand patient days in the long-term care facility	0.50%	0.50%	3.00%	3.00%	3.00%
Output	Number of outpatient visits	12,401.0	9,384.0	13,000.0	10,000.0	10,000.0
Output	Number of visits to the outreach clinic	159.0	12.0	150.0	100.0	100.0
Output	Number of surgeries performed	401.0	509.0	400.0	400.0	400.0
* Outcome	Percent of occupancy at nursing home based on licensed beds	49.00%	48.65%	50.00%	50.00%	50.00%
Efficiency	Number of days in accounts receivable	35.0	45.0	50.0	50.0	50.0
* Quality	Percent of patients readmitted to the hospital within thirty days with the same or similar diagnosis	0.30%	0.00%	2.00%	2.00%	2.00%
Quality	Rate of medication errors per one thousand medications administered	0.05%	0.02%	1.00%	1.00%	1.00%
Output	Number of emergency room visits	5,377.0	4,390.0	5,400.0	4,500.0	4,500.0
Output	Number of newborn births	80.0	72.0	80.0	75.0	75.0
Efficiency	Employee turnover rate	13.00%	22.00%	18.00%	22.00%	22.00%
Output	Average daily census	1.0	1.0	6.0	4.0	4.0
Efficiency	Percent agency nursing staff to total nursing staff	21.00%	21.43%	25.00%	25.00%	25.00%
Output	Number of rural health clinic visits	14,638.0	14,302.0	13,000.0	13,000.0	13,000.0
Efficiency	Number of days cash on hand	123.0	110.0	90.0	80.0	80.0

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	308,787.4	316,005.7	369,946.6	342,816.1	8.5
Other Transfers	100,782.6	43,105.4	42,235.2	43,235.2	0.3
Federal Revenues	152,364.2	139,086.9	232,889.5	232,889.5	67.4
Other Revenues	144,084.5	128,310.2	130,534.5	130,534.5	1.7
TOTAL SOURCES	706,018.7	626,508.2	775,605.8	749,475.3	19.6
USES					
Personal Services and Employee Benefits	239,552.6	249,666.9	275,352.3	270,286.5	8.3
Contractual Services	114,995.4	102,479.3	168,350.3	164,725.9	60.7
Other	150,025.0	134,941.3	167,582.5	157,142.2	16.5
Other Financing Uses	112,417.4	139,420.7	164,320.7	157,320.7	12.8
TOTAL USES	616,990.4	626,508.2	775,605.8	749,475.3	19.6
FTE					
Permanent	2,933.5	2,652.0	2,909.5	2,751.0	3.7
Term	895.5	1,116.5	905.0	1,043.5	(6.5)
Temporary	163.0	14.0	160.0	16.0	14.3
TOTAL FTE	3,992.0	3,782.5	3,974.5	3,810.5	0.7

At A Glance

The Department of Health's (DOH) \$369.9 million FY23 request for general fund revenue was a 17 percent increase above the FY22 operating budget. The request assumed significant increases in federal revenues in Public Health and Epidemiology and Response initiatives resulting in large increases for personnel and contractual services; the Facilities Management Program showed decreases in other transfers of \$1 million and flat other revenues primarily from leveraging additional Medicare and private-pay at state facilities. The Facilities Management Program also requested a significant general fund revenue increase, including \$9.1 million for operational maintenance, \$2 million to replace nonrecurring revenues from the consumer settlement fund, \$1 million to lease an automated medication dispensing system, \$950 thousand for a pharmacy and medication records support, and \$1.2 million for personnel. In addition to large increases in the Facilities Management Program, the Developmental Disabilities Support Program (DDSD) requested a general fund increase of \$24.9 million, or 15 percent above the FY22 operating budget, for provider rate increases and the developmental disabilities waiver. General fund increases in the Public Health Program requested by the department were \$6.7 million, or 12 percent, primarily for personnel, youth suicide prevention, naloxone program, and community food initiatives.

The LFC recommendation increases the general fund by \$26.8 million, including \$10.4 million for provider rate increases in DDSD, \$7.5 million to reduce the waitlist for the developmental disabilities waivers, \$3 million to replace nonrecurring revenues in the Public Health and Facilities Management programs, \$750 thousand for Naloxone program, \$1 million for violence intervention programs, \$1 million for firearm safety programs, and \$950 thousand for a pharmacy and medication records support. The LFC recommendation also increases other transfers \$1 million for the early care and education trust fund in the Public Health Program for youth suicide prevention contingent on legislation expanding distributions from the fund.

Budget Issues

Much of the Department of Health's activities during FY22 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 the pandemic began, these activities have ranged from formulating state gating criteria to developing Covid-19-safe practices for New Mexico businesses, monitoring the processing of testing and rolling out vaccinations. Since the beginning of the global pandemic DOH has provided, in collaboration with the state's medical care system and the New Mexico National Guard, over 5.2 million tests, 308 thousand of which New Mexico tested positive. As of November 2021, 85 percent of New Mexican's over the age of 18 had received at least one vaccine dose, 74 percent completed the vaccination series, and 21 percent had received a booster shot. 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.

Services for People with Developmental Disabilities. The request for general fund revenue for the Developmental Disabilities Support Division (DDSD) was \$24.9 million, or 15 percent, above the FY22 operating budget. The request included \$7.5 million to reduce the waitlist for the Developmental Disability (DD) and Mi Via waiver programs, so-called because the home-and-community-based services are allowed under a federal waiver of regular Medicaid requirements, and \$7 million for a shortfall projected by the Human Services Department. Additionally, the program requested \$10.4 million for provider rates. The LFC recommendation includes \$17.9 million to complete funding for the provider rate study and \$7.5 million to reduce the waiting list for DD waiver services.

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. 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.

In FY21, the department was funded to begin implementation of these recommendations, which will take several years to execute fully. As of November 2021, over 4,588 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, 128 people began receiving services as of November 2021 from the supports waiver. The department has funding to serve 2,000.

The department has been unable to scale the community supports waiver to the funded amount of 2,000 individuals, primarily because of possible low-interest or confusion about supports waiver services. As of October 2021, the program had sent 2,128 letters to individuals on the waitlist to offer enrollment to the supports waiver; of those individuals, 1,438 did not respond, 299 refused, 262 accepted, and 128 were in services. DDSD is working on several efforts to increase engagement and enrollment for the Community Supports waiver, including engaging Human Service Department program coordinators, managed care organization (MCO) outreach, creation of an outreach taskforce, and a Community Supports waiver education and outreach campaign. The campaign will be funded by federal American Rescue Plan Act (ARPA) funding.

The HSD projected shortfall of \$7 million includes full enrollment of the supports waiver. Given the waivers low enrollment and additional federal revenues, the shortfall is unlikely to materialize.

Federal Revenues. The standard federal Medicaid matching rate (FMAP) for New Mexico in FY22 is 76.1 percent for the DD waivers, resulting in over \$448 million in federal revenues. However, in spring 2020, the Families First Coronavirus Response Act (FFCRA) changed Medicaid benefits and temporarily increased the federal Medicaid matching rate (FMAP) by 6.2 percentage points, also known as the enhanced FMAP rate. The DD waivers are eligible and receiving increased federal revenue from the enhanced FMAP, an estimated \$7 million per quarter, reducing general fund need. The enhanced FMAP is slated to end in March 2022 but could be continued by the federal government at 6.2 percent or change to a lower rate in order to scale down the support. In addition to the enhanced FMAP, the federal American Rescue Plan Act (ARPA) contained a number of provisions designed to increase coverage, expand benefits, and adjust federal financing for state Medicaid programs. ARPA temporarily increased FMAP rates by 10 percent for Medicaid home-and-community-based services (HCBS) from April 2021 through March 2022, of which DD waivers are one eligible service. Additional federal revenue for all eligible ARPA community-based services, such as the state's DD waiver program, is estimated to be \$500 million, which could be spread over three years; \$277 million of this revenue could be for DD waivers.

These three nonrecurring funding sources and existing fund balances offer an opportunity to remove everyone from the waiting list in FY23 and gradually phase in estimated state costs over the next three to four years. However, the capacity of the system to serve the additional people needs ramping up as well. Volume III includes LFC analysis of a finance plan through FY27 to eliminate the waitlist using the increased HCBS funds.

DDSD Fund Balance. Language in the General Appropriations Act has allowed DDSD to keep appropriations from the general fund left at the end of the fiscal year, resulting in significant fund balances. The FY20 fund balance was \$17.2 million and \$24 million in FY21. A significant portion of these fund balances accrued due to temporary increased federal matching rates included in federal Covid-19 pandemic response funding. The finance plan to eliminate the waitlist would budget these budget balances in FY24 and FY25 to transition to increased general fund need in FY25 through FY27.

Jackson Lawsuit. In 2019, a settlement agreement was reached in the Jackson litigation, concerning services for those with developmental disabilities. DOH has 18 months to demonstrate compliance with a number of requirements in the settlement. As of October 2021, DOH reported eight 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. If the department fully disengages from the lawsuit in FY23, an additional \$2.4 million in general fund revenue, previously budgeted for the lawsuit administrative costs, would be available to provide additional services.

Facilities. The department's request for the Facilities Management Program increased general fund revenue by \$14.4 million, or 22 percent. Of the total general fund request, \$9.1 million was for facility maintenance and operations, \$2 million was to replace nonrecurring revenues, \$954 thousand was for journeymen FTE currently funded through contracts, and over \$2 million was for a medication dispensing system and pharmacy and electronic records supports. The program also requested decreases in other transfer revenues and relatively flat other revenues. These revenues include government payments for Medicaid, Medicare, and similar programs. The LFC recommendation include a general fund increase of \$3.2 million, including \$2 million to replace nonrecurring revenue from the consumer settlement fund, \$950 thousand for pharmacy and electronic records supports, and \$282.9 thousand for personnel. Additionally, the LFC recommendation for special, supplemental, and deficiency appropriations includes over \$4 million for facility maintenance and operations.

In 2021, LFC released a program evaluation for the Facilities Management Program. The report found the Department of Health's seven facilities face chronic issues with underutilization, staffing shortages, fiscal management, and facility conditions, resulting in substantial costs to the state and risks to the health and safety of individuals in their care. Key findings included a lack of strong, dedicated leadership over facilities, affecting the department's ability to respond to deficiencies and address critical patient needs. DOH has been without a director of facilities management for over three years, and the DOH facilities governing board lacks independence and performs limited oversight of quality of care. Inadequate oversight likely contributed to the higher rate of deficiencies causing actual harm to residents in DOH long-term care facilities since 2015—9 percent compared with 8 percent statewide. The report also stated the lack of leadership may have also factored in high Covid-19 infection and death rates among residents of the New Mexico State Veterans' Home, as well as significant construction issues. Multiple independent reviews found failure to follow proper infection control and personal protective equipment (PPE) procedures despite early guidance from DOH.

Additionally, the report found the failure to plan for the long term has led to underutilization, growing costs, and inefficiencies across many DOH facilities. Underutilization of facilities worsened under the Covid-19 pandemic, costing facilities as much as \$41 million to keep unoccupied beds open in FY20, along with causing a 10 percent rise in total cost per occupied bed. DOH also lacks a comprehensive facilities master plan to address inefficiencies and lacks a comprehensive strategy to address workforce needs. Without a comprehensive approach to managing facilities as a unified system, individual facilities drive their own budgets with limited oversight from the department, and projections tend to overestimate revenues. Facilities largely conduct billing on their own and are also individually responsible for seeking ways to improve revenues. Finally, the report found DOH facilities lack a standardized system to track and report operational performance in real time and the facilities instead rely on a variety of siloed tools at the facility level, making oversight and planning at the agency level difficult.

New Mexico Veterans' Home. Following the LFC program evaluation, a subcommittee was appointed regarding the New Mexico Veterans' Home (NMVH). The subcommittee visited NMVH twice during 2021 and noted low capacity and facility needs. As of October 2021, NMVH's licensed bed capacity was 145, but a shift to a maximum per room occupancy of two residents and closure of wings has reduced overall capacity, and 74 individuals resided at the facility. Of the 74 residents, approximately 36 are in the new annex and 38 are in the old hospital. The new annex was constructed in 2017 and experienced substantial settling, necessitating a \$535 thousand emergency procurement to replace and attach portions of exterior trim. Additionally, the annex's HVAC system required a \$178 thousand emergency procurement to address internal temperature fluctuations and poor air circulation. The therapy pool, originally intended to use mineral spring water, is currently empty as the pumping system did not function as intended and is now being converted to a chlorinated system. The old hospital was originally built in 1937 and has several facility improvements since. However, the age of the facility and new programmatic developments have led the state to consider vacating the old hospital and building several small house model facilities on the campus.

The small house model proposed at NMVH appears to follow current federal Department of Veterans Affairs (VA) best practices. The VA released a small house model design guide in January 2017, with a revised version in March 2019. The 350-page document replaced the community living center design guide and is referred to as a guide for the “planning and design of state Veterans Homes.” Consistent with the proposed NMVH plans, the VA’s small house guide emphasizes the transformation away from the medical and institutional model of care, replaced with small house communities of 10 to 14 residents. Arkansas, Maine, and Michigan have all recently constructed new state veterans homes using the small house design. In each case, the VA appears to have contributed a federal funding match for the construction.

While the small house design concept is aligned with best practices, it is unclear if the proposed six small houses with 12 occupants each, totaling 72 beds, is the correct number for NMVH. As noted in LFC’s DOH Facilities program evaluation, even prior to the Covid-19 pandemic, NMVH at times had occupancy levels around 100 residents, well below the potential 131 beds with the six small houses (72 small house beds, plus 59 beds at the annex).

In addition, the subcommittee noted the currently proposed site for the small houses lies largely in a sandy arroyo area and appears to require substantial site development work. Previously, issues with soil compaction caused substantial settling to portions of the annex shortly after construction. To avoid the issues experienced with the annex, site alternatives should be explored, including a granite area previously considered for construction. Additionally, if portions of the old building are demolished, those areas could be considered in the site selection for the new small houses.

Construction of state veterans’ home facilities are eligible for a 65 percent federal funding match from the Department of Veterans Affairs. However, as of November 2021, DOH had not yet applied for VA funding for the new proposed construction at NMVH. Currently, the timeline for applying for the VA funds, issuing a request for proposal (RFP), and beginning construction remains unclear. Beginning construction at NMVH prior to the VA awarding the federal funds or providing assurances could jeopardize the state’s ability to receive the 65 percent federal match for the project.

Public Health. The Public Health Program requested a general fund increase of \$6.7 million, or 12 percent. Over \$2.4 million of this increase is for youth suicide prevention. Additionally, the program requested \$1 million in general fund revenue for youth suicide prevention to replace nonrecurring consumer settlement revenues. In a 2020 report on suicide prevention LFC staff reported New Mexico had the nation’s highest suicide rate in 2018, although rates decreased slightly in 2019. Men white and Native American individuals died by suicide at the highest rates, and firearms were the most common means in New Mexico. The report found that, in 2019 515 New Mexicans died by suicide at an estimated cost of \$684 million over the lost lifetimes of the victims. Additionally, in New Mexico, suicide accounts for a large proportion of the deaths of those ages 15-24, and rural counties generally have higher rates of suicide. Since 2014, New Mexico has been in the top 15 states for teen suicide. The state’s suicide rate for 15- to 24-year-olds ranged from a low of 13 per 100 thousand in 2014 to a high of 29.5 per 100 thousand in 2017. The LFC recommendation includes \$1 million in general fund revenue to replace nonrecurring consumer settlement funds and \$1 million from the early childhood care and education fund to increase youth suicide prevention services.

The Public Health program also requested \$2 million from the general fund for personnel, operational rate increases, and security. The program also increased federal revenue significantly for personnel and contractual services. The LFC recommendation supports the nongeneral fund revenue request and increases general fund revenue by \$600 thousand, resulting in an overall increase to personnel of nearly 16 percent.

The Public Health Program also requested general fund revenues of \$750 thousand for the naloxone program and \$590 thousand for local food initiatives and the LFC recommendation includes \$750 thousand for naloxone. Finally, the LFC recommendation also includes \$1 million in general fund revenue for violence intervention grants and a \$75 thousand increase for health councils.

Tobacco Cessation. In FY22, revenue from the tobacco settlement fund to the Public Health Program declined and general fund revenue was increased \$1.9 million to hold the program harmless. However, tobacco settlement fund revenue transfers increased in FY23 by \$2 million. The LFC recommendation supports the department requested transfers and increases tobacco cessation programming by \$1.9 million.

Epidemiology and Response Program. The Epidemiology and Response Program requested a general fund revenue increase of \$5.7 million, or 54 percent. A majority of the increase, \$2.7 million, was to fund vacant positions. Additionally, the program requested \$1.5 million for suicide prevention infrastructure, \$152 thousand for sexual violence prevention and intervention, and \$1.4 million for statewide trauma centers. The program also requested significant increases in federal revenues resulting from federal Covid-19 response revenues. The LFC recommendation supports the department-requested federal revenue increases and increases general fund revenue by \$550 thousand to reduce the vacancy rate, by \$1 million for firearm safety, and by \$152 thousand for sexual violence prevention and intervention.

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 increase general fund revenues by over \$1 million, or nearly 17 percent, to reduce the vacancy rate and for IT. The LFC recommendation includes \$200 thousand for FTE to support new boarding home regulations efforts.

Medical Cannabis. The \$2.5 million transfers from the Regulation and Licensing Department to Medical Cannabis program is from licensing fees. The transfer is flat with FY22 operating budget, and the LFC recommendation supports the program's request.

**BASE EXPANSION LISTING
FY 2022-2023**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	Senior Farmers Market Program	P002	90.0	0.0
TOTAL			90.0	0.0

PUBLIC HEALTH

The purpose of the public health program is to provide a coordinated system of community-based public health services focusing on disease prevention and health promotion to improve health status, reduce disparities and ensure timely access to quality, culturally competent healthcare.

**BUDGET SUMMARY
(dollars in thousands)**

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	51,542.7	55,804.4	62,569.1	59,229.4	6.1
Other Transfers	15,379.0	15,573.9	16,089.3	17,089.3	9.7
Federal Revenues	54,117.5	69,878.8	91,251.8	91,251.8	30.6
Other Revenues	68,090.0	40,627.0	42,217.2	42,217.2	3.9
TOTAL SOURCES	189,129.2	181,884.1	212,127.4	209,787.7	15.3
USES					
Personal Services and Employee Benefits	49,339.5	54,212.2	64,178.1	62,801.3	15.8
Contractual Services	38,230.1	49,960.1	60,850.3	59,664.9	19.4
Other	64,121.5	77,249.5	86,636.7	86,859.2	12.4
Other Financing Uses	462.3	462.3	462.3	462.3	0.0
TOTAL USES	152,153.4	181,884.1	212,127.4	209,787.7	15.3
FTE					
Permanent	374.9	269.5	379.0	272.5	1.1
Term	412.5	513.5	423.0	513.5	0.0
Temporary	0.0	0.0	7.0	0.0	0.0
TOTAL FTE	787.4	783.0	809.0	786.0	0.4

Recommended Language

The internal service funds/interagency transfers appropriation to the public health program of the department of health includes five million four hundred thirty-five thousand two hundred dollars (\$5,435,200) from the tobacco settlement program fund for smoking cessation and prevention programs, seven hundred fifteen thousand five hundred dollars (\$715,500) from the tobacco settlement program fund for diabetes prevention and control services, two hundred ninety-three thousand (\$293,000) from the tobacco settlement program fund for human immunodeficiency virus/acquired immune deficiency syndrome prevention services and medicine and one hundred twenty-eight thousand six hundred dollars (\$128,600) from the tobacco settlement program fund for breast and cervical cancer screening.

The other transfers appropriation to the public health program of the department of health includes one million dollars (\$1,000,000) from the early childhood care and education fund. The amount is contingent on enactment of legislation in the second session of the fifty-fifth legislature amending Section 9-24-1 NMSA 1978.

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Number of community members trained in evidence-based suicide prevention practices	0.0	618.0	225.0	225.0	500.0
Explanatory	Percent of adolescents who smoke	N/A	0.00%	N/A	N/A	N/A
* 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	85.80%	88.40%	62.50%	62.50%	88.00%
Explanatory	Percent of third-grade children who are considered obese	N/A	0.00%	N/A	N/A	N/A
Explanatory	Percent of adults who smoke	0.00%	0.00%	N/A	N/A	N/A
Explanatory	Numbers of births to teens ages fifteen to nineteen per one thousand females ages fifteen to nineteen	TBD	0.0	N/A	N/A	N/A
Outcome	Percent of participants in the national diabetes prevention program that were referred by a health care provider through the agency-sponsored referral system	27.00%	63.00%	35.00%	35.00%	63.00%
Outcome	Number of successful overdose reversals per client enrolled in the New Mexico department of health harm reduction program	3,444.0	2,572.0	2,750.0	2,750.0	2,750.0
Output	Percent of children in healthy kids, healthy communities with increased opportunities for healthy eating in public elementary schools	97.00%	97.90%	89.00%	89.00%	89.00%
Output	Percent of New Mexico adult cigarette smokers who access New Mexico department of health cessation services	2.60%	1.90%	2.60%	2.60%	2.60%
* 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	50.00%	73.00%	95.00%	95.00%	95.00%
Outcome	Percent of older adults who have ever been vaccinated against pneumococcal disease	72.00%	0.00%	75.00%	75.00%	75.00%
* Outcome	Percent of preschoolers ages nineteen to thirty-five months indicated as being fully immunized	63.00%	64.66%	65.00%	65.00%	65.00%
Output	Number of teens who successfully complete a youth development program to prevent unintended teen pregnancy	502.0	385.0	232.0	232.0	350.0

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	10,904.6	10,657.1	16,439.5	12,359.6	16.0
Other Transfers	891.1	488.2	490.2	490.2	0.4
Federal Revenues	68,545.7	42,291.7	114,063.3	114,063.3	169.7
Other Revenues	2,473.9	527.5	644.1	644.1	22.1
TOTAL SOURCES	82,815.3	53,964.5	131,637.1	127,557.2	136.4
USES					
Personal Services and Employee Benefits	32,227.9	21,241.3	35,999.4	34,570.5	62.8
Contractual Services	33,527.3	22,786.7	76,057.8	74,934.8	228.9
Other	15,950.9	9,936.5	19,579.9	18,051.9	81.7
TOTAL USES	81,706.1	53,964.5	131,637.1	127,557.2	136.4
FTE					
Permanent	150.2	80.0	141.0	90.0	12.5
Term	198.0	208.0	160.0	208.0	0.0
Temporary	143.0	0.0	137.0	0.0	0.0
TOTAL FTE	491.2	288.0	438.0	298.0	3.5

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Number of people admitted to the emergency department with a suicide attempt diagnosis	0.0	0.0	0.0	3,408.0	3,408.0
Quality	Percent of New Mexico hospitals certified for stroke care	14.00%	19.50%	24.00%	24.00%	24.00%
* Explanatory	Drug overdose death rate per one hundred thousand population	N/A	0.0	N/A	N/A	N/A
* Explanatory	Alcohol-related death rate per one hundred thousand population	N/A	0.0	N/A	N/A	N/A
Explanatory	Rate of fall-related deaths per 100,000 adults, aged sixty-five years or older	N/A	0.0	N/A	N/A	N/A
Explanatory	Rate of heart disease and stroke (cardiovascular disease) deaths per 100,000 population	N/A	0.0	N/A	N/A	N/A
Explanatory	Percent of youth who were sexually assaulted in the last 12 months	N/A	11.40%	N/A	N/A	N/A
Explanatory	Rate of avoidable hospitalizations	NEW	609.4	N/A	N/A	N/A
Explanatory	Rate of heat related illness hospitalizations	N/A	0.0	N/A	N/A	N/A
Explanatory	Rate of suicide per 100,000 population	0.0	0.0	N/A	N/A	N/A
Explanatory	Percent of persons hospitalized for influenza who were treated with antivirals within 2 days of onset of illness	NEW	0.00%	N/A	N/A	N/A
Explanatory	Rate of pneumonia and influenza deaths per 100,000	0.0	0.0	N/A	N/A	N/A
Outcome	Percent of hospitals with emergency department based secondary prevention of older adult fractures due to falls programs	NEW	0.00%	7.00%	0.00%	7.00%

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Number of youth who have completed an evidence-based or evidence-supported sexual assault primary prevention program	NEW	3,112.0	7,000.0	7,000.0	7,000.0
Outcome	Percent of hospitals with emergency department based self-harm secondary prevention programs	NEW	2.50%	7.00%	7.00%	7.00%
Outcome	Average time to provide birth certificate to customer	NEW	3.0	5.0	5.0	3.0
Outcome	Percent of death certificates completed by bureau of vital records & health statistics within 10 days of death	NEW	50.00%	64.00%	64.00%	64.00%
* Outcome	Percent of opioid patients also prescribed benzodiazepines	11.00%	10.60%	5.00%	5.00%	5.00%
Outcome	Rate of persons receiving alcohol screening and brief intervention services	NEW	52.20%	5.00%	72.60%	72.60%
Output	Percent of cities and counties with access and functional needs plans that help prepare vulnerable populations for a public health emergency	NEW	65.00%	33.00%	33.00%	65.00%

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	7,975.1	7,829.8	8,857.5	8,179.8	4.5
Other Transfers	958.4	777.0	777.0	777.0	0.0
Federal Revenues	4,060.2	4,543.4	4,608.4	4,608.4	1.4
Other Revenues	1,405.0	1,675.0	1,674.5	1,674.5	0.0
TOTAL SOURCES	14,398.7	14,825.2	15,917.4	15,239.7	2.8
USES					
Personal Services and Employee Benefits	8,816.6	9,188.2	10,215.9	9,538.2	3.8
Contractual Services	600.7	237.2	562.2	562.2	137.0
Other	5,327.0	5,399.8	5,139.3	5,139.3	(4.8)
TOTAL USES	14,744.3	14,825.2	15,917.4	15,239.7	2.8
FTE					
Permanent	116.0	82.0	121.0	121.0	47.6
Term	50.0	108.0	70.0	70.0	(35.2)
TOTAL FTE	166.0	190.0	191.0	191.0	0.5

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Efficiency	Percent of environmental samples for chemical contamination that are completed and reported to the submitting agency within 60 calendar days.	0.0%	98.6%	0.0%	90.0%	98.0%
Efficiency	Percent of blood alcohol tests from driving-while-intoxicated cases completed and reported to law enforcement within 15 calendar days	91.00%	98.00%	95.00%	95.00%	95.00%
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	97.00%	98.50%	90.00%	90.00%	98.00%

FACILITIES MANAGEMENT

The purpose of the facilities management program is to provide oversight for department of health facilities that provide health and behavioral health-care services, including mental health, substance abuse, nursing home and rehabilitation programs in both facility- and community-based settings, and serve as the safety net for the citizens of New Mexico.

BUDGET SUMMARY
 (dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	61,131.8	64,340.1	78,777.8	67,573.0	5.0
Other Transfers	9,380.4	7,276.6	6,348.0	6,348.0	(12.8)
Federal Revenues	14,190.3	12,331.8	12,910.9	12,910.9	4.7
Other Revenues	64,427.5	83,338.7	83,637.7	83,637.7	0.4
TOTAL SOURCES	149,130.0	167,287.2	181,674.4	170,469.6	1.9
USES					
Personal Services and Employee Benefits	107,479.9	124,593.5	123,140.2	122,186.2	(1.9)
Contractual Services	11,486.6	14,422.1	16,662.6	15,546.6	7.8
Other	25,328.5	28,271.6	41,871.6	32,736.8	15.8
TOTAL USES	144,295.0	167,287.2	181,674.4	170,469.6	1.9
FTE					
Permanent	1,955.5	1,911.5	1,911.5	1,911.5	0.0
Term	4.0	5.0	5.0	5.0	0.0
Temporary	19.0	14.0	14.0	14.0	0.0
TOTAL FTE	1,978.5	1,930.5	1,930.5	1,930.5	0.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Efficiency	Percent of eligible third-party revenue collected at all agency facilities	81.00%	92.10%	93.00%	93.00%	93.00%
Outcome	Percent of adolescent residents who successfully complete program	NEW	82.00%	90.00%	90.00%	90.00%
Output	Number of overtime hours worked	NEW	706,714.0	387,000.0	387,000.0	387,000.0
* Quality	Number of significant medication errors per one hundred patients	0.2	0.6	2.0	2.0	2.0
Outcome	Number of narcotic kits distributed or prescribed	NEW	231.0	180.0	180.0	200.0
Outcome	Percent of medication assisted treatment inductions conducted or conducted after referrals on alcohol use disorders	NEW	0.00%	65.00%	65.00%	65.00%
Output	Percent of medical detox occupancy at turquoise lodge hospital	NEW	70.00%	75.00%	75.00%	75.00%
* Efficiency	Percent of beds occupied	NEW	58.00%	75.00%	75.00%	75.00%
Output	Number of direct care contracted hours	NEW	167,479.0	218,000.0	218,000.0	218,000.0
Outcome	Percent of dementia only residents on antipsychotics	NEW	0.00%	0.16%	16.00%	16.00%
Quality	Percent of in-house acquired pressure ulcers for long-term care residents - long stays	NEW	0.00%	NEW	2.00%	2.00%
Outcome	Percent of priority request for treatment clients who are provided an admission appointment to turquoise lodge hospital program within 2 days	NEW	70.00%	50.00%	50.00%	70.00%
Outcome	Percent of medication assisted treatment inductions conducted or conducted after referrals on opiate use disorders	NEW	0.00%	65.00%	65.00%	65.00%
Outcome	Percent of patients educated on medication assisted treatment options while receiving medical detox services	NEW	0.00%	NEW	90.00%	90.00%
Quality	Percent of in-house acquired pressure ulcers for long-term care residents - short stays	NEW	0.00%	NEW	2.00%	2.00%

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	165,090.5	165,153.2	190,053.2	183,053.2	10.8
Other Transfers	5,745.1	9,549.9	9,549.9	9,549.9	0.0
Other Revenues	333.2	205.0	305.0	305.0	48.8
TOTAL SOURCES	171,168.8	174,908.1	199,908.1	192,908.1	10.3

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
USES					
Personal Services and Employee Benefits	13,765.5	13,979.1	13,979.1	13,979.1	0.0
Contractual Services	9,562.6	11,377.1	11,377.1	11,377.1	0.0
Other	4,815.3	10,593.5	10,693.5	10,693.5	0.9
Other Financing Uses	111,955.1	138,958.4	163,858.4	156,858.4	12.9
TOTAL USES	140,098.5	174,908.1	199,908.1	192,908.1	10.3
FTE					
Permanent	119.2	90.0	118.0	118.0	31.1
Term	92.0	99.0	86.0	86.0	(13.1)
TOTAL FTE	211.2	189.0	204.0	204.0	7.9

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Efficiency	Percent of developmental disabilities waiver applicants who have a service plan and budget in place within 90 days of income and clinical eligibility determination	96.00%	97.40%	95.00%	95.00%	97.00%
* Explanatory	Number of individuals receiving developmental disabilities waiver services	4,934.0	5,111.0	N/A	N/A	N/A
* Explanatory	Number of individuals on the developmental disabilities waiver waiting list	4,743.0	4,669.0	N/A	N/A	N/A
Outcome	Percent of developmental disabilities waiver providers in compliance with general events timely reporting requirements (2-day rule)	84.00%	83.00%	86.00%	86.00%	86.00%
Efficiency	Percent of adults of working age (22 to 64 years), served on a developmental disabilities waiver (traditional or mi via) who receive employment supports	29.00%	18.40%	29.00%	27.00%	27.00%
Outcome	Number of people on the waiting list that are formally assessed once allocated to the developmental disability waivers	NEW	100.0	100.0	100.0	100.0

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	5,931.9	6,106.6	7,135.0	6,306.6	3.3
Other Transfers	2,754.4	4,964.5	5,498.4	5,498.4	10.8
Federal Revenues	1,337.0	2,595.7	2,650.0	2,650.0	2.1
Other Revenues	1,777.5	1,937.0	2,056.0	2,056.0	6.1
TOTAL SOURCES	11,800.8	15,603.8	17,339.4	16,511.0	5.8
USES					
Personal Services and Employee Benefits	12,300.4	13,014.8	14,401.8	13,773.4	5.8
Contractual Services	271.1	998.5	1,203.0	1,003.0	0.5
Other	1,574.3	1,590.5	1,734.6	1,734.6	9.1
TOTAL USES	14,145.8	15,603.8	17,339.4	16,511.0	5.8
FTE					
Permanent	74.7	56.0	71.0	71.0	26.8
Term	105.0	119.0	103.0	103.0	(13.4)
TOTAL FTE	179.7	175.0	174.0	174.0	(0.6)

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Percent of long-term care health facility survey statement of deficiencies distributed to the facility within 10 days of survey exit	0.0%	0.0%	0.0%	85.0%	85.0%
Output	Percent of assisted living facilities complaint surveys initiated within required timeframes	\$0.0	\$48.4	Discontinued	\$0.0	\$0.0
* Explanatory	Abuse rate for developmental disability waiver and mi via waiver clients	13.00%	5.55%	N/A	N/A	N/A
* Explanatory	Re-abuse rate for developmental disabilities waiver and mi via waiver clients	6.00%	6.12%	N/A	N/A	N/A
* Quality	Percent of abuse, neglect and exploitation investigations completed according to established timelines	82.00%	96.30%	86.00%	86.00%	86.00%
Output	Percent of quality management bureau 1915c home and community-based services waivers report of findings distributed within 21 working days from end of survey	NEW	73.60%	86.00%	86.00%	86.00%
Output	Percent of health facility survey statement of deficiencies (CMS form 2567/state form) distributed to the facility within 10 days of survey exit	NEW	81.75%	85.00%	85.00%	85.00%

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Percent of assigned investigations initiated within required timelines	NEW	94.41%	86.00%	86.00%	86.00%
Output	Percent of assisted living health facility survey statement of deficiencies (CMS form 2567/state form) distributed to the facility within 10 days of survey exit	NEW	0.00%	NEW	85.00%	85.00%
Quality	Percent of nursing home incident reports submitted following participation in a division of health improvement training on reporting requirements	NEW	89.00%	85.00%	85.00%	85.00%
Output	Percent of caregiver criminal history screening (CCHS) appeal clearance recidivism/re-offense (conviction) after a successful appeal	NEW	0.00%	12.00%	12.00%	12.00%
Quality	Percent of nursing home survey citation(s) upheld as valid when reviewed by the centers for Medicare & Medicaid services (CMS) and through informal dispute resolution process	NEW	93.00%	90.00%	90.00%	90.00%

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	0.0	2,516.5	2,516.5	2,516.5	0.0
Other Revenues	5,422.0	0.0	0.0	0.0	0.0
TOTAL SOURCES	5,422.0	2,516.5	2,516.5	2,516.5	0.0
USES					
Personal Services and Employee Benefits	2,681.7	1,609.0	1,609.0	1,609.0	0.0
Contractual Services	1,111.6	570.5	570.5	570.5	0.0
Other	664.6	337.0	337.0	337.0	0.0
TOTAL USES	4,457.9	2,516.5	2,516.5	2,516.5	0.0
FTE					
Permanent	4.2	0.0	3.0	3.0	0.0
Term	16.0	18.0	15.0	15.0	(16.7)
TOTAL FTE	20.2	18.0	18.0	18.0	0.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Quality	Percent of complete medical cannabis client applications approved or denied within thirty calendar days of receipt	99.00%	99.98%	99.00%	99.00%	99.00%
Efficiency	Percent of registry identification cards issued within five business days of application approval	99.00%	99.98%	98.00%	98.00%	98.00%

ADMINISTRATION**BUDGET SUMMARY**
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	6,210.8	6,114.5	6,114.5	6,114.5	0.0
Other Transfers	65,674.3	1,958.8	965.9	965.9	(50.7)
Federal Revenues	10,113.4	7,445.5	7,405.1	7,405.1	(0.5)
Other Revenues	155.4	0.0	0.0	0.0	0.0
TOTAL SOURCES	82,153.9	15,518.8	14,485.5	14,485.5	(6.7)
USES					
Personal Services and Employee Benefits	12,941.1	11,828.8	11,828.8	11,828.8	0.0
Contractual Services	20,205.3	2,127.1	1,066.8	1,066.8	(49.8)
Other	32,242.9	1,562.9	1,589.9	1,589.9	1.7
TOTAL USES	65,389.3	15,518.8	14,485.5	14,485.5	(6.7)
FTE					
Permanent	139.0	163.0	165.0	164.0	0.6
Term	18.0	46.0	43.0	43.0	(6.5)
Temporary	1.0	0.0	2.0	2.0	0.0
TOTAL FTE	158.0	209.0	210.0	209.0	0.0

Statutory Authority

The New Mexico Department of Environment (NMED) is established by Sections 9-7A-1 through 9-7A-15 NMSA 1978. It is responsible for administration of federal and state laws and regulations related to air quality, surface- and groundwater quality, solid waste disposal, underground storage tanks, radioactive materials, radiologic technology, occupational safety, and food safety. The department administers rural water and wastewater infrastructure loans and monitors federal Department of Energy and Department of Defense facilities within New Mexico for nonradioactive hazardous materials.

Mission

The Department of Environment (NMED) preserves and protects surface- and groundwater, air quality, and land in New Mexico. The department also protects the safety and health of the state's citizens by regulating, monitoring, and inspecting public facilities and establishments.

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	13,146.1	16,052.9	23,071.0	17,072.4	6.4
Other Transfers	38,112.0	36,805.0	37,263.1	39,997.4	8.7
Federal Revenues	19,336.3	37,027.1	33,241.7	39,239.7	6.0
Other Revenues	49,640.3	43,025.8	44,220.0	46,881.0	9.0
Fund Balance	6,794.3	7,670.5	8,385.8	8,482.0	10.6
TOTAL SOURCES	127,029.0	140,581.3	146,181.6	151,672.5	7.9
USES					
Personal Services and Employee Benefits	45,629.1	56,236.6	59,188.7	57,765.7	2.7
Contractual Services	10,739.4	19,793.5	22,600.9	21,886.8	10.6
Other	17,519.9	29,694.8	28,226.2	33,119.9	11.5
Other Financing Uses	35,258.5	34,856.4	36,165.8	38,900.1	11.6
TOTAL USES	109,146.9	140,581.3	146,181.6	151,672.5	7.9
FTE					
Permanent	348.0	299.0	353.0	312.0	4.3
Term	294.0	348.8	349.5	348.8	0.0
Temporary	11.0	10.0	0.0	0.0	(100.0)
TOTAL FTE	653.0	657.8	702.5	660.8	0.5

At A Glance

The Environment Department (NMED) requested a total budget of \$110.11 million, \$4.39 million more than the FY22 operating budget. Due to generally accepted accounting principles, the agency request includes special revenue funds of \$36.07 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 FY23 request increased general fund revenue by \$7 million, or 43.7 percent, composed of a \$1.8 million increase to the base budget and a \$5.3 million expansion in the Environmental Protection Division. In other funding sources, the request made a net revenue reduction of \$2.6 million based on the assumption federal revenues would decline by \$3.8 million.

The LFC recommendation adds \$1 million in general fund revenue for both a base increase and program expansion. The committee also recommends an increase of \$4 million from other state revenues and fund balance, as well as an increase of \$2.2 million in federal funds. Overall, the recommendation provides an additional \$7.1 million in expenditure authority for new and reprioritized FTE, recruitment and retention, contractual services for rulemaking and data management, and other operating costs. The committee recommends reclassifying existing vacant positions rather than adding new FTE to the agency's base budget due to NMED's funded vacancy rate of 16 percent.

Budget Issues

Revenues. In addition to federal revenue, NMED relies heavily on special revenue from various types of application, certification, and permitting fees. The LFC recommendation includes \$56.56 million from these sources in other revenues, transfers, and fund balance. From the corrective action fund (CAF), the largest single special revenue fund, the agency requested and LFC recommends \$23.06 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.

Based on analysis of the agency's revenue sources, LFC recommends both state special revenue and federal revenue in excess of the agency's request. In particular, the agency requested a substantial reduction in federal funds, while LFC anticipates NMED's federal revenues will grow in FY23 in large part based on provisions of the Infrastructure Investment and Jobs Act. Overall, this legislation includes \$21 billion for environmental remediation and investments, with at least \$13.9 billion appropriated for state programs directly managed by NMED, such as the clean water state revolving fund.

Some of NMED's special revenue funds, however, have been dropping because fees and penalties have not been updated to keep pace with program costs and inflation. Some fee increases must be approved only by the Environmental Improvement Board (EIB), which NMED can directly petition, while others are set in statute. NMED proposed 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 revenues have become insufficient to continue covering the cost of sampling for several regulated contaminants. The legislation was backed by the public water systems operators who would be affected by the fee increase and passed the Legislature with broad support but was vetoed by the governor.

Water Protection Program. In FY21, the Water Protection Program worked to identify and address water contaminated with per- and polyfluoroalkyl substances (PFAS) and other emerging contaminants, provide technical assistance and training to more than 3,000 drinking water and wastewater utility operators, and contribute scientific analysis on the treatment and use of produced water for purposes outside the oil and gas sector to the New Mexico Produced Water Research Consortium. Further accomplishments included implementing rules to lower interest rates for water infrastructure loans and updating water quality management and monitoring plans.

LFC recommends a general fund increase of \$240 thousand for water resource professionals to work on climate and drought resilience, water quality data collection, emerging contaminants, and regulatory compliance in the Surface Water Quality, Drinking Water, and Groundwater Quality bureaus. The Water Protection Program currently has 33 vacant FTE. LFC recommends reclassifying long-term vacant positions to water resource professional twos or threes so that the personnel makeup of the program better matches its priorities. Increases to federal and other state revenues are also recommended to fund new FTE not supported by the general fund and increased contractual services expenditures related to rising water quality testing costs and other professional services.

Resource Protection Program. Staff in the Resource Protection Program are leading NMED's litigation against the U.S. Department of Defense seeking delineation and remediation of PFAS contamination near Cannon and Holloman Air Force bases. In FY21, the program also facilitated an expedited remedy selection and cleanup of a legacy bulk fuel release at Kirtland Air Force Base. The program is furthermore responsible for inspections of infectious waste generators, such as hospitals and healthcare clinics, which remained a high priority throughout FY21 amid the Covid-19 pandemic, and environmental monitoring of large hazardous material storage sites, including Los Alamos National Laboratory and the Waste Isolation Pilot Plant.

NMED's general fund request for the Resource Protection Program included a reduction to transfer \$200 thousand to the Resource Management Program. The agency also requested funding for 2 FTE to increase solid waste facility inspections, which LFC supports with a \$140.5 thousand increase. The recommendation does not add FTE due to the program's 26 vacant positions, which can be reclassified as needed. The committee recommendation also increases transfers based on projected revenue and balances for the hazardous waste fund and hazardous waste emergency fund.

Environmental Protection Program. In FY21, the Environmental Protection Program developed rules to reduce volatile organic compounds (VOC) emissions from the oil and gas industry, conducted research to inform development of low-emission and zero-emission vehicle standards, and deployed new air monitoring instruments. In the program's Environmental Health Division, development of the hemp program continued and began to expand to include recreational cannabis regulation. The division also hired 26 displaced workers through a U.S. Department of Labor grant for the Covid-19 rapid response initiative that ensured employers took sufficient actions to protect employees from infection and isolate positive cases in their workplace.

The Environmental Protection Program's FY23 base budget request did not increase general fund revenue and was relatively flat in other revenue sources. The agency requested two expansions for the program, which LFC partially recommends with a general fund increase of \$639 thousand.

Base Expansion

NMED requested \$5.3 million from the general fund for two expansions to the Environmental Protection Program. For a new Climate Change Bureau, the agency requested 18 FTE and \$2.9 million to develop, implement, and track new greenhouse gas emissions mitigation strategies. These strategies would include enforcing the current policy in development for reducing methane emissions in the oil and gas sector, adopting policies such as the clean car rule and a clean fuel standard to reduce emissions in the transportation sector, and, if enacted, implementing the Hydrogen Hub Act, the governor's top legislative priority for the 2022 session.

LFC recommends the addition of 7 FTE and \$400 thousand in personnel funding to create the Climate Change Bureau, of which \$200 thousand and 4 FTE are contingent on enactment of the Hydrogen Hub Act. Additional funding for the new bureau may be available through federal grant awards based on the current administration's focus on climate change and the environment, particularly the funding included in the Infrastructure Investment and Jobs Act.

NMED also requested \$2.3 million and 19 FTE to expand the existing hemp program into the Cannabis and Hemp Bureau to fulfill the agency's responsibilities in administering the Cannabis Regulation Act. In conjunction with the Regulation and Licensing Department, NMED must ensure all cannabis-derived products, specifically cannabis-infused foods and topical products, manufactured in New Mexico are safe for human use. LFC recommends personnel funding of \$239 thousand for 6 FTE to establish this program.

**BASE EXPANSION LISTING
FY 2022-2023**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	Climate Control Bureau	P570	2,920.0	400.0
0	EHD	P570	2,325.0	239.0
TOTAL			5,245.0	639.0

RESOURCE MANAGEMENT PROGRAM

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)**

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	2,768.9	3,097.4	4,006.0	3,297.4	6.5
Other Transfers	3,192.2	3,064.2	2,769.7	3,610.1	17.8
Federal Revenues	1,654.2	2,410.2	2,340.3	2,340.3	(2.9)
Fund Balance	0.0	200.0	300.0	300.0	50.0
TOTAL SOURCES	7,615.3	8,771.8	9,416.0	9,547.8	8.8

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
USES					
Personal Services and Employee Benefits	5,991.3	6,917.5	7,215.3	7,347.1	6.2
Contractual Services	266.4	465.4	727.1	727.1	56.2
Other	1,100.8	1,388.9	1,473.6	1,473.6	6.1
TOTAL USES	7,358.5	8,771.8	9,416.0	9,547.8	8.8
FTE					
Permanent	57.0	46.0	45.0	45.0	(2.2)
Term	24.3	32.3	33.3	33.3	3.1
TOTAL FTE	81.3	78.3	78.3	78.3	0.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Total dollars collected and transferred to the general fund resulting from successful prosecutions and/or settlements stemming from non-compliance with laws, rules or permits administered by the department	NEW	NEW	\$500,000	\$500,000	\$500,000
Output	Percent of department financial transactions completed online by the public or regulated community	NEW	NEW	33.00%	50.00%	50.00%

WATER PROTECTION PROGRAM

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, waste water and solid waste infrastructure through funding, technical assistance and project oversight.

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	3,036.7	3,938.5	4,818.0	4,178.5	6.1
Other Transfers	8,713.8	8,683.7	9,249.0	9,533.0	9.8
Federal Revenues	4,436.5	18,373.7	18,715.7	18,715.7	1.9
Other Revenues	242.4	100.0	100.0	100.0	0.0
Fund Balance	1,275.5	0.0	0.0	0.0	0.0
TOTAL SOURCES	17,704.9	31,095.9	32,882.7	32,527.2	4.6

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
USES					
Personal Services and Employee Benefits	13,166.7	16,191.4	16,706.9	16,606.9	2.6
Contractual Services	4,479.7	9,503.6	11,068.7	10,968.7	15.4
Other	2,080.3	5,400.9	5,010.0	4,854.5	(10.1)
Other Financing Uses	0.0	0.0	97.1	97.1	0.0
TOTAL USES	19,726.7	31,095.9	32,882.7	32,527.2	4.6
FTE					
Permanent	86.7	68.0	82.3	68.0	0.0
Term	93.3	116.3	116.3	116.3	0.0
TOTAL FTE	180.0	184.3	198.6	184.3	0.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Output	Number of nonpoint source impaired waterbodies restored by the department relative to the number of impaired water bodies	NEW	NEW	1/4	1/4	1/4
Outcome	Reduction in nonpoint source sediment loading attributed to implementation of watershed restoration and on-the-ground improvement projects	NEW	NEW	200.0	200.0	200.0
Output	Percent of surface water permittees inspected	NEW	NEW	10.00%	10.00%	10.00%
Output	Number of superfund sites cleaned up as compared to the number of superfund sites remaining	NEW	NEW	0/2	0/2	0/2
Output	Number of new water infrastructure projects	NEW	NEW	75.0	100.0	100.0
Outcome	Percent of the population served safe and healthy drinking water	NEW	97.00%	92.00%	92.00%	95.00%
Outcome	Number of community water system violations returned to compliance as a result of NMED assistance	NEW	NEW	500.0	500.0	500.0
Outcome	Number of drinking water systems serving drinking water that did not meet at least one standard compared to the total number of drinking water systems	NEW	NEW	260/6	260/6	260/6
Output	Percent of ground water permittees inspected	NEW	19.00%	65.00%	65.00%	65.00%
Outcome	Percent of groundwater permittees in violation	NEW	NEW	15.00%	15.00%	15.00%
Outcome	Quantity of nutrient-based pollutants (nitrogen / phosphorus) reduced due to implementation of watershed restoration and on-the-ground improvement projects, in pounds	NEW	NEW	650.0	650.0	650.0
* Outcome	Percent of ground water permittees in compliance	NEW	NEW	85.00%	85.00%	85.00%
Outcome	Number of brownfield acres of contaminated land cleaned up and available for reuse	NEW	NEW	150.0	20.0	150.0
Outcome	Percent of surface water permittees in compliance	NEW	NEW	85.00%	85.00%	85.00%
Output	Investments in water infrastructure, in dollars	NEW	NEW	\$30,000,000	\$30,000,000	\$30,000,000

RESOURCE PROTECTION PROGRAM

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,965.9	2,180.8	2,165.8	2,121.3	(2.7)
Other Transfers	8,793.2	8,455.7	8,525.7	9,657.6	14.2
Federal Revenues	2,808.4	6,014.6	5,473.1	5,473.1	(9.0)
TOTAL SOURCES	13,567.5	16,651.1	16,164.6	17,252.0	3.6
USES					
Personal Services and Employee Benefits	9,415.9	11,562.6	11,498.8	12,120.3	4.8
Contractual Services	1,116.2	3,079.3	2,613.4	3,079.3	0.0
Other	1,611.0	2,009.2	2,052.4	2,052.4	2.2
TOTAL USES	12,143.1	16,651.1	16,164.6	17,252.0	3.6
FTE					
Permanent	42.7	32.0	35.6	33.0	3.1
Term	88.3	110.3	110.0	109.3	(0.9)
TOTAL FTE	131.0	142.3	145.6	142.3	0.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Outcome	Percent of hazardous waste facilities in compliance	NEW	NEW	85.00%	85.00%	85.00%
Output	Percent of solid and infectious waste management facilities inspected	NEW	NEW	85.00%	85.00%	85.00%
* Outcome	Percent of solid and infectious waste management facilities in compliance	NEW	NEW	85.00%	85.00%	85.00%
Outcome	Percent of hazardous waste facilities in violation	NEW	NEW	15.00%	15.00%	15.00%
Output	Percent of hazardous waste facilities inspected	NEW	NEW	2.00%	6.00%	6.00%
Output	Percent of ionizing/non-ionizing radiation sources inspected	NEW	NEW	85.00%	85.00%	85.00%
Output	Number of underground storage tank sites cleaned up compared to the total number of leaking underground petroleum storage tank sites remaining	NEW	NEW	20/9	20/9	20/9
Outcome	Percent of new or modified liquid waste systems in violation	NEW	NEW	15.00%	15.00%	15.00%
Outcome	Percent of solid and infectious waste management facilities in violation	NEW	NEW	15.00%	15.00%	15.00%
Output	Number of completed cleanups of petroleum storage tank release sites that require no further action	NEW	NEW	1,938.0	1,958.0	1,958.0

ENVIRONMENTAL PROTECTION PROGRAM

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	5,374.6	6,836.2	12,081.2	7,475.2	9.3
Other Transfers	15,612.8	16,601.4	16,718.7	17,196.7	3.6
Federal Revenues	2,657.2	4,928.6	4,930.6	4,930.6	0.0
Other Revenues	106.4	99.9	0.0	0.0	(100.0)
TOTAL SOURCES	23,751.0	28,466.1	33,730.5	29,602.5	4.0
USES					
Personal Services and Employee Benefits	17,055.2	21,565.1	23,767.7	21,691.4	0.6
Contractual Services	1,267.5	1,755.2	3,201.7	2,121.7	20.9
Other	3,498.1	5,145.8	6,761.1	5,789.4	12.5
TOTAL USES	21,820.8	28,466.1	33,730.5	29,602.5	4.0
FTE					
Permanent	161.7	153.0	190.0	166.0	8.5
Term	88.3	90.0	90.0	90.0	0.0
Temporary	11.0	10.0	0.0	0.0	(100.0)
TOTAL FTE	261.0	253.0	280.0	256.0	1.2

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Outcome	Percent of the population breathing air meeting federal health standards	NEW	NEW	95.00%	95.00%	95.00%
Outcome	Amount of nitrogen oxides emitted statewide, in tons	NEW	NEW	136,906.0	123,215.0	123,215.0
Output	Percent of air emitting sources inspected	NEW	NEW	50.00%	50.00%	50.00%
Outcome	Percent of ionizing/non-ionizing radiation sources in compliance	NEW	NEW	85.00%	85.00%	85.00%
Outcome	Amount of nitrogen oxides emitted illegally, in tons	NEW	NEW	7,000.0	7,000.0	7,000.0
Outcome	Percent of restaurants/food manufacturers in violation	NEW	NEW	15.00%	15.00%	15.00%
Outcome	Percent of ionizing/non-ionizing radiation sources in violation	NEW	NEW	15.00%	15.00%	15.00%
Outcome	Amount of volatile organic compounds emitted statewide, in tons	NEW	NEW	101,095.0	90,986.0	90,986.0
Outcome	Percent of new or modified liquid waste systems in compliance	NEW	NEW	85.00%	85.00%	85.00%
Outcome	Percent of air emitting sources in compliance	NEW	NEW	85.00%	85.00%	85.00%
Output	Percent of restaurants/food manufacturers inspected	NEW	NEW	80.00%	80.00%	80.00%

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Percent of new or modified liquid waste systems inspected	NEW	NEW	85.00%	85.00%	85.00%
Outcome	Amount of volatile organic compounds emitted illegally, in tons	NEW	NEW	5,000.0	5,000.0	5,000.0
Outcome	Percent of air emitting sources in violation	NEW	NEW	15.00%	15.00%	15.00%
* Outcome	Employers that did not meet occupational health and safety requirements for at least one standard	NEW	NEW	55.00%	55.00%	55.00%
Outcome	Percent of restaurants/food manufacturers in compliance	NEW	NEW	85.00%	85.00%	85.00%

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	446.3	427.9	787.9	623.6	45.7
Other Revenues	162.5	0.0	0.0	0.0	0.0
Fund Balance	132.4	4,927.6	4,500.0	4,500.0	(8.7)
TOTAL SOURCES	741.2	5,355.5	5,287.9	5,123.6	(4.3)
USES					
Personal Services and Employee Benefits	415.6	477.8	680.5	589.0	23.3
Contractual Services	127.5	4,846.1	4,510.8	4,500.0	(7.1)
Other	27.4	31.6	96.6	34.6	9.5
TOTAL USES	570.5	5,355.5	5,287.9	5,123.6	(4.3)
FTE					
Permanent	4.0	4.0	6.0	5.0	25.0
Temporary	1.0	0.0	0.0	0.0	0.0
TOTAL FTE	5.0	4.0	6.0	5.0	25.0

At A Glance

The Office of the Natural Resources Trustee (ONRT) is primarily funded by settlement revenue from environmental lawsuits, as well as an appropriation from the general fund to pay for operating expenses and personnel. For FY23, ONRT requested an appropriation of \$5.3 million, made up of \$787.9 thousand from the general fund and \$3.5 million from the balance of the natural resources trustee fund. The general fund request was \$360 thousand, or 84 percent, more than the general fund revenue in ONRT's FY22 operating budget, while the requested fund balance revenue was \$427.6 thousand less than it was in FY22. Overall, this results in a net budget decrease of \$67.6 thousand, implemented in the contractual services category.

Budget Issues

ONRT requested a general fund increase to add 2 FTE at a cost of \$225.5 thousand, including salary, benefits, and overhead costs; increase salary and benefits for the executive director position by \$10.7 thousand; and increase operating costs, such as rent, travel, and training. Furthermore, the general fund request included \$89.4 thousand for miscellaneous expenses currently funded by ONRT's assessment fund balance, made up of settlements from environmental lawsuits.

The two new positions ONRT requested are a water resources specialist IV and a management analyst to address increasing workload on both restorations and damage assessments. According to the agency, additional staff are needed to initiate and implement projects in a timely fashion so that New Mexico communities harmed by hazardous substance releases may enjoy the environmental, recreational, and economic benefits of natural resources restoration. The LFC recommendation includes funding for 1 additional FTE, a water resources specialist IV, to improve ONRT's efficacy in developing and implementing natural resource restoration plans. The LFC recommendation supports increased operating expenditures associated

with new staff, such as office equipment and training costs, with a \$3,200 increase in other costs. LFC also recommends increasing general fund revenue for miscellaneous expenses in the other costs category, rather than funding those expenditures with settlement revenue. The recommended budget increase is supported by \$195.7 thousand from the general fund.

ONRT completed two multi-year restoration projects in FY21, continued work on seven restoration projects, and initiated two new projects toward the end of the fiscal year. Restoration projects include constructing erosion control structures, removing invasive and noxious vegetation, creating wetland ponds, expanding wastewater systems to protect surface water and groundwater from contamination, and more. The new projects initiated in FY21 are the Cimarron River trout habitat restoration and work on the Animas and San Juan rivers related to the Gold King mine spill. Initiation of these projects was the result of two settlement agreements reached in FY21—one with Fronk Oil Company for \$150 thousand for natural resource injuries related to a 2016 oil release into the Cimarron River and the other with Sunnyside Corporation and its parent companies for \$1 million related to the 2015 release of hazardous substances from the Gold King mine.

Despite these accomplishments, ONRT only spent about 6 percent of its contractual services budget, which funds the majority of the agency's work, in FY21. The agency reports unanticipated schedule delays on restoration projects due to the pandemic and unrelated slow response times from co-trustees and project partners. The two new restoration projects started in FY21 are reportedly moving much more quickly than other existing projects, and ONRT expects contracted service expenditures to increase significantly in FY22 as a result.

OFFICE OF THE NATURAL RESOURCES TRUSTEE

The purpose of the natural resources trustee program is to restore or replace natural resources injured or lost due to releases of hazardous substances or oil into the environment.

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Number of acres of habitat benefiting from restoration	12,845.0	12,891.0	12,000.0	12,750.0	12,750.0
Outcome	Number of acre-feet of water conserved, restored or protected	1,061.0	1,071.0	1,000.0	1,000.0	2,000.0

Statutory Authority

Sections 9-22-1 through 9-22-20 NMSA 1978 establishes 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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	5,221.7	5,436.8	6,617.5	5,696.8	4.8
Other Transfers	5.3	0.0	0.0	0.0	0.0
Federal Revenues	595.0	595.0	714.7	714.7	20.1
Other Revenues	275.7	209.4	200.0	250.0	19.4
TOTAL SOURCES	6,097.7	6,241.2	7,532.2	6,661.5	6.7
USES					
Personal Services and Employee Benefits	3,971.9	4,682.7	5,575.1	4,942.7	5.6
Contractual Services	222.6	396.6	559.8	446.6	12.6
Other	716.1	1,161.9	1,397.3	1,272.2	9.5
TOTAL USES	4,910.6	6,241.2	7,532.2	6,661.5	6.7
FTE					
Permanent	65.0	63.0	73.0	68.0	7.9
Term	4.0	4.0	4.0	4.0	0.0
TOTAL FTE	69.0	67.0	77.0	72.0	7.5

At A Glance

The Veterans' Services Department (VSD) base request for general fund revenue was nearly \$1.2 million, or 22 percent above the FY22 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. The committee recommendation includes a general fund increase of 4.8 percent including personnel for the Carlsbad Cemetery and additional veteran services officers.

Budget Issues

The agency request primarily increased personnel spending for additional veteran services officer (VSO) and personnel for the Carlsbad Cemetery. In total, the department has 26 VSOs and six were vacant as of October 2021. The FY22 operating budget has an estimated \$595 thousand for funded vacant positions. The LFC recommendation for personnel includes funding for two additional VSO positions and 3 FTE for the Carlsbad Cemetery, which should open in FY23. LFC also recommends increasing other revenues from license plate fees by \$50 thousand above the FY22 operating budget to more closely align with FY21 actual revenues. The LFC recommendation supports the agency federal revenue request, which increased as a result of a federal grant for veteran transportation. Finally, the LFC recommendation increases the other costs category for employee operational costs and facilities maintenance.

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 \$700 thousand in capital infrastructure improvement funding for the cemeteries for improvements and other statewide facility upkeep. The department is also slated to complete the cemetery in Carlsbad in FY23. 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.

Base Expansion

The department requested two expansions. The first included \$160.1 thousand for personnel for the Carlsbad Cemetery, of which the LFC recommendation includes \$150 thousand. The second expansion requested by the agency included \$386.1 thousand in personnel for administrative personnel, four additional VSOs, and three benefits supports staff. The LFC recommendation funds 2 additional VSO FTE in the base.

BASE EXPANSION LISTING FY 2022-2023

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	Carlsbad Cemetery	P726	0.0	150.0
1	Carlsbad Cemetery	P726	160.1	0.0
2	Additional Personnel	P726	386.1	0.0
TOTAL			546.2	150.0

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.

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Quality	Percent of veterans surveyed who rate the services provided by the agency as satisfactory or above	95.00%	95.00%	98.00%	95.00%	95.00%
* Explanatory	Number of veterans and families of veterans served by veterans' services department field offices	10.0	9,999.0	N/A	N/A	N/A

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	213,168.4	213,423.2	254,948.2	228,529.2	7.1
Other Transfers	5,316.5	3,568.0	4,012.4	5,012.4	40.5
Federal Revenues	83,559.3	91,908.7	99,668.8	102,540.0	11.6
Other Revenues	2,321.3	3,864.1	4,867.1	4,867.1	26.0
Fund Balance	0.0	4,227.7	397.5	4,227.7	0.0
TOTAL SOURCES	304,365.5	316,991.7	363,894.0	345,176.4	8.9
USES					
Personal Services and Employee Benefits	142,821.7	147,247.1	164,012.6	151,420.7	2.8
Contractual Services	77,580.2	80,729.8	103,374.1	101,927.8	26.3
Other	83,683.3	89,014.8	96,507.3	91,827.9	3.2
TOTAL USES	304,085.2	316,991.7	363,894.0	345,176.4	8.9
FTE					
Permanent	2,167.0	2,159.0	2,159.0	2,096.0	(2.9)
Term	10.0	16.0	16.0	16.0	0.0
Temporary	1.0	1.0	1.0	1.0	0.0
TOTAL FTE	2,178.0	2,176.0	2,176.0	2,113.0	(2.9)

At A Glance

With a 19.5 percent increase in general fund revenue, the Children, Youth and Families Department FY23 budget request was an attempt at developing its workforce and turning around maltreatment and other undesirable trends for children. Given the Legislature's significant investments and budget growth of 24 percent since FY15, significant budget increases alone are not the department's solution. The agency requested an FY23 increase of nearly 53 percent from general fund revenue for the Behavioral Health Services Program, including \$5.3 million to fill vacancies, \$2 million for intensive case management, and \$3 million for functional family therapy, developmental disabilities, and wraparound services. The request also included a \$7 million, or a 60 percent increase, for domestic violence services. Other requested increases would fill vacancies and increase funding for extended foster care in the Protective Services Program.

The LFC recommendation generally supports the request but intends to focus the department on prioritizing evidence-based programs and is more realistic when it comes to the constraints of New Mexico's limited workforce. By using more federal revenue and limiting non-evidence-based program growth, the LFC recommendation would allow the department to accomplish the same strategic objectives included in the department's request but does so by increasing general fund revenue by only 7 percent. LFC analysis indicates FY22 funding for vacant positions is nearly \$3.6 million. With current FY22 personnel cost funding levels added to LFC's FY23 recommendation, the department would be able to fill as many as 90 FTE through FY23. With the LFC recommendation, the department would also grow behavioral health services, domestic violence, extended foster care, and supportive housing but at a slower rate than the department requested, given providers are also experiencing workforce constraints.

Budget Issues

New Mexico has some of the highest rates of child maltreatment, repeat maltreatment, and child deaths in the country and the Children, Youth and Families Department (CYFD) plays a central role in prevention. In 2019, to address the high rates of abuse and other issues relating to early childhood services, the state created the Early Childhood Education and Care Department, resulting in a leaner CYFD structure and an opportunity for the department to focus on improving outcomes for families and children in crisis and supervising youth. The department must but does not always, prioritize activities known to improve performance, such as developing the protective services and behavioral health workforces, implementing evidence-based programs, dropping programs that are not evidence-based, and avoiding the limitations of narrow lawsuit settlements that do not always match the department's strategic priorities.

Protective Services. Over the past several years, state and federal policy started shifting from back-end child protective services strategies, such as foster placements, and toward front-end services, such as evidence-based early intervention. When appropriate, the shift trades foster care for intervening early, prior to when families have to be separated. LFC research has shown foster placements are traumatic to children and costly to the state and families. The Protective Services Program is central to this effort. Also central are actions taken by the Legislature, such as increasing educational resources for underserved populations, creating the new Early Childhood Education and Care Department, and in 2020 enacting Section 32A-4-4.1 NMSA 1978 that required CYFD create a multilevel response system, also known as differential response (DR). DR is an evidence-based early intervention program to improve cohesion for at-risk families through prevention. Additionally, the federal Families First Prevention Services Act provided incentives to states to move money from back-end services to front-end services.

For FY22, the Legislature included language in the General Appropriation Act requiring the program spend \$3.7 million of its general fund appropriation on evidence-based child maltreatment prevention and early intervention services. Despite the high cost of foster care, the department has done little to implement early intervention or DR as required by statute or establish other evidence-based early intervention programs. Since FY18, the total number of children in CYFD placement dropped by about 26 percent. Because of this, the department should have been able to shift more resources to prevention but instead increased foster care rates.

Despite these changes and increased state investments, the state continues to perform near the bottom of all states for child maltreatment, repeat maltreatment, and child deaths. Research has identified turnover and leadership as being key to success in improving child welfare outcomes. According to Casey Family Programs, turnover rates below 10 to 12 percent are considered optimal or healthy. Child welfare turnover rates tend to range from 20 to 40 percent nationally, with CYFD Protective Service fieldworker turnover rates ranging between 35-45 percent over the last several years and with vacancy rates ranging from 15 to 20 percent. Issues with turnover and vacancies are not unique to fieldworker level positions. Lack of leadership and turnover was also cited by CYFD in its FY19 financial audit (FY19), where management responded to a significant deficiency finding by citing significant turnover in Administrative Services, including "loss of leadership, guidance, and oversight." Similarly, CYFD's FY20 audit cited ongoing "knowledge turnover" to be an issue.

For FY23, the request for Protective Services is a \$15.1 million, or 15.4 percent, increase in revenue from the general fund. The request would also increase federal revenue by \$9.5 million from Title IV-E child welfare funding, Chaffee independent living, child abuse prevention and treatment, and several other grants. The program's other revenue sources would remain unchanged from the FY22 operating budget.

The personnel cost request would have been sufficient to fill approximately 100 vacancies. Aside from filling vacancies, the intent of the personnel cost increase was to address salary compaction to improve retention of protective services employees. Additionally, because of enactment of the Fostering Connections Act in 2019, which required the state extend housing, medical, and behavioral healthcare, transition planning, and other services to young adults aging out of the foster system, the request increased funding for extended foster care by \$6 million. The request also included a \$1.2 million increase for supportive housing.

The LFC recommendation includes \$3.6 million, or 5 percent, increase in personnel cost spending, allowing the program to fill an additional 43 vacancies above the 23 vacancies the program could fill with current resources. Also, if the program desires, it could address compaction and ensure the most important employees are appropriately placed within the salary structure. However, increasing salaries alone may not be enough to improve recruitment, and the department should consider partnering more with the state's universities and consider other long-term strategies to increase the pipeline of employees into the department.

The LFC recommendation supports \$3 million of the requested increase for extended foster care and all of the requested increase for supportive housing services. Additionally, the LFC recommendation includes \$2 million with language to repurpose foster care spending to front-end services, such as differential response and early intervention.

Children's Behavioral Health. The request for the Behavioral Health Services (BHS) Program included a 111 percent increase in personnel cost expenditures. The request funded an additional 56 vacancies above the 29 funded vacancies included in the FY22 operating budget. Requested funding was for personnel for licensing and certification, Kevin S. lawsuit settlement activities, and administrative support. As of November, the program

had 38 vacancies and most were behavioral health therapists, social workers, or administrative staff. Because of vacancies throughout, the department did not request an increase in FTE, choosing instead to move existing vacant positions from other programs as needed.

Another \$2 million in general fund revenue was requested for intensive case management services for Kevin S. settlement requirements, \$2.8 million for children's behavioral health for functional family therapy, developmental disabilities, and wraparound services, and \$900 thousand for multisystemic therapy. BHS also requested a \$7 million, or a 50 percent, increase in general fund revenue for domestic violence programs. According to the department, the increase is for provider capacity increases, provider rate increases, and a sustainable workforce. The request is more than \$2 million more than the New Mexico Coalition Against Domestic Violence said it was requesting at an October 26 Legislative Health and Human Services Committee hearing. The coalition asked for \$3.5 million for victim's services and \$1.25 million for battering intervention.

The program is unlikely to be able to hire 85 personnel for high demand professions over the next year-and-a-half. The workforce with the appropriate skills is not immediately available. With a projected \$2.6 million in funded vacancies in the FY22 operating budget and a \$7.2 million FY21 program reversion to the general fund, the program should work to fill positions using existing resources and revisit an increase in a future year when operational funding is more likely to be spent. The LFC recommendation for personnel costs maintains FY22 operating budget funding and would allow the program to fill 29 vacancies. The recommendation allows the program to focus staff resources on priority projects, such as meeting the demands of the Kevin S. settlement and implementing evidence-based programs.

LFC also supports requested spending levels for intensive case management services for Kevin S. settlement requirements and children's behavioral health for functional family therapy (FFT), developmental disabilities, wraparound services, and multisystemic therapy (MST) because these are either evidence-based programs or required for the Kevin S. settlement. However, many if not all who receive these services are Medicaid-eligible and the LFC recommendation assumes the department will work with the Human Services Department and providers to ensure full reimbursement of Medicaid eligible expenses. The department should also work to get staff therapists and clinicians certified to provide FFT and MST in-house to leverage more Medicaid and federal Title IV-E revenue because these are well supported by evidence and are included on the federal government's Title IV-E clearinghouse. The recommendation also increases funding for domestic violence treatment by \$3 million.

Additionally, as required by 2019 changes to the Accountability in Government Act, the department in September 2021 submitted an inventory of BHS programs, rating whether they are research-based or promising or not. While the inventory was incomplete and the department did not answer whether certain programs were linked to research, the Youth Support Services program was identified as not being linked to research or other evidence and costs the state \$524.2 thousand each year. The LFC recommendation reprioritizes funding for this program to fund other requested BHS priorities.

Juvenile Justice Facilities. The Children, Youth and Families Department may have been growing fund balances without specific Legislative authority to do so. The Juvenile Justice Facilities (JJF) Program request included a \$4.6 million, or 7.1 percent, increase in general fund revenue. About \$3.8 million of the increase would go toward replacing fund balance revenue from the juvenile community corrections (JCC) and juvenile continuum grant (JCG) funds with general fund revenue. The JCG and JCC funds are both nonreverting funds and the department, since at least FY18, has been using the operating budget process to move a portion of the program's appropriation into these funds without specific legislative authority. An analysis of the department's general ledger indicates the JCG received direct allotments from the general fund in FY21 totaling \$2.76 million and the JCC received general fund allotments totaling \$2.65 million. The department has not spent as much as has been allotted and balances have grown significantly between FY18 and FY21, with JCC balances growing 66 percent and JCG balances growing 74 percent. The average difference in revenue and expenditure for the two funds since FY18 was \$1.3 million. The request reduces allotments to the funds by about \$600 thousand.

The request would have made nurse and other medical staff compensation more competitive by aligning salaries with similar positions in other state agencies while reducing spending on contracted medical staff.

Besides building up fund balances the program also reverted \$1.4 million to the general fund in FY21. The LFC recommendation does not support building up fund balances with general fund revenue but does support the department's request to reduce allocations to the JCC and JCG grant programs. However, LFC's recommendation reduces allotments to the grant programs by \$1 million and is closer to average annual expenditure levels since FY18. The committee's recommendation supports the remaining items in the program's request, including nursing staff compensation adjustments.

Administration. The request for program support originally included over \$3 million to license the replacement of the child welfare information system (CWIS). The request was subsequently revised to exclude CWIS because the department decided not to use the vendor originally chosen from the statewide price agreement and instead submit a new request for proposals (RFP). The RFP is expected to push the project implementation timeline back so that operational funding will not be required in FY23. The project has undergone several delays and controversy over the originally chosen vendor. Delays were originally due to the department choosing to integrate the system with Medicaid management information system replacement and the federal government subsequently requiring the state to allocate the costs between Medicaid and federal Title IV-E funds, adding to the com-

plexity of the project. Controversy was related to the department originally issuing an RFP then rescinding it, instead choosing a vendor from the state-wide price agreement and now reissuing an RFP again.

Requested funding for Program Support personnel costs was sufficient to fill 20 vacancies above the 14 vacancies the department could fill with current funding. Program Support also requested \$1.6 million for software licensing and funding for maintenance for the current CWIS system until the new one comes on line. Since Program Support reverted \$5.5 million, the LFC recommendation maintains personnel cost spending at FY22 operating budget levels but increases other category spending by \$460 thousand for CWIS maintenance.

The department's FY20 annual financial audit included four new, two repeated, and six resolved findings. One finding was for multiple procurement violations totaling \$127 thousand in expenditures without appropriate contracts, encumbrances, or purchase orders in place. The department's response to the finding is that they are going to update their procedures to match the procurement code and will retrain staff who have purchasing responsibilities.

**BASE EXPANSION LISTING
FY 2022-2023**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	EMS/EMT Program	P800	826.3	0.0
0	Intensive Case Management Services (ICMS)	P800	2,000.0	2,000.0
TOTAL			2,826.3	2,000.0

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)**

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	67,936.8	65,304.5	69,922.4	65,692.2	0.6
Other Transfers	2,523.1	423.9	423.9	423.9	0.0
Federal Revenues	424.2	460.0	460.0	460.0	0.0
Other Revenues	92.3	1,553.7	1,553.7	1,553.7	0.0
Fund Balance	0.0	4,227.7	397.5	4,227.7	0.0
TOTAL SOURCES	70,976.4	71,969.8	72,757.5	72,357.5	0.5
USES					
Personal Services and Employee Benefits	52,927.7	53,345.1	53,895.1	53,895.1	1.0
Contractual Services	9,066.7	12,802.8	11,909.6	11,509.6	(10.1)
Other	6,099.5	5,821.9	6,952.8	6,952.8	19.4
TOTAL USES	68,093.9	71,969.8	72,757.5	72,357.5	0.5
FTE					
Permanent	805.0	806.0	713.0	713.0	(11.5)
Temporary	1.0	1.0	1.0	1.0	0.0
TOTAL FTE	806.0	807.0	714.0	714.0	(11.5)

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Turnover rate for youth care specialists	18.10%	18.50%	21.00%	21.00%	21.00%
Outcome	Percent of clients who successfully complete formal probation	93.70%	90.30%	85.00%	85.00%	90.00%
Output	Number of client-to-staff battery incidents	0.0	0.0	0.0	0.0	0.0
Output	Number of substantiated complaints by clients of abuse or neglect in juvenile justice facilities	11.0	21.0	5.0	5.0	5.0
Outcome	Percent of incidents in juvenile justice services facilities requiring use of force resulting in injury	0.00%	0.00%	0.00%	0.00%	0.00%
Outcome	Percent of youth being formally supervised by field services currently in kinship care settings	NEW	17.20%	35.00%	35.00%	35.00%
Output	Percent of eligible juvenile justice involved youth that are participating in fostering connections	NEW	0.00%	60.00%	60.00%	60.00%
Outcome	Percent of Indian Child Welfare Act youth formally supervised in the community who are in an appropriate placement	NEW	0.00%	90.00%	90.00%	90.00%
* Outcome	Percent of youth discharged from active field supervision who did not recidivate in the following two-year time period	20.00%	17.70%	80.00%	80.00%	80.00%
* Outcome	Percent of youth discharged from a secure facility who did not recidivate in the following two year time period	45.70%	33.40%	55.00%	55.00%	55.00%
Outcome	Percent of youth confined for over six months whose reading skills increased between admission and discharge	40.60%	0.00%	56.00%	56.00%	56.00%
Outcome	Percent of youth confined for over six months whose math skills increased between admission and discharge	67.60%	0.00%	56.00%	56.00%	56.00%
* Output	Number of physical assaults in juvenile justice facilities	287.0	224.0	285.0	285.0	225.0
Outcome	Percent of clients successfully completing term of supervised release	0.00%	0.00%	0.00%	0.00%	0.00%

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	97,267.4	98,538.4	113,670.4	106,312.0	7.9
Other Transfers	2,088.0	2,289.4	2,289.4	2,289.4	0.0
Federal Revenues	71,672.9	77,267.0	86,798.4	86,798.4	12.3
Other Revenues	2,227.7	1,810.4	1,890.4	1,890.4	4.4
TOTAL SOURCES	173,256.0	179,905.2	204,648.6	197,290.2	9.7

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
USES					
Personal Services and Employee Benefits	71,200.6	70,871.1	79,901.0	74,494.7	5.1
Contractual Services	32,044.6	30,250.6	42,578.8	44,578.8	47.4
Other	72,882.4	78,783.5	82,168.8	78,216.7	(0.7)
TOTAL USES	176,127.6	179,905.2	204,648.6	197,290.2	9.7
FTE					
Permanent	1,061.0	1,072.0	1,102.0	1,102.0	2.8
Term	6.0	9.0	9.0	9.0	0.0
TOTAL FTE	1,067.0	1,081.0	1,111.0	1,111.0	2.8

Recommended Language

The general fund appropriation to the protective services program of the children, youth and families department in the contractual services category includes two million dollars (\$2,000,000) for evidence-based child maltreatment prevention and early intervention services.

The internal service funds/interagency transfers appropriation to the protective services program of the children, youth and families department includes nine hundred thousand dollars (\$900,000) from the federal temporary assistance for needy families block grant to New Mexico for supportive housing.

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Explanatory	Percent of children in foster care who have at least one monthly visit with their caseworker	95.60%	40.40%	N/A	N/A	N/A
* Output	Turnover rate for protective service workers	29.90%	26.00%	30.00%	30.00%	20.00%
Output	Of children who enter care during a 12-month period and stay for 8 days, placement moves rate per 1,000 days of care	5.84%	5.58%	4.12%	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	29.30%	29.70%	30.00%	30.00%	30.00%
* Outcome	Percent of maltreatment victimizations per one hundred thousand days in foster care	12.57%	14.71%	8.00%	8.00%	8.00%
Output	Average statewide central intake call center wait time	NEW	0:3	3:0	3:0	3:0
Output	Number of placement moves per one thousand days of care provided to children who entered care during a rolling twelve month period and stayed for more than eight days	0.0	0.0	0.0	0.0	0.0
Outcome	Percent of initial relative placement that transition to permanency or are still stable after 12 months	NEW	48.50%	25.00%	25.00%	50.00%
* Outcome	Percent of children in foster care for twenty-four months at the start of a twelve-month period who achieve permanency within that twelve months	34.00%	40.90%	32.00%	32.00%	32.00%
Outcome	Percent of foster care placements currently in kinship care settings	NEW	42.00%	35.00%	35.00%	35.00%

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Outcome	Percent of children in foster care for twelve to twenty-three months at the start of a twelve-month period who achieve permanency within that twelve months	40.20%	40.40%	35.00%	35.00%	35.00%
* 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	14.10%	13.80%	9.10%	9.10%	9.10%
Outcome	Percent of Indian Child Welfare Act foster care youth who are in an appropriate placement	NEW	73.20%	35.00%	35.00%	75.00%
Outcome	Percent of families with a completed investigation and participated in in home services or family support services and did not have a subsequent substantiated abuse report within 12 months	6.41%	3.50%	20.00%	20.00%	20.00%
Outcome	Percent of serious injuries with prior protective services involvement in the last year	NEW	0.00%	26.00%	26.00%	5.00%

BEHAVIORAL HEALTH SERVICESBUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	34,409.5	36,146.1	55,279.7	42,889.3	18.7
Other Transfers	516.9	783.2	1,095.1	2,095.1	167.5
Federal Revenues	5,675.5	8,229.5	5,102.3	7,973.5	(3.1)
Other Revenues	0.6	500.0	600.0	600.0	20.0
TOTAL SOURCES	40,602.5	45,658.8	62,077.1	53,557.9	17.3
USES					
Personal Services and Employee Benefits	6,442.6	9,523.8	14,820.0	9,523.8	0.0
Contractual Services	34,815.4	35,632.6	46,105.1	43,334.1	21.6
Other	683.2	502.4	1,152.0	700.0	39.3
TOTAL USES	41,941.2	45,658.8	62,077.1	53,557.9	17.3
FTE					
Permanent	115.0	114.0	177.0	114.0	0.0
Term	2.0	3.0	3.0	3.0	0.0
TOTAL FTE	117.0	117.0	180.0	117.0	0.0

Recommended Language

The internal service funds/interagency transfers appropriation to the behavioral health services program of the children, youth and families department includes one million dollars (\$1,000,000) from the early childhood care and education fund for domestic violence treatment programs. The amount is contingent on enactment of legislation in the second session of the fifty-fifth legislature amending Section 9-24-1 NMSA 1978.

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* 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	94.00%	70.00%	90.00%	90.00%	90.00%
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	0.00%	80.00%	80.00%	95.00%
Output	Percent increase in supportive and/or independent housing options for transition age youth (ages 16-21 years) from baseline SFY 20 levels	NEW	0.00%	20.00%	20.00%	20.00%
Outcome	Percent of children and youth in department custody who are placed in a community-based setting	NEW	89.40%	70.00%	70.00%	90.00%
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	95.05%	80.00%	80.00%	95.00%
Output	Number of community-based behavioral health services that support children and youth to remain in their communities.	NEW	0.00%	15.00%	15.00%	15.00%
Outcome	Percent of clients enrolled in multisystemic therapy who demonstrate improvement in mental health functioning	NEW	0.00%	75.00%	75.00%	75.00%
* Output	Percent of department-involved youth in the estimated target population who are receiving services from community behavioral health clinicians	64.00%	65.30%	75.00%	75.00%	75.00%

PROGRAM SUPPORTBUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	13,554.7	13,434.2	16,075.7	13,635.7	1.5
Other Transfers	188.4	71.5	204.0	204.0	185.3
Federal Revenues	5,786.6	5,952.2	7,308.1	7,308.1	22.8
Other Revenues	0.7	0.0	823.0	823.0	0.0
TOTAL SOURCES	19,530.4	19,457.9	24,410.8	21,970.8	12.9
USES					
Personal Services and Employee Benefits	12,250.9	13,507.1	15,396.5	13,507.1	0.0
Contractual Services	1,640.7	2,043.8	2,780.6	2,505.3	22.6
Other	3,171.9	3,907.0	6,233.7	5,958.4	52.5
TOTAL USES	17,063.5	19,457.9	24,410.8	21,970.8	12.9
FTE					
Permanent	172.0	167.0	167.0	167.0	0.0
Term	2.0	4.0	4.0	4.0	0.0
TOTAL FTE	174.0	171.0	171.0	171.0	0.0

Public Safety

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	7,209.2	6,989.8	8,100.9	7,589.8	8.6
Other Transfers	0.0	146.9	146.9	146.9	0.0
Federal Revenues	14,685.0	19,581.3	21,955.2	20,868.6	6.6
Other Revenues	130.0	121.3	121.3	121.3	0.0
Fund Balance	23.8	0.0	0.0	0.0	0.0
TOTAL SOURCES	22,048.0	26,839.3	30,324.3	28,726.6	7.0
USES					
Personal Services and Employee Benefits	8,690.7	10,663.2	12,755.3	11,785.1	10.5
Contractual Services	2,170.6	3,113.1	3,539.0	3,402.5	9.3
Other	10,659.1	13,063.0	14,030.0	13,539.0	3.6
TOTAL USES	21,520.4	26,839.3	30,324.3	28,726.6	7.0
FTE					
Permanent	65.0	33.0	33.0	33.0	0.0
Term	96.0	130.0	162.0	162.0	24.6
TOTAL FTE	161.0	163.0	195.0	195.0	19.6

At A Glance

The Department of Military Affairs requested a total budget increase of \$3.5 million for FY23, including a \$485 thousand base budget increase and a \$3 million expansion request to establish a Job Challenge Academy, along with the addition of 32 FTE to staff the new academy. The request represented a \$1.1 million increase in general fund revenue, a 15.9 percent increase.

The LFC recommendation increases the agency's budget with \$600 thousand in general fund revenue, including \$100 thousand for base operations and \$500 thousand for the expansion, an 8.6 percent general fund increase compared with the department's FY22 operating budget. The recommendation anticipates this will leverage a total of \$1.3 million in additional federal funds, a 6.6 percent increase. The recommendation also supports the requested additional FTE. A special appropriation for \$250 thousand would leverage \$750 thousand in matching federal funds and address building repair needs and other program start-up costs.

Budget Issues

Base Operations. For FY23, the Department of Military Affairs (DMA) requested a total base budget increase of \$485 thousand, or 1.8 percent, compared with its FY22 operating budget. The bulk of this requested increase, \$361.5 thousand, is requested in general fund revenue. The department requested a \$286.2 thousand increase in personnel (including \$162.3 thousand from the general fund that leverages an additional \$123.9 thousand in federal funds) to increase employee compensation and transfer funds from the other category to personnel for the Youth Challenge Academy. The agency also requested a \$16.3 thousand increase in contractual services and a \$182.5 thousand increase in the other category, which support the state taking over the full cost of operating the New Mexico Military Museum and a \$50 thousand increase for tuition assistance.

The LFC recommendation supports the transfer of funds from the other category to personnel for the Youth Challenge Academy but does not support additional personnel increases. The recommendation adjusts anticipated federal funding for personnel to reflect the estimated funds that can be leveraged by the recommended general fund appropriation and adjusts anticipated federal revenue accordingly. The recommendation supports the agency's request in the contractual services category and provides an additional \$83.7 thousand from the general fund in the other category to support museum operations.

National Guard Operations. The New Mexico National Guard (NMNG) was at 99.7 percent of manpower in FY21, and its service members conducted numerous missions in New Mexico, nationally, and abroad. Earlier this year, NMNG sent a joint team of over 200 personnel to help secure the U.S. Capitol during the presidential inauguration. Over 300 personnel are currently mobilized for missions on behalf of the Air Force and Army, and NMNG continues its work within New Mexico to assist in Covid-19 response, including providing over 225 thousand vaccinations to New Mexicans.

Youth Challenge Academy. The Youth Challenge Academy (YCA) 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, and the agency did not hold the academy at all in FY21. Because the costs related to the academy are mostly fixed (personnel, facility upkeep, and fixed rates represented 82 percent of the agency's FY23 request for YCA), this did not result in significant savings to the agency.

In FY20, the 22-week academy cost \$17.5 thousand per participant, only 25 percent of which was funded from the general fund. In the one cycle held in FY20, 132 students registered and 105, or 80 percent, graduated. Of the FY20 graduates, 68 percent earned a high school equivalency certificate. Research has shown YCA programs have substantial positive benefits to participants, including increases in educational attainment, employment, and earnings. In FY23, DMA proposes to start a Job Challenge Academy, a five-month program for YCA graduates to enroll in vocational and technical community college courses (discussed further under Base Expansion, below).

Adjutant General Pay. Section 20-1-6 NMSA 1978 states the adjutant general of NMNG "shall receive the same pay and allowances as is prescribed by federal law and regulations for members of the active military in the grade of major general, unless a different rate of pay and allowances is specified in the annual appropriations bill." The Legislature has not included language specifying adjutant general pay in the General Appropriation Act (GAA) since 2006 (language in the 2007 GAA was vetoed). The current adjutant general receives a base salary of \$191.2 thousand annually, near the top of the range for an active duty army major general (\$136 thousand to \$196 thousand), while the deputy adjutant general receives a base salary of \$168.8 thousand, the maximum for an active duty officer of equivalent rank (the minimum is \$113 thousand). These salaries significantly exceed the standard salary for cabinet secretaries of \$156 thousand. Both positions also receive standard military subsistence and housing allowances totaling \$38.8 thousand annually.

Emergency Funds. 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 in-state 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.

Base Expansion

DMA requested an expansion of \$3 million for a proposed Job Challenge Academy (JCA), a continuation of its YCA program in which YCA graduates will live in supervised housing in Albuquerque and enroll in vocational and technical courses at Central New Mexico Community College. In FY23, the agency proposed using part of the expansion funding to conduct repairs on housing facilities at the New Mexico State Fair to use for the program and to hold one JCA cycle with 50 participants in the spring. Beginning in FY24, the agency plans to conduct two cycles (each with 50 participants) each year.

The expansion request included \$750 thousand in general fund revenues that will leverage \$2.3 million in federal funds and added 32 term FTE. The LFC recommendation funds \$500 thousand of the general fund request and \$1.5 million in federal funds, which should be sufficient to fund operational costs related to the single cycle planned for FY23. The recommendation supports the agency's request for FTE.

Recent evaluations of JCA programs in other states show positive results, and the benefits of YCA programs suggest such a continuation could provide further educational and vocational benefits to participants. Because the JCA class is significantly smaller than the typical YCA graduating class (the academy graduated an average of 86 participants per cycle between FY15 and FY20), the proposed program provides the agency with an opportunity to conduct rigorous analysis of participant outcomes, with YCA graduates who do not participate in JCA serving as a control group. DMA should conduct such research and report its results to the Legislature.

**BASE EXPANSION LISTING
FY 2022-2023**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	New Mexico Job Challenge Academy	P721	3,000.0	0.0
1	New Mexico Job Challenge Academy	P721	0.0	2,000.0
TOTAL			3,000.0	2,000.0

NATIONAL GUARD SUPPORT

The purpose of the national guard support program is to provide administrative, fiscal, personnel, facility construction and maintenance support to the New Mexico national guard in maintaining a high degree of readiness to respond to state and federal missions and to supply an experienced force to protect the public, provide direction for youth and improve the quality of life for New Mexicans.

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Outcome	Percent strength of the New Mexico national guard	99.00%	99.70%	98.00%	98.00%	98.00%
Output	Total cost of deferred maintenance requests	\$59,375,000	\$11,884,900	\$37,000,000	\$9,884,900	\$9,884,900
Outcome	Percent of cadets enrolled in the New Mexico national guard youth challenge academy who graduate	80.00%	0.00%	90.00%	85.00%	85.00%
* Outcome	Percent of New Mexico national guard youth challenge academy graduates who earn a high school equivalency credential	68.00%	0.00%	72.00%	69.00%	69.00%
Outcome	Percent of eligible New Mexico national guard service member life insurance premiums reimbursed	82.00%	76.00%	94.00%	85.00%	90.00%
Explanatory	Number of federal active duty operations conducted	NEW	0.0	N/A	N/A	N/A
Explanatory	Amount spent on state active duty operations	NEW	\$0.00	N/A	N/A	N/A
Explanatory	Expenditures on search and rescue operations	NEW	\$0.00	N/A	N/A	N/A
Explanatory	Number of search and rescue operations conducted	NEW	0.0	N/A	N/A	N/A
Explanatory	Number of state active duty operations conducted	NEW	0.0	N/A	N/A	N/A

Statutory Authority

The Parole Board Act (Section 31-21-22 NMSA 1978) creates 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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	593.2	568.6	623.3	615.5	8.2
TOTAL SOURCES	593.2	568.6	623.3	615.5	8.2
USES					
Personal Services and Employee Benefits	352.5	440.4	452.8	452.8	2.8
Contractual Services	12.0	9.0	12.6	12.6	40.0
Other	125.5	119.2	157.9	150.1	25.9
TOTAL USES	490.0	568.6	623.3	615.5	8.2
FTE					
Permanent	7.0	6.0	6.0	6.0	0.0
TOTAL FTE	7.0	6.0	6.0	6.0	0.0

At A Glance

The Parole Board requested an additional \$54.7 thousand from the general fund in FY23, a 9.6 percent increase. The request would have funded increases in per diem costs for board members, compensation increases for filled positions, and increased insurance rates. The recommendation increases general fund revenue by \$46.9 thousand, or 8.2 percent, which supports the request for personnel and contracts and partially supports the request for increased per diem funding.

Budget Issues

In FY21, between 11 and 13 of the Parole Board's 15 board member positions were filled; as of October 2021, 11 are filled. The board is staffed by six employees, including an appointed director, charged with ensuring parole hearings run efficiently.

The agency's FY23 budget request included, and the LFC recommendation supports, a \$12.4 thousand personnel cost increase for insurance rate cost changes and compensation increases. The board requested an increase of \$2,700 in the contractual services category for assistance in budgeting and bookkeeping, which the recommendation also supports. The request also included a \$38.7 thousand increase in the other category to support increased per diem costs because the board expects to fill all board member positions; the LFC recommendation includes a \$30.9 thousand increase for this purpose.

In FY21, the Parole Board significantly reduced the cancellation rate for parole hearings and cut the number of hearings canceled, or "scratched," by almost half compared with FY20. Overall, 171 hearings were canceled, a 41.4 percent decrease compared with the 293 cancellations in FY20. These cancellations represented 5.6 percent of the hearings scheduled in FY21, a substantial decrease compared with the 8.4 percent cancellation rate in FY20. Incomplete or inaccurate documentation remains an obstacle to holding parole hearings, leading to 49.1 percent of hearing cancellations this year. Other leading causes of hearing cancellations were inmates being transferred without the board's knowledge (15.8 percent) and cases having already been heard before the board (14.6 percent of cancellations). The board held a total of 2,860 hearings in FY21, a 9.7 percent decrease compared with FY20, which aligns with an 11.5 percent reduction in the average prison population in FY21.

Private prisons were more likely to see parole hearings canceled than public prisons, with 12.1 percent of scheduled parole hearings at private prisons canceled compared with 3.2 percent of those scheduled at public prisons. Lea County Correctional Facility (LCCF) had the highest cancellation rate of any of the private facilities, with 19 percent of hearings canceled, almost half of which were for incomplete or inaccurate documentation. LCCF holds more inmates than any other facility, but hearings there were canceled at a higher rate even when adjusted for population, with a per-capita cancellation rate of 5 percent compared with 1.9 percent across all facilities, 2.1 percent across public prison facilities, and 3.8 percent across private prison facilities. On one day in June, 14 of the 17 hearings scheduled at LCCF were canceled, nine due to incomplete or inaccurate documentation, four because the cases had previously been heard, and one because the inmate was transferred.

Parole revocation hearings were canceled at a much lower rate than hearings to grant parole. In FY21, 1.2 percent of the 904 scheduled parole revocation hearings were canceled, compared with 8.5 percent of the 2,039 hearings scheduled to grant parole. This was a significant improvement compared with FY20, when 4.6 percent of scheduled revocation hearings were canceled.

Information in this narrative regarding parole hearings and cancellations reflects LFC analysis of data provided by the agency, some of which is not included in the performance measure database and performance measure report.

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.

ADULT 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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Number of informational meetings held with victims, victims' families or victim advocacy groups	153.0	35.0	90.0	40.0	60.0
* Efficiency	Percent of revocation hearings held within thirty days of a parolee's return to the corrections department	95.00%	90.00%	98.00%	95.00%	98.00%
Explanatory	Number of hearings cancelled due to insufficient information	293.0	171.0	N/A	N/A	N/A
Outcome	Percent of parole certificates not issued within ten days of hearing due to insufficient information	18.00%	26.00%	30.00%	10.00%	10.00%
Explanatory	Number of persons on medical or geriatric parole returned to the custody of the corrections department	NEW	108.0	N/A	N/A	N/A
Outcome	Percent of parole hearings that result in a parole certificate being issued	NEW	74.0%	65.0%	90.0%	90.0%
Explanatory	Number of applications for medical or geriatric parole received	NEW	88.0	N/A	N/A	N/A
Explanatory	Percent of applications for medical or geriatric parole granted	NEW	0.00%	N/A	N/A	N/A
Output	Number of parole hearings conducted in person	NEW	0.0	1,200.0	0.0	1,200.0
Output	Number of parole hearings conducted	NEW	2,860.0	3,500.0	2,800.0	3,000.0

Statutory Authority

Sections 32A-7A-1 through 32A-7A-8 NMSA 1978 creates 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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	8.0	7.6	7.6	7.6	0.0
TOTAL SOURCES	8.0	7.6	7.6	7.6	0.0
USES					
Other	2.5	7.6	7.6	7.6	0.0
TOTAL USES	2.5	7.6	7.6	7.6	0.0

At A Glance

The Juvenile Public Safety Advisory Board FY23 general fund revenue request of \$7,600 did not change from the FY22 operating budget. Requested expenditures included \$4,100 for board member meals and lodging and \$3,500 for board member mileage and fares. In FY20 the board reverted \$3,979 to the general fund and the FY21 unaudited reversion is \$5,777. In FY21, because of the pandemic, not including the reversion, the board only expended about \$2,222 and did not have as much board member travel costs compared with prior years.

Because board member travel costs will likely recover to prepandemic levels, LFC supports the board's request. Additionally, because the board's annual request is so small, and because it is administratively attached to the Children, Youth and Families Department (CYFD), the Legislature should consider including the board's budget as a part of CYFD's budget, eliminating the need for a legislatively approved budget and saving board member and audit costs, albeit minimal.

The board's FY20 financial audit included no findings. The board is responsible for advising CYFD on supervised release decisions, reviewing CYFD's activities in regards to juvenile justice facilities (JJS), making recommendations to CYFD concerning JJS facility programs, visiting JJS facilities, and reporting 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. For FY21 the board came close to or exceeded both performance measure targets. In FY21, 89 percent of clients were reviewed at 40 days after commitment and 90 percent successfully completed supervised release, an increase from 58 percent the prior year.

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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Percent of clients reviewed at 40 days	95.00%	89.00%	92.00%	92.00%	92.00%
Outcome	Percent of clients successfully completing term of supervised release	56.48%	90.30%	58.30%	58.30%	90.00%

Statutory Authority

The Corrections Department Act, Sections 9-3-1 through 9-3-13 NMSA 1978, creates 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 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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	329,837.9	329,309.2	338,817.3	327,709.1	(0.5)
Other Transfers	16,400.8	17,469.3	17,469.3	19,292.8	10.4
Federal Revenues	29.9	0.0	0.0	17.5	0.0
Other Revenues	10,179.0	13,868.8	8,618.8	8,618.8	(37.9)
Fund Balance	384.4	2,502.5	2,441.2	1,081.4	(56.8)
TOTAL SOURCES	356,832.0	363,149.8	367,346.6	356,719.6	(1.8)
USES					
Personal Services and Employee Benefits	152,695.5	168,119.0	186,024.2	179,892.1	7.0
Contractual Services	76,601.5	76,977.4	78,802.6	77,866.9	1.2
Other	111,742.1	118,053.4	102,519.8	98,960.6	(16.2)
TOTAL USES	341,039.1	363,149.8	367,346.6	356,719.6	(1.8)
FTE					
Permanent	2,467.0	2,493.0	2,497.0	2,497.0	0.2
Term	18.0	27.0	27.0	27.0	0.0
TOTAL FTE	2,485.0	2,520.0	2,524.0	2,524.0	0.2

At A Glance

The Corrections Department (NMCD) requested a total budget of \$367.3 million for FY23, an increase of \$4.2 million, or 1.2 percent, compared with FY22. The request included \$338.8 million in general fund revenue, which was \$9.5 million, or 2.9 percent, higher than FY22 general fund appropriations to the agency. Transitioning two private prisons to public operation, creating a new Reentry Program, and increasing pay for targeted personnel (including compensation increases and funding for vacant positions) drove the agency's request.

The LFC recommendation of \$356.7 million reduces the agency's budget by \$6.4 million, or 1.8 percent, compared with FY22, and includes a \$1.6 million reduction in general fund revenue for a total general fund recommendation of \$327.7 million, a 0.5 percent decrease. The recommendation reflects the impact significant population reductions should have on overall incarceration costs and reinvests some of these savings in other areas of the department.

Budget Issues

Between FY17 and FY21, NMCD's total budget grew by \$35.9 million, or 11 percent, including \$31.7 million from the general fund, but the population of inmates in its care decreased 17.6 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 costs. In FY22, the agency received a general fund appropriation 0.2 percent lower than its FY21 operating budget, which still represented a 1 percent increase compared with the agency's actual expenditures in FY20. Significant cost savings due to continued population reductions and the agency's high vacancy rate were redistributed to other legislative priorities within the agency. The agency's requested FY23 budget, which includes costs related to two more private prison transitions, would have increased the department's overall budget by an additional \$4.2 million, or 1.2 percent, and would have increased general fund appropriations to NMCD by \$9.5 million, or 2.9 percent.

FY23 Expenditures. The transitions of Guadalupe County Correctional Facility (GCCF) and Northwest New Mexico Correctional Facility (NWNMCF) from private to public operation, the creation of a new Reentry Program, and targeted personnel increases drove NMCD's FY23 budget request. The private prison transitions and new program resulted in significant adjustments among categories and programs, but overall the agency only requested increases of \$1.6 million for these initiatives, while an additional \$5.7 million was requested for other personnel adjustments. The agency also requested a \$1.3 million increase for its contract for inmate medical care (which represents a decrease compared with FY21 actual expenditures), \$500 thousand for licenses and maintenance for tablets it intends to provide to all inmates (requested as a \$3 million nonrecurring special appropriation from the general fund), and \$500 thousand for license and maintenance fees related to the department's new offender management system.

The department should leverage savings from population reductions within the Inmate Management and Control Program to fund many of its requested expenditures for FY23. The recommendation estimates the program can generate savings of at least \$8.5 million in general fund revenues in FY23—a reduction of just 3.1 percent compared with its FY22 operating budget, even though recent population declines have been significantly higher—and distributes this reduction across the program's categories proportionate to the agency's FY23 requested general fund appropriations for the program. The recommendation redistributes \$5.3 million across the agency to fund agency priorities, reinvests \$1.6 million in evidence-based reentry programming, and reduces the agency's budget by \$1.6 million. Overall, the LFC recommendation for FY23 reduces general fund revenue to NMCD by 0.5 percent compared with FY22 and represents a 1.8 percent reduction across all funding sources.

LFC projects NMCD will have a total of \$19 million in funded vacancies in FY22. The agency requested a total of \$17.9 million in personnel increases across all its programs, including an increase of \$12.2 million for staffing costs related to transitioning the two private prisons to public operation, \$2.5 million to address salary compaction, \$991.8 thousand to reduce the budgeted vacancy rate among Health Services Bureau staff, \$900 thousand to reduce the budgeted vacancy rate in the Community Offender Management Program, and \$303.5 thousand to reduce the budgeted vacancy rate among IT positions in Program Support. The LFC recommendation provides a net increase of \$11.8 million in personnel for NMCD, which partially supports the request but recognizes large vacancy savings (particularly in the Inmate Management and Control Program) can be used to fund many of the agency's priorities. The recommendation identifies \$3.8 million in vacancy savings to be used elsewhere and reinvests some of those savings into inmate programming in the Reentry Program. The recommendation supports the requested increase for personnel in the Health Services Bureau and partially supports reducing the budgeted vacancy rate within Community Offender Management (with \$550 thousand from the general fund) but does not support requested increases to address salary compaction in the Inmate Management and Control Program or reduce the budgeted vacancy rate among IT positions within Program Support, which can be addressed with available vacancy savings in these programs.

The increase in personnel due to the private prison transitions was largely offset by an \$11.1 million reduction in the other category—reflecting the end of the private prison contracts—resulting in a total increase of just \$1.1 million for these transitions. This likely underestimates the true cost of these takeovers. In its request for a budget adjustment of \$9.5 million to accommodate these transitions in August 2021, NMCD estimated staffing costs for both facilities would cost \$2 million more than it requested for FY23. LFC previously projected the state takeover of NENMCF would increase costs by 22 percent compared with the contract for private operation; if GCCF and NWNMCF increased comparably, it would cost the state \$5.3 million. The actual increase will likely fall between \$3.1 million and \$5.3 million. LFC's recommendation does not provide additional funding for this purpose, but the agency's significant vacancy savings should enable it to make such adjustments as necessary.

The new Reentry Program comprises the Recidivism Reduction and Education bureaus, previously part of the Inmate Management and Control Program, as well as transitional living services and community corrections contracts, previously part of the Community Offender Management Program. In addition to transferring the budget and positions related to this reorganization, NMCD requested a \$500 thousand general fund increase for rental assistance for offenders reentering the community. The LFC recommendation supports the request and reinvests \$1.6 million from population reductions in the Inmate Management and Control Program to provide additional funds for evidence-based reentry programming. The Pew-MacArthur/LFC Results First initiative finds likely positive returns-on-investment for many drug treatment programs inside and outside of prison, particularly brief cognitive behavioral intervention for amphetamine users and outpatient or nonintensive drug treatment in the community.

NMCD's request for Corrections Industries, funded entirely through its enterprise revenue and fund balance, represented a \$5.3 million reduction compared with FY22, reflecting an adjustment of the program's budget to fit its current purposes. The agency anticipated a change in the business model for canteen purchases by inmates will reduce the program's needed budget by \$2 million and also reduced the budget by \$3.3 million from funds for food service operations the program no longer offers. The recommendation supports the request for this program.

FY23 Revenues. NMCD received about \$16.4 million in revenue from the land maintenance fund and the land grant permanent fund (collectively the "penitentiary income fund") in FY21, and LFC economists project the department will receive \$17.1 million in these revenues in FY22 and \$18.1 million in FY23. The agency's request proposed including \$16.4 million in recurring revenue from these funding sources in its operating budget along with \$1.4 million of penitentiary income fund balance; however, the LFC recommendation uses \$17.7 million of anticipated recurring revenue to fully cover the agency's anticipated uses for the penitentiary income fund in its operating budget and does not use any fund balance for recurring costs. Based on projected revenues, NMCD should have an unappropriated penitentiary income fund balance of \$4.3 million at the close of FY23; however, the agency has requested \$3 million in supplemental appropriations for FY22, which would reduce that balance to \$1.3 million at the end of FY23.

The LFC recommendation adjusts NMCD's revenues from federal funds and other transfers to account for grants the agency regularly receives but did not include in its revenue request, including funds from a grant to implement the federal Prison Rape Elimination Act, a grant to train staff on opioid use disorders, and federal Byrne justice assistance grants and grants from the U.S. Marshals Service for joint operations to apprehend absconders. The recommendation budgets these grants at the funding levels received to date in FY22. Additionally, in FY20 and FY21, the agency received over \$100 thousand more than it had budgeted for grants for adult basic education and residential substance abuse treatment; the LFC recommendation increases the budget for these grants based on the FY21 adjustment (no adjustment request has been received to date in FY22). Overall, these adjustments totaled \$481.2 thousand.

Inmate Population Trends. While state prison populations across the country have been declining since 2010, New Mexico's inmate population continued to rise for a half-dozen years, reaching a high of 7,400 inmates in FY16. After holding relatively steady for a short time, the state's prison population began falling in September 2018. By March 2020, even before the impact of the Covid-19 pandemic on adjudications and early releases, the population had already dropped over 8 percent. In FY21, the state's inmate population fell to its lowest level in over a decade, averaging 6,051 (5,489 men and 561 women), a reduction of 11.5 percent compared with the FY20 average and 18.2 percent lower than the population high in FY16. An average of 1,600 beds in New Mexico correctional facilities were unoccupied in FY21 as a result of these declines. These unprecedented but sustained population reductions could provide significant cost savings, because each incarcerated individual cost the state \$44.8 thousand in FY20.

Admissions to New Mexico's prisons fell 14 percent in FY21 compared with FY20, with a total of 2,355 people (2,029 men and 326 women) admitted to prison this year. Although fewer people were admitted to prison overall this year, the number of people who had their parole revoked increased 11 percent, rising from 861 in FY20 to 954 in FY21. After making up an average of 30 percent of admissions over the past decade and 31 percent of admissions in FY20, parole revocations this year accounted for 41 percent of prison admissions.

Prison admission declines in FY21 continue patterns of reduced admissions seen in recent years, including significant declines in admissions for new offenses. While the largest share of admissions come from the 2nd Judicial District, new admissions from that district have been falling every year since at least FY15, and between FY15 and FY20, admissions fell 61 percent, with a particularly stark drop of 37 percent between FY18 and FY19. While the 2nd Judicial District made up 37 percent of total new prison admissions in FY15, by FY20 new admissions from the district made up only 22 percent of the total.

The Sentencing Commission's (NSC) prison population projection for FY22 through FY31 anticipates small increases in prison populations over the coming years despite recent downward trends, based partially on older historical upward trends and on the commission's expectation that prison admissions will increase once court activity resumes after significant reductions during the Covid-19 pandemic. The commission projects an average prison population of 5,916 in FY22 and 5,964 in FY23, both lower than FY21's average of 6,051. For July 2021, the projection anticipated an average of 5,902 inmates would be incarcerated, 1.3 percent higher than the actual average incarcerated population of 5,828. In October 2021, the projection anticipated an average of 5,904 inmates would be incarcerated, 2.7 percent higher than the actual average incarcerated population of 5,743.

Inmate Classification. A July 2020 policy spotlight on inmate classification at NMCD by LFC's program evaluation team found the current system is not consistent with best practices and has not been validated. The system evolved in response to dangerous and violent prison conditions driven by underclassification (housing inmates at lower custody levels than warranted) but had not been revised in almost two decades, and now overclassification (housing inmates at higher, and more expensive, custody levels than warranted) may be driving up costs and hampering offender rehabilitation. The report found that, while the majority of prisoners admitted to the system received initial custody scores classifying them as minimum security, more than half were housed in medium-security settings.

Inmates in more secure facilities tend to engage in institutional misconduct at higher rates and have higher rates of recidivism than inmates in lower-security prisons, so expanding access to minimum-security settings may help reduce recidivism and its associated costs. The LFC 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.

In summer 2021, NMCD implemented significant changes to its inmate classification system that will likely result in reduced populations at higher custody levels and increased populations at lower custody levels. This revised classification system removed or changed many mandatory and discretionary overrides, including restrictions on lower custody levels for individuals with misdemeanor detainees, inmates with recent drug-related misconduct, and former gang members who have renounced their affiliation. Additionally, NMCD revised the factors that underlie certain scores in the custody tool, such as the severity of the offense for which an inmate is incarcerated. NMCD changed whether certain offenses are considered low-, moderate-, high-, or highest-risk, which will likely result in lower custody scores for some inmates. In June 2021, NMCD reclassified 134 level III inmates held at NWNMCF using its updated inmate classification system, 30 of whom (22 percent) were scored as level II under the new system.

Facility Usage. Restrictions based on custody level hamper consolidation of the inmate population that would reduce costs and enable the department to close housing units or entire prisons. Historically, men's medium security units have had the highest occupancy levels, and recent population declines have disproportionately occurred in minimum and maximum security units. NMCD's recent practices in distributing inmates among public and private facilities and classification reforms may help alleviate some pressure on medium-security units. In FY21, NMCD focused population declines among private facilities while keeping public prison populations relatively steady, producing estimated cost savings of at least \$8 million. Additionally, the changes made to the inmate classification system will likely reduce populations at higher (more expensive) custody levels and increase populations at lower (less expensive) custody levels.

Although the population currently housed at GCCF or NWNMCF could likely be accommodated at other prisons, NMCD has instead chosen to continue operating both facilities at an increased cost to the state. This spring the agency also reversed or delayed plans to close the minimum-security women's prison in Springer. Additionally, the agency is not identifying or realizing savings from instances where it has closed housing units. In January 2021, NMCD closed its level I unit at Central New Mexico Correctional Facility (CNMCF), often referred to as "the farm;" however, the FY22 budget for CNMCF is \$202.8 thousand higher than actual expenditures in FY21. And although half of GCCF's capacity remains unusable due to low staffing levels, NMCD has committed the state to lease the entire prison at an annual cost of \$4 million.

Savings generated from population declines can be reinvested within the correctional system to expand high-quality programming. However, resources outside the correctional system—and even outside the criminal justice system altogether—can help address the root causes of crime and even prevent criminal justice involvement altogether. Further public safety needs, including improving the certainty of justice for the most violent crimes and better serving individuals victimized by violent crime, could also prove to be better and more effective investments than continuing to prioritize overfunding incarceration.

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 \$64.4 million in 2022 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. Additionally, while the Legislature intended to increase operational funding for facility maintenance and repair by \$2.5 million in FY22, the department's operating budget instead reduced this funding by \$300 thousand, diverting the increase to other purposes.

Recidivism. In the first quarter of FY21, NMCD reported its overall three-year recidivism rate had been reported incorrectly since 2016 due to a database error that erroneously counted all intakes to the parole system as prison admissions for purposes of calculating reincarceration rates. The agency has corrected this issue, but because it has not provided corrected historical data on this measure, it is unclear if FY21's recidivism results represent an increase or decrease from previous years' recidivism levels. NMCD reports it is recalculating annual results for its three-year recidivism rate measure but has not yet been able to provide results.

Additionally, NMCD reported in August 2021 that several prior-years performance reports had excluded absconders when calculating recidivism rates for technical parole violations, although the measure is defined to include absconders. The department included absconders in its FY21 reports but had not informed LFC of this change. As a result, FY21's 30 percent recidivism rate for technical violations cannot be compared with prior years' performance.

Although the agency's performance regarding overall recidivism and technical violation recidivism rates cannot be analyzed, the recidivism rate due to new or pending charges (which the department has not reported any issues with) and data from NMCD regarding parolees readmitted to prison for new offenses and technical violations indicate recidivism likely increased in FY21. The percent of prisoners reincarcerated within 36 months of release due to new or pending charges, which decreased every year between FY15 and FY20, increased 2 percentage points in FY21. Similarly, prison admissions of parolees fell every year between FY16 and FY20, but even as overall admissions dropped 14 percent between FY20 and FY21, the number of people who had their parole revoked increased 11 percent.

Inmate Health. New Mexico's prisons have seen much higher rates of infection and death during the Covid-19 pandemic than most other states' prison systems. In the first year of the pandemic, Covid-19 infection was so widespread throughout the state's prison system that an inmate in New Mexico was more than twice as likely to die from Covid-19 than the national average. Covid-19 was also 40 percent more likely to be fatal in New Mexico's prisons compared with the U.S. prison system as a whole. NMCD enacted a strong vaccine campaign among inmates and staff, which has been extremely successful. In August 2021, NMCD reported 84 percent of facility staff and 90 percent of inmates had been vaccinated against the virus. As of mid-November 2021, 28 inmates had died from Covid-19, and there were nine active Covid-19 cases in the state's prison system.

The department's medical vendor significantly improved its outcomes over the course of FY21, meeting 100 percent of standard healthcare requirements in the third and fourth quarters of the year after falling to 73 percent in the first quarter and 86 percent in the second. NMCD credits this improvement to frequent communication with the vendor and independent auditing of inmate medical records.

The 2020 GAA included a \$22 million appropriation from the penitentiary income fund to NMCD to treat inmates infected with hepatitis c. Between the initiation of the agency's project to significantly increase hepatitis C treatment among inmates in the fourth quarter of FY20 and the end of the first quarter of FY22, 449 inmates were treated, with an average success rate of 88 percent. In the third quarter of FY21, NMCD fully transitioned its procurement of hepatitis c treatment medication from its medical vendor, Wexford Health Sources, to its newly established "340b" federal discount drug pricing program, and the agency has renegotiated its contract with Wexford to increase the number of inmates treated for hepatitis c each year from 150 to 600. To date, NMCD has expended \$6.4 million of the special appropriation and has requested language to extend the appropriation through FY23.

NMCD's original contract for inmate medical care with Wexford, entered into in November 2019, compensated the vendor on a per inmate basis for a minimum number of inmates, even if that minimum exceeded the number of inmates who actually received care. Since the third quarter of FY20, the actual number of inmates fell below those minimums, resulting in the state paying millions of dollars to care for nonexistent patients and contributing to the department's sharply rising healthcare costs. In response to language in the 2021 GAA that required NMCD to renegotiate this contract.

NMCD in September 2021 amended its contract with Wexford to remove contract minimums based on a minimum inmate population and instead provide a fixed annual minimum payment to the vendor of \$44.9 million in FY22. An additional variable component is based on inmate population, average managed care organization per-member per-month (PMPM) rates, and a 47.2 percent profit margin. Notably, the contract employs a minimum and maximum cap for the PMPM rate, significantly reducing variability. The contract includes a provision to adjust total vendor compensation at the beginning of each fiscal year based on the past year's consumer price index, but with a maximum annual increase of 3 percent. Based on NMCD's most recent prison population projection, the new contract could save NMCD between \$2.1 million and \$3 million in FY22 and between \$17.9 thousand and \$980.5 thousand in FY23. However, the new contract is projected to cost between \$3.5 million and \$4.4 million more in FY22 than was budgeted in the FY22 operating budget (NMCD requested a \$2.3 million supplemental appropriation in anticipation of such a shortfall), and between \$4.2 million and \$5.2 million more in FY23 than was requested by the agency. Notably, however, NMCD's population projection anticipates small population increases over the course of FY22 and FY23, but current trends do not align with the projection, which was 2.7 percent higher than the actual population in October 2021.

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)

	FY21 2020-2021	FY22 2021-2022	FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation
				Percent Inc (Decr)
SOURCES				
General Fund Transfers	279,993.7	278,234.1	275,717.4	263,928.2 (5.1)
Other Transfers	16,378.3	17,469.3	17,210.1	18,896.0 8.2
Federal Revenues	26.4	0.0	0.0	17.5 0.0
Other Revenues	1,241.6	692.5	691.0	691.0 (0.2)
Fund Balance	0.0	1,359.8	1,359.8	0.0 (100.0)
TOTAL SOURCES	297,640.0	297,755.7	294,978.3	283,532.7 (4.8)

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
USES					
Personal Services and Employee Benefits	120,860.8	133,000.6	141,185.5	135,131.1	1.6
Contractual Services	67,555.4	63,270.1	64,253.7	62,288.0	(1.6)
Other	98,068.5	101,485.0	89,539.1	86,113.6	(15.1)
TOTAL USES	286,484.7	297,755.7	294,978.3	283,532.7	(4.8)
FTE					
Permanent	1,795.0	1,968.0	1,834.0	1,834.0	(6.8)
Term	15.0	27.0	27.0	27.0	0.0
TOTAL FTE	1,810.0	1,995.0	1,861.0	1,861.0	(6.7)

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Outcome	Vacancy rate of correctional officers in public facilities	31.00%	27.00%	20.00%	25.00%	20.00%
* Outcome	Vacancy rate of correctional officers in private facilities	46.00%	25.00%	20.00%	25.00%	20.00%
Explanatory	Percent turnover of correctional officers in public facilities	2.00%	11.80%	N/A	N/A	N/A
* Output	Number of inmate-on-inmate assaults resulting in injury requiring off-site medical treatment	31.0	6.0	15.0	15.0	10.0
* Output	Number of inmate-on-staff assaults resulting in injury requiring off-site medical treatment	7.0	3.0	0.0	3.0	3.0
Outcome	Percent of standard healthcare requirements met by medical contract vendor	87.00%	90.00%	100.00%	98.00%	98.00%
Explanatory	Percent of inmate grievances resolved informally	86.00%	86.20%	N/A	N/A	N/A
* Outcome	Percent of release-eligible female inmates still incarcerated past their scheduled release date	7.70%	0.75%	6.00%	3.00%	3.00%
Explanatory	Percent of random monthly drug tests administered to at least ten percent of the inmate population that test positive for drug use	2.50%	1.98%	N/A	N/A	N/A
* Outcome	Percent of release-eligible male inmates still incarcerated past their scheduled release date	6.40%	1.38%	6.00%	3.00%	3.00%
Explanatory	Number of escapes	0.0	0.0	N/A	N/A	N/A
Outcome	Percent of inmates treated for hepatitis C with undetectable viral loads 12 weeks post-treatment	NEW	88.00%	95.00%	90.00%	90.00%
Outcome	Percent of HIV positive inmates with undetectable viral loads	96.00%	96.00%	95.00%	95.00%	95.00%

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	6,850.2	10,906.5	5,656.5	5,656.5	(48.1)
Fund Balance	53.1	61.3	0.0	0.0	(100.0)
TOTAL SOURCES	6,903.3	10,967.8	5,656.5	5,656.5	(48.4)
USES					
Personal Services and Employee Benefits	1,285.8	2,191.0	1,878.2	1,878.2	(14.3)
Contractual Services	8.2	51.4	51.4	51.4	0.0
Other	5,609.3	8,725.4	3,726.9	3,726.9	(57.3)
TOTAL USES	6,903.3	10,967.8	5,656.5	5,656.5	(48.4)
FTE					
Permanent	24.0	25.0	24.0	24.0	(4.0)
TOTAL FTE	24.0	25.0	24.0	24.0	(4.0)

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Output	Percent of inmates receiving vocational or educational training assigned to corrections industries	8.00%	9.00%	25.00%	25.00%	25.00%

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	36,813.8	38,379.6	27,222.6	26,872.6	(30.0)
Federal Revenues	3.5	0.0	0.0	0.0	0.0
Other Revenues	1,968.6	2,115.0	2,115.0	2,115.0	0.0
Fund Balance	331.3	1,081.4	781.4	781.4	(27.7)
TOTAL SOURCES	39,117.2	41,576.0	30,119.0	29,769.0	(28.4)

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
USES					
Personal Services and Employee Benefits	22,542.5	22,529.0	22,147.0	21,797.0	(3.2)
Contractual Services	8,880.0	13,339.7	2,339.7	2,339.7	(82.5)
Other	5,300.0	5,707.3	5,632.3	5,632.3	(1.3)
TOTAL USES	36,722.5	41,576.0	30,119.0	29,769.0	(28.4)
FTE					
Permanent	344.0	363.0	359.0	359.0	(1.1)
TOTAL FTE	344.0	363.0	359.0	359.0	(1.1)

Recommended Language

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 risk-needs assessments to all offenders under supervision.

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Outcome	Percent of prisoners reincarcerated within thirty-six months due to technical parole violations	13.00%	32.00%	20.00%	35.00%	20.00%
Explanatory	Percent turnover of probation and parole officers	27.00%	10.00%	N/A	N/A	N/A
* Outcome	Percent of contacts per month made with high-risk offenders in the community	96.00%	94.00%	97.00%	95.00%	95.00%
* Quality	Average standard caseload per probation and parole officer	91.0	88.0	100.0	100.0	90.0
Output	Percent of absconders apprehended	31.00%	24.00%	30.00%	25.00%	25.00%
Explanatory	Number of offenders on the waiting list for intensive or high-risk supervision	0.0	0.0	N/A	N/A	N/A
* Output	Percent of graduates from the men's recovery center who are reincarcerated within thirty-six months	23.00%	28.00%	23.00%	25.00%	25.00%
* Output	Percent of graduates from the women's recovery center who are reincarcerated within thirty-six months	25.00%	27.00%	20.00%	25.00%	25.00%
* Outcome	Vacancy rate of probation and parole officers	25.00%	16.00%	15.00%	20.00%	15.00%
Explanatory	Total number of offenders referred to evidence based programming	NEW	32.0	N/A	N/A	N/A
Explanatory	Percent of offenders referred to evidence based programming who complete the program	NEW	50.00%	N/A	N/A	N/A

REENTRY

The purpose of the reentry program is to facilitate the rehabilitative process by providing programming options and services to promote the successful reintegration of incarcerated individuals into the community. By building educational, cognitive, life skills, vocational programs and pre- and post-release services around sound research into best correctional practices and incorporating community stakeholders throughout the effort, the reentry program removes or reduces barriers to incarcerated persons living productively society, thereby reducing recidivism and furthering the public safety mission of the NMCD.

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	0.0	0.0	21,177.6	22,777.6	0.0
Other Transfers	0.0	0.0	259.2	368.2	0.0
Other Revenues	0.0	0.0	1.5	1.5	0.0
Fund Balance	0.0	0.0	300.0	300.0	0.0
TOTAL SOURCES	0.0	0.0	21,738.3	23,447.3	0.0
USES					
Personal Services and Employee Benefits	0.0	0.0	9,146.6	9,722.4	0.0
Contractual Services	0.0	0.0	11,949.6	12,979.6	0.0
Other	0.0	0.0	642.1	745.3	0.0
TOTAL USES	0.0	0.0	21,738.3	23,447.3	0.0
FTE					
Permanent	138.0	0.0	130.0	130.0	0.0
Term	3.0	0.0	0.0	0.0	0.0
TOTAL FTE	141.0	0.0	130.0	130.0	0.0

Recommended Language

The general fund appropriations to the reentry program of the corrections department include ten million seven hundred thousand dollars (\$10,700,000) to implement evidence-based programming.

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Output	Percent of eligible inmates who earn a high school equivalency credential	74.00%	10.00%	80.00%	11.00%	80.00%
* Explanatory	Percent of participating inmates who have completed adult basic education	74.00%	10.00%	N/A	N/A	N/A
* Outcome	Percent of prisoners reincarcerated within thirty-six months due to new charges or pending charges	12.00%	14.00%	15.00%	17.00%	17.00%
* Explanatory	Percent of residential drug abuse program graduates reincarcerated within thirty-six months of release	21.00%	22.00%	N/A	N/A	N/A
* Outcome	Percent of sex offenders reincarcerated on a new sex offense conviction within thirty-six months of release on the previous sex offense conviction	2.00%	6.00%	3.00%	15.00%	5.00%
Outcome	Percent of sex offenders incarcerated receiving sex offender treatment	9.00%	41.00%	20.00%	20.00%	40.00%
Outcome	Percent of inmates who have filled out a YES New Mexico application at time of release	98.00%	99.00%	99.00%	99.00%	99.00%
* Outcome	Percent of prisoners reincarcerated within thirty-six months	54.00%	44.00%	42.00%	45.00%	42.00%

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Outcome	Percent of eligible inmates enrolled in educational, cognitive, vocational and college programs	62.00%	47.00%	68.00%	41.00%	68.00%
* Output	Number of inmates who earn a high school equivalency credential	134.0	118.0	150.0	165.0	165.0
Explanatory	Total number of inmates referred to evidence based programming	NEW	2,380.0	N/A	N/A	N/A
Outcome	Percent of sex offenders incarcerated who have completed sex offender treatment	NEW	4.00%	30.00%	5.00%	5.00%
Explanatory	Percent of inmates referred to evidence based programming who complete the program	NEW	15.00%	N/A	N/A	N/A

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	13,030.4	12,695.5	14,699.7	14,130.7	11.3
Other Transfers	22.4	0.0	0.0	28.6	0.0
Other Revenues	118.5	154.8	154.8	154.8	0.0
TOTAL SOURCES	13,171.3	12,850.3	14,854.5	14,314.1	11.4
USES					
Personal Services and Employee Benefits	8,006.5	10,398.4	11,666.9	11,363.4	9.3
Contractual Services	157.8	316.2	208.2	208.2	(34.2)
Other	2,764.3	2,135.7	2,979.4	2,742.5	28.4
TOTAL USES	10,928.6	12,850.3	14,854.5	14,314.1	11.4
FTE					
Permanent	103.0	137.0	150.0	150.0	9.5
TOTAL FTE	103.0	137.0	150.0	150.0	9.5

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Explanatory	Graduation rate of correctional officer cadets from the corrections department training academy	80.00%	78.84%	N/A	N/A	N/A
Explanatory	Percent of employee union grievances resolved prior to arbitration	100.00%	100.00%	N/A	N/A	N/A
Quality	Percent of audit findings resolved from prior year	50.00%	100.00%	75.00%	50.00%	100.00%

Statutory Authority

The Crime Victims Reparation Commission is 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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	6,652.1	6,672.0	12,148.0	7,781.0	16.6
Other Transfers	5.4	0.0	0.0	0.0	0.0
Federal Revenues	16,233.4	16,330.1	15,018.7	15,018.7	(8.0)
Other Revenues	804.5	888.0	756.0	2,056.0	131.5
Fund Balance	310.7	677.1	200.0	200.0	(70.5)
TOTAL SOURCES	24,006.1	24,567.2	28,122.7	25,055.7	2.0
USES					
Personal Services and Employee Benefits	1,749.5	1,910.3	2,211.1	1,936.6	1.4
Contractual Services	4,665.6	4,685.8	9,662.4	6,969.9	48.7
Other	17,569.4	17,971.1	16,249.2	16,149.2	(10.1)
TOTAL USES	23,984.5	24,567.2	28,122.7	25,055.7	2.0
FTE					
Permanent	20.0	19.0	20.0	20.0	5.3
Term	8.0	10.0	9.0	9.0	(10.0)
TOTAL FTE	28.0	29.0	29.0	29.0	0.0

At A Glance

The Crime Victims Reparation Commission requested a total budget increase of \$3.6 million in FY23 and a \$5.5 million increase in general fund revenue, an 82.1 percent increase. The majority of the agency's general fund request was for \$5 million to increase grants for sexual assault services statewide, which would more than double the funding provided for sexual assault services compared with the FY22 operating budget.

The LFC recommendation adds \$1 million in general fund revenue and \$1.3 million in revenue from the early childhood trust fund (contingent on legislation expanding that fund's allowable uses) to increase sexual assault services. Overall, the recommendation represents a 16.6 percent increase in general fund revenue and a 2 percent increase from all revenue sources for FY23.

Budget Issues

The Crime Victims Reparation Commission (CVRC) request of \$29.1 million for FY23 included \$12.1 million from the general fund, a \$5.5 million increase in general fund revenue comprising \$5 million for sexual assault service programs, \$108.5 thousand for grants to programs to support victims of human trafficking, and \$376 thousand for its operational costs. CVRC also anticipates a \$1.3 million reduction in federal funding due to changes in funding for the federal Victims of Crime Act and a \$609.1 thousand reduction in other revenues. The LFC recommendation partially supports the request, including \$2.3 million in general fund and other revenues to increase sexual assault services. The recommendation also provides \$100 thousand to reduce the agency's budgeted vacancy rate and increase compensation for its investigators and \$8,500 to reverse a cut to human trafficking services due to solvency measures. The recommendation supports the request for all other funding sources.

The sharp rise in violent crime in New Mexico in recent years has necessitated increased victim compensation and services. CVRC approved \$2.3 million in payments in FY21, a 16.7 percent decrease compared with FY20, but a 26 percent increase compared with FY19. In FY21, the agency

received 3,486 reparation applications, 11.4 percent fewer than FY20, of which 2,754 were approved, a decrease of 20.1 percent compared with the number of applications approved last year. The commission also approved \$20.6 million in grants to local organizations to provide shelter, counseling, and other assistance, an 8.1 percent increase in provider funding compared with FY20. The agency's FY22 operating budget includes \$2.7 million for direct payments to victims and \$19.5 million for grants for victim services, and the commission's FY23 request included \$2.3 million for victim compensation and \$23.1 million for grants.

Effectively addressing victim needs is an essential component of improving public safety in New Mexico. A wide body of research has found most offenders were themselves victimized. Meeting victim needs can therefore be understood as addressing both the consequences of crime and one of its root causes. Furthermore, adequately serving victims' needs may help improve their cooperation with prosecutors, reducing criminal case dismissals and increasing the certainty of justice within the New Mexico criminal justice system. Issues with victim cooperation are responsible for a significant number of criminal case dismissals. Between FY18 and FY20, the 4th Judicial District Attorney reported 14 percent of case dismissals were due to issues with victim or witness cooperation, while an additional 5 percent were due to other issues with victims or witnesses. In an analysis of a sample of individuals charged with four or more separate felonies within the Bernalillo County criminal justice system from 2011 to 2017, LFC's evaluators found issues with victim or witness cooperation were the second most common reason for felony cases to be dismissed (behind issues with evidence collection) and were responsible for 24 percent of total dismissals. Additionally, an analysis of case dismissals in 2016 and part of 2017 by the 2nd Judicial District Court found 9 percent of cases were dismissed due to issues with victims specifically, while an additional 4 percent of dismissals were due to victim or witness cooperation issues.

CVRC addresses victim needs in two ways: by providing direct compensation to crime victims for necessary services and expenditures and by funding programs that provide free services to victims. While the agency was originally created primarily for the purpose of providing direct compensation, funding service providers is not inconsistent with its statutory authority. However, in recent years the agency has received significant increases in federal funds, which increased existing programs to expand services and funded new programs statewide. As a result, the vast majority of state and federal funds passing through CVRC are expended on grants to victim service providers. Funding service providers ensures crime victims have access to resources soon after the incident, and providers also assist victims in submitting compensation applications to cover medical expenses, rent and relocation, loss of wages, and funeral expenses. Additionally, victims in rural communities may struggle to access some of the services victim compensation is intended to pay for (such as counseling), and directly funding service providers allows CVRC to help establish programs in underserved communities.

CVRC reallocated its budget and FTE among its programs for FY23 to align with the programs' purpose. Previously, all state funds (including state-funded grants) were allocated to the Victim Compensation Program, while all federal funds (including federal funds for victim compensation) were allocated to the Grant Administration Program. The agency's FY23 budget request places federal funds for victim compensation in the Victim Compensation Program and state grant funds in the Grant Administration Program, and allocates the relevant FTE to each program. This results in what appear to be substantial changes on the program level but are simply transfers between the programs. This analysis considers the requests for victim compensation and grants as they compare with the overall amounts budgeted between both programs in FY22.

Victim Compensation. The agency's FY23 budget request reduced funding for direct victim compensation by \$395.8 thousand (14.6 percent), primarily due to anticipated reductions in revenues from crime victims reparation fees and inmate wages and reduced use of fund balance. The request slightly increased the amount of general fund revenue for victim compensation (by \$18.5 thousand) and anticipated federal funding for victim compensation will increase by \$194.8 thousand, or 28 percent, due to an increase in the federal matching rate for these expenditures from 60 percent to 75 percent. The recommendation fully supports the request for direct victim compensation from all funding sources.

Grant Administration. New Mexico's existing victim services are often insufficient to meet its high need, and filling these gaps with effective services could help improve victim outcomes. For FY23, CVRC requested a \$5 million increase for funding for sexual assault service providers, more than doubling the base budget for those services (\$4.2 million). This request would provide \$2 million for sexual assault services (including expanding the number of rape crisis centers statewide), \$1.3 million for child advocacy center programs, \$1 million for sexual assault nurse examiner (SANE) programs, \$500 thousand for a statewide sexual violence hotline, and \$200 thousand for sexual assault service providers in indigenous communities. The LFC recommendation partially funds this request with \$1 million from the general fund and \$1.3 million from the early childhood trust fund, contingent on the passage of legislation expanding the uses of that fund to include providing services for child victims of sexual abuse and child advocacy centers.

In 2020, New Mexico had the 10th highest rate of rape of any state, with the FBI estimating a total of 1,170 incidents, a 14 percent decline from 2019, although reported cases represent only a fraction of sexual assaults in the state. The National Intimate Partner and Sexual Violence Survey shows a total of 11.5 thousand reported and unreported adult victims of rape in the state in 2019. The New Mexico Coalition of Sexual Assault Programs further reports child sexual assaults represent 41 percent of reported sexual assaults in New Mexico, with one in four girls and one in six boys experiencing sexual violence prior to adulthood. In FY21, SANEs conducted 885 exams of adult victims and 431 of children.

Existing services are insufficient to meet this need. The New Mexico Coalition of Sexual Assault Programs reports some victims face year-long waiting lists for counseling services, and the number of SANEs serving victims in the state has fallen 43 percent since 2019.

CVRC's FY23 budget request also anticipated a \$1.5 million reduction in federal funding for grants due to changes in funding for the federal Victims of Crime Act, but those changes are also responsible for the increased federal funding for victim compensation. The department also requested an increase of \$108.5 thousand for services for victims of human trafficking. The LFC recommendation matches the request for federal funding and includes \$8,500 to reverse a decrease in funding for human trafficking services due to solvency measures but otherwise keeps that funding flat.

Agency Operations. The FY23 budget request represented a \$330.4 thousand, or 13.8 percent, increase in funds for agency operations from all revenue sources compared with the FY21 operating budget, which kept the percentage of total requested revenues used to fund agency operations flat with the FY22 operating budget, at 9.7 percent. The majority of the agency's requested operational cost increase from the general fund was to reduce its budgeted vacancy rate. The LFC recommendation includes a \$100 thousand increase in personnel funding from the general fund, including \$40 thousand to provide compensation increases for state investigators and state investigator supervisors and \$60 thousand to reduce the agency's budgeted vacancy rate.

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	6,652.1	6,672.0	2,210.2	1,935.7	(71.0)
Other Transfers	5.4	0.0	0.0	0.0	0.0
Federal Revenues	0.0	0.0	1,083.1	1,083.1	0.0
Other Revenues	804.5	888.0	756.0	756.0	(14.9)
Fund Balance	310.7	677.1	200.0	200.0	(70.5)
TOTAL SOURCES	7,772.7	8,237.1	4,249.3	3,974.8	(51.7)
USES					
Personal Services and Employee Benefits	1,139.3	1,156.1	1,568.1	1,293.6	11.9
Contractual Services	4,631.1	4,638.9	35.9	35.9	(99.2)
Other	1,980.6	2,442.1	2,645.3	2,645.3	8.3
TOTAL USES	7,751.0	8,237.1	4,249.3	3,974.8	(51.7)
FTE					
Permanent	19.0	19.0	19.0	19.0	0.0
Term	0.0	0.0	2.0	2.0	0.0
TOTAL FTE	19.0	19.0	21.0	21.0	10.5

Recommended Language

The other state funds appropriation to the victim compensation program of the crime victims reparation commission in the other category includes nine hundred fifty-six thousand one hundred dollars (\$956,100) for care and support.

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Efficiency	Average number of days to process applications	66.0	28.0	80.0	60.0	30.0
Explanatory	Number of victims receiving direct advocacy	1,020.0	1,299.0	N/A	N/A	N/A
Outcome	Reimbursement rate for victim services providers	65.00%	65.00%	65.00%	65.00%	65.00%
Explanatory	Number of crime victims compensation applications received	3,933.0	3,486.0	N/A	N/A	N/A
* Explanatory	Average compensation paid to individual victims using federal funding	NEW	NEW	N/A	N/A	N/A
Explanatory	Percent of victim compensation applications approved for federal funding	NEW	NEW	N/A	N/A	N/A
Explanatory	Percent of victim compensation applications approved for state funding	NEW	0.00%	N/A	N/A	N/A
* Explanatory	Average compensation paid to individual victims using state funding	NEW	NEW	N/A	N/A	N/A
Efficiency	Percent of state-funded subgrantees that received compliance monitoring via desk audit	NEW	0.00%	90.00%	90.00%	90.00%

GRANT ADMINISTRATION

The purpose of the 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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	0.0	0.0	9,937.8	5,845.3	0.0
Federal Revenues	16,233.4	16,330.1	13,935.6	13,935.6	(14.7)
Other Revenues	0.0	0.0	0.0	1,300.0	0.0
TOTAL SOURCES	16,233.4	16,330.1	23,873.4	21,080.9	29.1
USES					
Personal Services and Employee Benefits	610.2	754.2	643.0	643.0	(14.7)
Contractual Services	34.4	46.9	9,626.5	6,934.0	14,684.6
Other	15,588.8	15,529.0	13,603.9	13,503.9	(13.0)
TOTAL USES	16,233.4	16,330.1	23,873.4	21,080.9	29.1
FTE					
Permanent	1.0	0.0	1.0	1.0	0.0
Term	8.0	10.0	7.0	7.0	(30.0)
TOTAL FTE	9.0	10.0	8.0	8.0	(20.0)

Recommended Language

The other state funds appropriation to the grant administration program of the crime victims reparation commission in the contractual services category includes one million three hundred thousand dollars (\$1,300,000) from the early childhood education and care fund contingent on legislation of the second session of the fifty-fifth legislature to expand the purposes of the early childhood education and care fund to provide services for child victims and child advocacy centers.

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Efficiency	Percent of federally funded subgrantees receiving compliance monitoring via desk audit	100.00%	100.00%	100.00%	95.00%	100.00%
Efficiency	Percent of federally funded subgrantees receiving site visits	20.00%	NEW	40.00%	40.00%	40.00%
Outcome	Percent of subgrantees in compliance with federal quarterly performance measure reporting for providing effective services to crime victims	100.00%	100.00%	95.00%	95.00%	100.00%
Explanatory	Number of crime victim service provider programs that received federal funding statewide	94.0	86.0	N/A	N/A	N/A
Efficiency	Percent of sexual assault service provider programs that receive compliance monitoring via desk audit	100.00%	NEW	90.00%	90.00%	100.00%
Explanatory	Number of victims who received services through federally funded victim services provider programs statewide	NEW	NEW	N/A	N/A	N/A
* Explanatory	Number of sexual assault service provider programs receiving state funding statewide	21.0	3,945.0	N/A	N/A	N/A
Explanatory	Number of incidents of intimate-partner violence that resulted in death reviewed by the homicide death review team	NEW	NEW	N/A	N/A	N/A
Efficiency	Percent of state-funded subgrantees that received site visits	NEW	NEW	40.00%	40.00%	40.00%
Explanatory	Number of intimate-partner violence survivors who accessed the civil legal services hotline	NEW	NEW	N/A	N/A	N/A
Explanatory	Number of intimate-partner violence survivors receiving civil legal services statewide	NEW	NEW	N/A	N/A	N/A
* Explanatory	Number of sexual assault survivors who received services through state-funded victim services provider programs statewide	NEW	NEW	N/A	N/A	N/A
Explanatory	Number of victims who received services through state-funded victim services provider programs statewide	NEW	NEW	N/A	N/A	N/A

Statutory Authority

The Department of Public Safety Act, Sections 9-19-1 through 9-19-11 NMSA 1978, creates 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 incorporates 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 remove the Emergency Management and Homeland Security Support Program and create 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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	128,750.5	129,699.8	161,040.1	143,734.6	10.8
Other Transfers	2,604.2	6,604.8	5,167.2	5,367.2	(18.7)
Federal Revenues	10,738.2	15,138.6	14,267.5	14,267.5	(5.8)
Other Revenues	5,965.0	8,302.0	8,219.0	8,739.2	5.3
Fund Balance	441.3	570.0	980.0	980.0	71.9
TOTAL SOURCES	148,499.2	160,315.2	189,673.8	173,088.5	8.0
USES					
Personal Services and Employee Benefits	109,436.3	117,624.7	142,969.4	128,017.6	8.8
Contractual Services	3,238.1	5,580.8	5,514.5	5,873.1	5.2
Other	31,910.2	37,109.7	41,189.9	39,197.8	5.6
TOTAL USES	144,584.6	160,315.2	189,673.8	173,088.5	8.0
FTE					
Permanent	1,145.0	1,096.0	1,164.0	1,132.0	3.3
Term	83.0	116.0	117.0	118.0	1.7
Temporary	0.0	55.3	55.3	55.3	0.0
TOTAL FTE	1,228.0	1,267.3	1,336.3	1,305.3	3.0

At A Glance

For FY23, the Department of Public Safety (DPS) requested a total budget of \$189.7 million, an increase of \$29.4 million compared with FY22, which included \$161 million from the general fund, a \$31.3 million increase. The general fund request was composed of a \$26.4 million base increase and a \$4.9 million expansion. In the base, DPS's requested increases focused primarily on increasing pay and expanding its state police recruit and lateral schools. The agency requested a total of six expansions across all three of its programs. The request also made minor adjustments in other funding sources.

The LFC recommendation of \$173.1 million represents an increase of \$12.8 million compared with FY22 and includes a \$14 million, or 10.8 percent, increase in general fund revenue. The recommendation partially supports targeted increases among certain DPS employees, in addition to any other state employee compensation package recommended by the committee. The LFC recommendation supports the agency's request for other funding sources but includes additional funds from other sources for proposed retention differentials and proposed expanded law enforcement protection fund distributions. The LFC recommendation partially or fully supports five of the agency's six requested expansions for a total of \$2.7 million.

Budget Issues

In the 2020 legislative session, DPS received a \$10.2 million general fund increase in the FY21 operating budget, but solvency measures enacted during the first special session reduced that increase to just \$1.4 million. In FY22, the agency's general fund appropriation was flat, although it also received \$949.3 thousand from the general fund as part of the FY22 compensation package for all state employees.

For FY23, DPS requested a total budget of \$189.7 million, an increase of \$29.4 million, or 18.3 percent, compared with FY22. The request included \$161 million from the general fund, a \$31.3 million (or 24.2 percent) increase, comprising a \$26.4 million (20.4 percent) base increase and a \$4.9 million expansion. In the base, DPS requested general fund increases of \$23.6 million in the Law Enforcement Program (LEP), \$1.4 million in the State-wide Law Enforcement Support (SLES) Program, and \$1.3 million in Program Support. These requested increases included \$14.7 million for increases to state police officer pay averaging 25 percent across filled positions, \$6.8 million to increase the size of state police recruit and lateral schools, \$1.1 million to provide significant compensation increases to dispatchers (averaging 17.6 percent) and transportation inspectors (averaging 18.7 percent), \$480.7 thousand to reduce the budgeted vacancy rate in Program Support and restore other reductions due to solvency measures, and \$248 thousand for raises for forensic scientists and technicians (averaging 7 percent).

The LFC recommendation of \$173.1 million represents an increase of \$12.8 million, or 8 percent, and includes a \$14 million, or 10.8 percent, increase in general fund revenue. The recommendation for the base budget largely supports the agency's request for SLES and fully funds the request for Program Support. In LEP, the recommendation partially funds the requests for increased employee compensation, providing general fund increases of \$4.7 million for state police officers, \$716.7 thousand for transportation inspectors and dispatchers, and \$68 thousand for forensic scientists and technicians. The targeted compensation increases in this recommendation (totaling \$5.5 million for an average increase of 6.6 percent across all the agency's filled positions) are in addition to any state employee compensation package recommended by the committee. The recommendation also provides \$2 million to expand recruit and lateral schools.

The LFC recommendation supports the agency's request for other funding sources but adds \$520.2 thousand in other revenues for personnel in LEP to account for a proposed bill to create a fund to provide law enforcement retention differentials to state and local law enforcement officers statewide. This appropriation is contingent on the creation of the proposed fund. Additionally, the recommendation includes \$200 thousand in other transfers from the law enforcement protection fund to implement the provisions of the Law Enforcement Training Act contingent on legislation expanding the allowable uses of the fund to include this purpose.

DPS requested six expansions totaling \$4.9 million and adding 65 FTE across all three of its programs, including \$2.6 million for additional civilian support for the New Mexico State Police (NMSP). The LFC recommendation partially or fully supports five of the six requested expansions, with a total of \$2.7 million and 35 FTE. The recommendation funds half the request for civilian support to NMSP and does not support a requested expansion for Program Support.

LFC estimates the agency will have about \$10.3 million in funded vacancies in LEP in FY22, while DPS estimates funded vacancies totaling \$9.5 million using more recent data. DPS reports \$5.7 million of these vacancy savings are from the general fund and projects it will fill additional positions costing \$2.5 million before the end of the fiscal year, resulting in a projected \$3.2 million in general fund vacancy savings for FY22.

New Mexico State Police. In FY21, NMSP officers responded to 336.1 thousand calls for service, including making 201.4 thousand traffic stops, representing only minor decreases compared with FY20. However, both FY20 and FY21 saw significant reductions in the number of calls for service compared with FY19, including large declines in traffic stops, likely due to pandemic closures and reduced proactive traffic enforcement actions. State police made 2,017 felony arrests and 4,827 misdemeanor arrests in FY21.

Despite millions of dollars of investment in officer pay, NMSP has been unable to significantly grow its force and projects workforce reductions over the current year. State police averaged a force of 668 officers in FY21, an 8.7 percent overall vacancy rate and a 7.1 percent vacancy rate among positions supported by the general fund. DPS's most recent state police force strength projection anticipates an average of 636 commissioned officers will be employed in FY22.

NMSP has struggled to sustain its force since it eliminated its practice of hiring "laterally" (hiring officers from other agencies) in late 2019, and the agency is proposing to bring back the practice in FY23. The elimination of lateral schools was not due to a reduction in funding for this purpose, but rather was a policy change. At current funding levels, the agency is projected to add 57 new officers in FY23, but accounting for anticipated separations, force strength will still average 636 over the year.

To increase manpower, DPS requested an additional \$6.8 million from the general fund to expand its recruit and lateral schools, with the goal of starting 120 recruits and 40 lateral transfers in FY23, almost double the starting size of past recruit schools and triple the size of past lateral schools. Such a significant increase is projected to add 116 officers and result in an average force strength of 672 officers over the course of the year, but it is not clear NMSP can realistically expand its recruitment so significantly. The committee recommends a more moderate increase of \$2 million, which should

allow the agency to increase its starting class sizes by about one third, adding a projected 79 officers and averaging a total force of 650 officers over FY23. If recruiting efforts are highly successful, the agency's available vacancy savings should support increasing class sizes.

Between FY16 and FY21, the state invested \$12.4 million in salary increases for state police officers, growing the average officer's annual salary by 19.3 percent. NMSP's force strength increased just 0.5 percent over the same period. Notably, the consumer price index increased 13 percent over this period, substantially reducing the practical impact of the compensation increases. A pay study produced by DPS in fall 2019 showed starting salaries for patrolmen, detectives, sergeants, lieutenants, and captains were relatively competitive, but state police recruit starting pay, at \$16 per hour, was the third lowest of the law enforcement agencies surveyed; comparatively, a new recruit at the Albuquerque Police Department was 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.

In the 2020 legislative session, DPS received sufficient funding to implement this pay plan in FY21, but solvency measures enacted during the first special session reduced its funding. The agency eventually partially implemented the pay plan, providing an average increase of 6 percent to its officers (with higher raises at lower ranks), and FY22 appropriations were sufficient to maintain these increases. DPS has also recently raised its recruit pay to \$20 per hour. However, these increases still fall short of the full amount needed to implement the original FY21 pay plan. For FY23, DPS requested \$14.7 million to increase state police officer pay, which would provide officers with an average compensation increase of 25 percent.

Investing in recruitment and retention of high-quality law enforcement officers is an important component of protecting and improving public safety. The LFC recommendation includes \$4.7 million for state police officer compensation, which fully funds the FY21 pay plan, partially funds the agency's request for longevity pay, and provides some additional funds for other necessary adjustments to ensure state police salaries remain competitive, an overall average increase of 8 percent among filled officer positions. These targeted increases are in addition to any other state employee compensation package recommended by the committee. The recommendation further adds \$520.2 thousand in other revenues for law enforcement retention differentials from the law enforcement retention fund contingent on the creation of such a fund.

Diversifying the law enforcement officer workforce may reduce victimization among underrepresented groups and reduce uses of force. Recent research has shown increasing Black and female representation among officers led to increased reporting and reduced victimization among those groups. Female officers are also significantly less likely to use force than their male counterparts. DPS reports women are significantly underrepresented among state police officers, as are Native American men.

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 FY21, the department investigated 81 crime scenes for other police agencies, a 29 percent increase from the 63 processed in FY20 and almost as many as processed in FY19. DPS does not charge other agencies for these services or for bomb disarming teams, air missions, or other specialized services.

Expanding the use of evidence-based policing practices is key to providing more effective policing and improving public safety. Law enforcement assisted diversion (LEAD) is an evidence-based, harm-reduction approach to drug crimes that allows police officers to divert people to services in lieu of prosecution and jail. The Legislature has provided funding for several local LEAD programs in recent years, and local programs have seen some positive results. For example, a 2018 Sentencing Commission study of Santa Fe's LEAD program found the program produced savings of \$1,588 per client per year compared with non-LEAD client costs. The LFC recommendation includes \$140 thousand for NMSP to establish a LEAD program.

Police Uses of Force. NMSP investigates all its officers' uses of force and reports 263 uses of force in FY21, a 34.9 percent increase over FY20, and 12 officer-involved shootings compared with six in the prior year, but with two fewer deaths. Suspect injuries were reported in 36.1 percent of these cases, with the most common injury types reported as abrasions and taser punctures. Officers were reported to have been injured in 7.6 percent of incidents, and 10.6 percent of the incidents resulted in a suspect being charged with battery on a peace officer.

Over the past five years, New Mexico had the second highest per capita rate of people killed by police. From 2016 to 2020, 108 individuals were killed by police, a rate triple the national average. New Mexico law enforcement agencies reported 54 officer-involved shootings to the FBI's national use-of-force database in FY21, a 35 percent increase compared with the 40 reported FY20. While the number of fatal shootings also increased, with 25 individuals killed during interactions with law enforcement officers, the share of shootings that resulted in fatalities decreased slightly, from 50 percent in FY20 to 46 percent in FY21. NMSP investigates most officer-involved shootings in the state, either as the sole investigating agency, the lead agency in a multiagency task force, or a participating agency in a multi-agency task force. In FY21, state police participated in the investigations of 48 of the shootings, including 11 of the 12 incidents involving NMSP officers. State police were also involved in the investigations of 23 of the fatal shootings reported, including all four fatal shootings involving its officers.

Dispatch and Commercial Motor Vehicle Inspections. In November 2021, 37.6 percent of supervisory and nonsupervisory dispatcher positions were vacant, a significant increase over the past two years and reflecting multiple years of high vacancies. Dispatcher vacancies critically impact offi-

cer 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 were significantly below other law enforcement agencies and recommended in-band pay increases of 10 percent. As of November, vacancy rates among transportation inspectors (both supervisory and nonsupervisory) were 15.6 percent, an improvement over prior years (36 percent of transportation inspector positions were vacant in November 2020) but still significant. The staffing study recommended a 10 percent increase in transportation inspector salaries and recommended working with the State Personnel Office to increase pay ranges for both types of positions.

Due to solvency measures, the agency was only able to implement increases of 6 percent for these positions in FY21, but in FY22 the Legislature appropriated additional funds to fully implement the pay plan. However, high vacancy rates suggest additional funding is necessary, and the agency requested \$1.1 million for FY23 to implement a new pay plan with average increases of 17.6 percent among dispatchers and 18.7 percent among transportation inspectors. The LFC recommendation partially supports these increases, with \$716.7 thousand (representing average increases of 11.4 percent among dispatchers and 12.5 percent among transportation inspectors) in addition to any other state employee compensation package recommended by the committee.

Crime Reporting. DPS is required to collect and report crime data from all law enforcement agencies but had not done so as it transitioned to the National Incident Based Reporting System required by the FBI. Although DPS completed this transition in fall 2021, the agency faced difficulties obtaining data from other law enforcement agencies even before the transition, and failures to report will likely continue after the transition due to technical limitations in some agencies' reporting systems. The LFC recommendation includes \$100 thousand for DPS to support other law enforcement agencies' compliance with these and other statutory reporting requirements.

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 FY21, DPS reported the board adjudicated 122 officer misconduct cases, more than triple the 34 cases it adjudicated in FY20. At the close of the fiscal year, the board had a backlog of 64 open cases, about half the 123 cases open at the close of FY20. High vacancy rates among academy staff restrict the board's ability to successfully carry out its duties; as of November 2021, six of the 19 academy positions were vacant, four fewer than in November 2020 but still representing a 31.6 percent vacancy rate.

Strong, independent oversight of law enforcement that ensures agencies and officers are accountable to the public may help improve public confidence in police, encourage citizen reporting and cooperation with law enforcement, and ultimately make the state safer. In FY22, the Legislature directed \$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. For FY23, the agency requested an expansion of \$688 thousand and 8 FTE for the board. The LFC recommendation provides \$693.1 thousand for this purpose (based on a revised request from the agency not reflected in the budget system) as well as the requested new positions.

Legislation passed during the 2021 legislative session (Senate Bill 375) would have split the two functions of the Law Enforcement Academy Board into two separate boards—one tasked with developing the standards and training for law enforcement officers (the Law Enforcement Academy Board) and one tasked with granting, denying, suspending, or revoking officers' certifications (the Law Enforcement Certification Board). The governor vetoed this legislation, but it is expected to be reintroduced during the 2022 session. Because the bill would have directed funds from the law enforcement protection fund to DPS to carry out the provisions of the Law Enforcement Training Act, the recommendation includes \$200 thousand for this purpose from the law enforcement protection fund contingent on legislation allowing this use. Additionally, because the bill did not provide funding for the Law Enforcement Certification Board, the \$1 million intended to bolster officer and agency accountability and oversight is directed to the Law Enforcement Academy Board or other primary entity responsible for officer certification.

Forensic Laboratory. Vacancy rates among forensic scientists and technicians in the Forensic Laboratory Bureau averaged 27.2 percent in FY21, but the agency saw significant improvements each quarter and filled seven positions over the course of the year. As of November 2021, 12 positions were unfilled, a 25 percent vacancy rate. 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 FY21, the bureau achieved its target and made progress on backlogged cases (a completion rate of over 100 percent) for two of four reported case types and came within 2 percentage points of its target for a third. Comparatively, in FY20, when vacancies averaged 30.7 percent, the bureau missed targets for three of four case types and did not make any progress on its backlog.

DPS implemented a 3 percent compensation increase for forensic scientists and technicians in FY21 and received appropriations supporting an additional 3 percent increase for these positions in FY22. For FY23, the agency requested \$248 thousand to implement a pay plan for forensic scientists and technicians, an average increase of 7 percent across filled positions. The LFC recommendation includes \$68 thousand for this purpose (an average increase of 1.9 percent) in addition to any other state employee compensation package recommended by the committee.

Since 2016, the Legislature has appropriated over \$45 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 collocated, dividing the appropriation into two projects. As of September 2021, construction of both projects was in progress, with the evidence center slated to be complete before the close of the year and the laboratory expected to be finished in fall 2022.

Nonrecurring Requests. DPS made several significant requests for nonrecurring special appropriations for the 2022 legislative session, prioritizing \$17.1 million for new state police vehicles and \$892.8 thousand for advanced training initiatives for state police officers (including certifying all officers in crisis intervention training). The LFC recommendation partially or fully funds all the agency's requests for special appropriations, including \$9 million for vehicles. Enhancing officer training and education should increase the quality of policing in the state, so the recommendation fully funds the agency's request for advanced training initiatives.

The agency requested nonrecurring funding for IT projects to improve its cybersecurity capabilities (\$2 million) and to implement an intelligence-led policing and public safety system (\$5.9 million). NMSP's intelligence-led policing initiative is also supported by its expansion request for additional civilian staff support (discussed in more detail below), which the LFC recommendation partially supports.

DPS requested \$5 million in capital outlay funds for upgrades to its facilities statewide and \$3 million to renovate its headquarters in Santa Fe. GSD also requested \$21 million in capital outlay funding for a new administrative complex for DPS, to be shared with the Department of Homeland Security and Emergency Management and the Department of Information Technology.

Base Expansion

DPS requested six expansions totaling \$4.9 million and adding 65 FTE across all three of its programs. The LFC recommendation partially or fully supports five of the six requested expansions, with a total of \$2.7 million and 35 FTE.

Law Enforcement Program. DPS requested \$2.6 million and 37 FTE in LEP to increase its data analytics capabilities; improve its use of the National Integrated Ballistics Information (NIBIN) System to collect, analyze, and link firearms evidence; and create civilian positions to take on duties currently assigned to state police officers that do not require law enforcement personnel. The request would add two crime data analysts, six investigative analysts, two employees to enter NIBIN data, 10 evidence technicians, 12 civilian public service aides, three crime scene investigators, and two civilian internal affairs investigators. The LFC recommendation, recognizing the difficulty of such a significant expansion given current employment conditions, funds half of the requested expansion and adds 18 FTE.

Statewide Law Enforcement Support. DPS requested four expansions totaling \$1.9 million in SLES, which would support adding staff for IT, the forensic laboratory, the Law Enforcement Records Bureau, and the Law Enforcement Academy Board for a total increase of 23 FTE. Based on slightly revised expansion requests provided by the agency but not reflected in the budget system, the LFC recommendation fully supports the requests for the forensic laboratory and the board. The recommendation also partially supports the requests for IT and the Law Enforcement Records Bureau. Overall, the recommendation includes \$1.4 million for expansions in SLES and adds 17 FTE.

Program Support. DPS requested a \$378.6 thousand expansion in Program Support to add 5 FTE, including a budget analyst, an accountant, a purchasing agent, and two human resources analysts. LFC estimates Program Support has \$488.9 thousand in funded vacant positions for FY22, and the recommendation fully funds the agency's base request for the program, including adding \$402.1 thousand to reduce its budgeted vacancy rate. For these reasons, the LFC recommendation does not support this expansion.

**BASE EXPANSION LISTING
FY 2022-2023**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	IT - Staff to Support the Agency	P786	0.0	325.1
0	Lab - Staff to Support the Agency	P786	0.0	300.6
0	LEA Board - Staff to Support the Board	P786	0.0	693.1
0	LERB - Staff to Support the Agency	P786	0.0	122.0
1	Civilian Staff to Expand Support and Relieve Officers	P504	2,599.0	1,299.6
2	IT - Staff to Support the Agency	P786	663.7	0.0
3	Lab - Staff to Support the Agency	P786	295.5	0.0
4	Staff to Support the Agency	P503	378.6	0.0
5	LERB - Staff to Support the Agency	P786	301.8	0.0
6	LEA Board - Staff to Support the Board	P786	688.0	0.0
TOTAL			4,926.6	2,740.4

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)**

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	112,013.8	112,866.7	139,112.4	122,773.7	8.8
Other Transfers	2,101.2	5,902.3	4,399.7	4,399.7	(25.5)
Federal Revenues	6,372.5	9,375.2	8,504.1	8,504.1	(9.3)
Other Revenues	982.9	2,535.0	2,282.5	2,802.7	10.6
TOTAL SOURCES	121,470.4	130,679.2	154,298.7	138,480.2	6.0
USES					
Personal Services and Employee Benefits	95,401.1	101,264.6	122,472.2	108,285.8	6.9
Contractual Services	1,511.0	2,595.9	2,533.3	2,343.9	(9.7)
Other	23,464.6	26,818.7	29,293.2	27,850.5	3.8
TOTAL USES	120,376.7	130,679.2	154,298.7	138,480.2	6.0
FTE					
Permanent	974.8	945.0	974.0	955.0	1.1
Term	40.0	59.0	58.0	58.0	(1.7)
Temporary	0.0	55.3	55.3	55.3	0.0
TOTAL FTE	1,014.8	1,059.3	1,087.3	1,068.3	0.8

Recommended Language

The other state funds appropriation to the personal services and benefits category of the law enforcement program of the department of public safety includes five hundred twenty thousand two hundred dollars (\$520,200) from the law enforcement retention fund contingent on enactment of legislation of the second session of the fifty-fifth legislature to create the law enforcement retention fund.

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 2023 from appropriations made from the weight distance tax identification permit fund shall revert to the weight distance tax identification permit fund.

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Explanatory	Number of proactive special investigations unit operations to reduce driving while intoxicated and alcohol-related crime	0.0	NEW	N/A	N/A	N/A
* Explanatory	Percent of total crime scenes processed for other law enforcement agencies	0.00%	0.00%	N/A	N/A	N/A
Explanatory	Number of illegally possessed firearms seized as part of criminal investigations	0.0	0.0	N/A	N/A	N/A
Explanatory	Number of violent repeat offender arrests by the fugitive apprehension unit	0.0	0.0	N/A	N/A	N/A
Explanatory	Percent of total New Mexico state police special operations deployments for other law enforcement agencies	0.0%	0.0%	N/A	N/A	N/A
Explanatory	Total number of crisis intervention cases handled	0.0	0.0	N/A	N/A	N/A
* Explanatory	Graduation rate of the New Mexico state police recruit school	73.30%	71.00%	N/A	N/A	N/A
Output	Number of data-driven traffic-related enforcement projects	2,851.0	2,575.0	3,100.0	2,500.0	2,500.0
* Output	Number of driving-while-intoxicated saturation patrols conducted	1,933.0	2,290.0	3,000.0	2,200.0	2,200.0
Explanatory	Number of criminal investigations conducted by criminal investigation bureau agents	887.0	724.0	N/A	N/A	N/A
* Explanatory	Turnover rate of commissioned state police officers	5.40%	6.44%	N/A	N/A	N/A
* Explanatory	Number of drug-related investigations conducted by narcotics agents	676.0	913.0	N/A	N/A	N/A
* Explanatory	Vacancy rate of commissioned state police officers	8.90%	8.70%	N/A	N/A	N/A
Explanatory	Number of man hours spent on governor-ordered special deployment operations	NEW	0.0	N/A	N/A	N/A
Explanatory	Number of governor-ordered special deployment operations conducted	NEW	0.0	N/A	N/A	N/A
* Output	Number of commercial motor vehicle safety inspections conducted	68,378.0	76,269.0	90,000.0	80,000.0	80,000.0
Explanatory	Number of New Mexico State Police misdemeanor and felony arrests	NEW	6,844.0	N/A	N/A	N/A
Explanatory	Number of driving-while-intoxicated arrests	1,647.0	1,272.0	N/A	N/A	N/A
Explanatory	New Mexico State Police transportation inspector vacancy rate	NEW	29.90%	N/A	N/A	N/A
Explanatory	New Mexico State Police dispatcher vacancy rate	NEW	25.30%	N/A	N/A	N/A
Explanatory	Number of motor carrier safety trainings completed	103.0	1.0	N/A	N/A	N/A
Explanatory	Commercial motor vehicle out-of-service rate compared to the current national level	40.60%	48.00%	N/A	N/A	N/A
Output	Number of community engagement projects in counties with populations less than one hundred thousand	0.0	NEW	NEW	95.0	95.0

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	12,509.0	12,781.8	16,148.4	15,560.2	21.7
Other Transfers	497.5	672.5	737.5	937.5	39.4
Federal Revenues	1,338.2	2,235.4	2,235.4	2,235.4	0.0
Other Revenues	4,982.0	5,767.0	5,936.5	5,936.5	2.9
Fund Balance	441.3	570.0	980.0	980.0	71.9
TOTAL SOURCES	19,768.0	22,026.7	26,037.8	25,649.6	16.4
USES					
Personal Services and Employee Benefits	10,377.3	12,254.6	14,897.7	14,462.5	18.0
Contractual Services	1,555.8	2,690.0	2,677.0	3,225.0	19.9
Other	5,253.9	7,082.1	8,463.1	7,962.1	12.4
TOTAL USES	17,187.0	22,026.7	26,037.8	25,649.6	16.4
FTE					
Permanent	107.1	108.0	137.0	129.0	19.4
Term	38.0	49.0	50.0	51.0	4.1
TOTAL FTE	145.1	157.0	187.0	180.0	14.6

Recommended Language

The general fund appropriations to the statewide law enforcement support program of the department of public safety include one million forty-three thousand one hundred dollars (\$1,043,100) for costs related to the operation and activities of the law enforcement academy board or other primary entity responsible for law enforcement officer certification.

The internal service funds/interagency transfers appropriations to the statewide law enforcement support program of the department of public safety include two hundred thousand dollars (\$200,000) from the law enforcement protection fund to implement the Law Enforcement Training Act contingent on enactment of legislation of the second session of the fifty-fifth legislature to expand allowable uses of the law enforcement protection fund to include costs related to the implementation of the Law Enforcement Training Act incurred by the department of public safety.

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Explanatory	Number of expungements processed	0.0	0.0	N/A	N/A	N/A
* Outcome	Percent of forensic evidence cases completed	0.00%	NEW	0.00%	100.00%	100.00%
Explanatory	Number of crimes against persons reported in the national incident-based reporting system by participating law enforcement agencies statewide	0.0	0.0	N/A	N/A	N/A
Explanatory	Number of crimes against property reported in the national incident-based reporting system by participating law enforcement agencies statewide	0.0	0.0	N/A	N/A	N/A
Explanatory	Number of crimes against society reported in the national incident-based reporting system by participating law enforcement agencies statewide	0.0	0.0	N/A	N/A	N/A
Explanatory	Percent of IT help requests received from other agencies	0.00%	0.00%	N/A	N/A	N/A
* Outcome	Number of sexual assault examination kits not completed within one hundred eighty days of receipt of the kits by the forensic laboratory	NEW	0.0	0.0	0.0	0.0
Explanatory	Percent of non-state police cadets who graduated the law enforcement academy through certification by waiver	NEW	100.0%	N/A	N/A	N/A
Explanatory	Forensic scientist and forensic technician vacancy rate	NEW	22.90%	N/A	N/A	N/A
Explanatory	Percent of non-state police cadets who graduated the basic law enforcement academy	NEW	73.0%	N/A	N/A	N/A
Explanatory	Percent of complaint cases reviewed and adjudicated by the New Mexico law enforcement academy board	19.50%	65.60%	N/A	N/A	N/A
Explanatory	Graduation rate of telecommunication students from the law enforcement academy	NEW	100.0%	N/A	N/A	N/A

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	4,227.7	4,051.3	5,779.3	5,400.7	33.3
Other Transfers	5.6	30.0	30.0	30.0	0.0
Federal Revenues	3,027.5	3,528.0	3,528.0	3,528.0	0.0
Other Revenues	0.1	0.0	0.0	0.0	0.0
TOTAL SOURCES	7,260.9	7,609.3	9,337.3	8,958.7	17.7

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
USES					
Personal Services and Employee Benefits	3,657.9	4,105.5	5,599.5	5,269.3	28.3
Contractual Services	171.4	294.9	304.2	304.2	3.2
Other	3,191.7	3,208.9	3,433.6	3,385.2	5.5
TOTAL USES	7,021.0	7,609.3	9,337.3	8,958.7	17.7
FTE					
Permanent	56.1	43.0	53.0	48.0	11.6
Term	5.0	8.0	9.0	9.0	12.5
TOTAL FTE	61.1	51.0	62.0	57.0	11.8

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Percent of audit findings resolved from the prior fiscal year's annual external audit	33.30%	60.00%	80.00%	80.00%	80.00%
Output	Number of site visits made to sub-grantees	42.0	98.0	30.0	100.0	100.0

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 moved 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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	3,279.6	3,307.3	3,587.4	3,307.3	0.0
Other Transfers	7.4	195.9	120.2	120.2	(38.6)
Federal Revenues	18,915.2	19,999.0	19,743.4	19,743.4	(1.3)
Other Revenues	103,344.7	74,968.9	95,311.1	95,311.1	27.1
TOTAL SOURCES	125,546.9	98,471.1	118,762.1	118,482.0	20.3
USES					
Personal Services and Employee Benefits	7,391.4	8,955.5	10,562.9	9,736.2	8.7
Contractual Services	1,689.6	2,067.3	2,129.6	2,129.6	3.0
Other	79,940.3	87,448.3	106,069.6	106,616.2	21.9
TOTAL USES	89,021.3	98,471.1	118,762.1	118,482.0	20.3
FTE					
Permanent	83.7	69.0	75.0	69.0	0.0
Term	36.2	53.0	62.0	59.0	11.3
TOTAL FTE	119.9	122.0	137.0	128.0	4.9

At A Glance

The Department of Homeland Security and Emergency Management requested an overall budget increase of 20.6 percent compared with the FY22 operating budget, including a \$280.1 thousand increase from the general fund in the Homeland Security and Emergency Management Program and a \$20.3 million increase from the fire protection fund in the State Fire Marshal's Office Program, which primarily reflects changes made during the 2021 legislative session increasing grant funds.

The LFC recommendation supports the increase in grant funds due to the 2021 changes but only partially supports the agency's request for additional personnel funding. The recommendation supports the addition of six term positions that will be funded from federal funds.

Budget Issues

The Department of Homeland Security and Emergency Management (DHSEM) requested expansion funding in both programs to add new positions to assist with existing agency functions and to increase compensation for existing positions in the State Fire Marshal's Office (SFMO) Program. LFC does not consider these proper expansion requests because they do not reflect new initiatives, and the requests were considered as proposed increases to the base budget. The LFC recommendation partially supports the request for SFMO as a base budget increase.

Significant errors in the agency's initial budget submission, delays in correcting those errors, and continued inaccuracies in the final request precluded most analysis of the budget request at the line-item level.

Homeland Security and Emergency Management. The Homeland Security and Emergency Management Program requested an overall reduction of \$58 thousand compared with FY22 due to an anticipated reduction in federal funding but requested an additional \$280.1 thousand from the general

fund, an 8 percent increase. The request prioritized increasing personnel funding and would have reallocated some general fund from other categories to personnel. The LFC recommendation for general fund revenue does not support the requested increase and is flat with the FY22 operating budget while supporting the agency's requested adjustments to other funding sources.

The program requested an increase of \$960.8 thousand, or 16.8 percent, in the personal services and employee benefits category, including \$307 thousand from the general fund and \$652.6 thousand from federal funds (\$1,200 is allocated from other funding sources). The agency proposed to fund an additional 9 term FTE to assist in managing federal grants. The requested amount from the general fund would have provided matching funds to leverage federal funds for three of the requested positions, while the remaining six positions are federally funded. LFC estimates the program has \$575.3 thousand in funded vacant positions for FY22, equivalent to about 5.5 FTE. Because of the program's significant funded vacancy rate, the LFC recommendation does not support the request for additional general fund revenue but includes increased federal funding for personnel costs supporting the addition of 6 federally funded term FTE.

The program also requested a \$1.1 million reduction in the other category to align flow-through federal grant funding closer to actual expenditures. The LFC recommendation supports the request in the contractual services and other categories.

Department leadership is focused on improving financial management and grant oversight, which have been significant areas of weakness for the department for several years but have seen some recent improvements. In FY21, the department processed \$78.5 million in federal disaster relief payments to New Mexico communities intended to aid in disaster preparation, prevention, mitigation, and recovery. The department struggled 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 FY21, \$27.3 million in state funding related to 33 disaster declarations was outstanding; \$11 million was related to eight declarations older than four years. This represents a significant improvement from FY20, when \$33.3 million was outstanding (\$18 million tied to declarations older than four years), and an even greater improvement compared with FY19, when \$47.6 million was outstanding (with \$22.4 million older tied to declarations older than four years). During FY21, the department concluded action on eight disaster declarations and reverted \$9.5 million to the general fund, more than three times its reversions in FY20 (\$2.9 million) and FY19 (\$2.6 million), as it works to free up old, unused funds.

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 between FY17 and FY21, DHSEM received \$750 thousand each year to address future emergencies and disasters that may require immediate support to ensure a rapid and unhindered response. Allocating funds for hypothetical emergencies that may not occur on a recurring basis raises concerns over whether these funds are truly needed. As of October 2021, the agency is carrying balances on the past three years' orders totaling almost \$1 million, and to date in FY22, the executive has not allocated additional funding to the department for this purpose.

State Fire Marshal's Office. Laws 2020, Chapter 9, transferred SFMO from the Public Regulation Commission (PRC) to DHSEM at the beginning of FY22. The program is composed of an administrative section and four bureaus: Fire Code Enforcement, Fire Investigation, Fire Services Support, and the State Firefighters Training Academy.

Laws 2021, Chapter 125, effective July 1, 2021, modified the statutes governing the fire protection fund (FPF) and the fire protection grant fund (FPGF) to direct increased funding from the FPF to the FPGF. The FPF receives the 3 percent premium tax on auto and fire insurance collected by the Taxation and Revenue Department and the Office of Superintendent of Insurance. Previously, FPF distributions were made to local governments based on a statutorily established formula, and some funds were appropriated for other purposes. About 40 percent of the remaining balance flowed to the FPGF, while about 60 percent reverted to the general fund at the end of the fiscal year. The bill changed this so that projected year-end balances are distributed to the FPGF. The program's requested \$20.3 million increase in revenue and \$19.7 million increase in funding in the other category compared with its FY22 operating budget reflect these changes.

Expanded FPGF funding will allow SFMO to provide additional funding to local fire departments that can be used for fire apparatus and equipment, communications equipment, equipment for wildfires, fire station construction or expansion, equipment for hazardous material response, stipends for volunteer firefighters, and recruiting and retention programs for volunteer firefighters. SFMO reports that there was \$10.8 million available in the FPGF in FY20, while grant applications totaled \$45.8 million; in FY21, the agency reports \$6.2 million was available and \$16.8 million was requested. Better fulfilling these needs should help improve departments' and communities' Insurance Services Office (ISO) ratings, which are primarily determined by fire department staffing, training, and proximity; availability of water supply; and quality of the area's emergency communications system. ISO ratings are considered by insurers when setting homeowners insurance rates, so improved ISO ratings should lower insurance costs for communities as well as improve public safety.

SFMO also requested a \$646.6 thousand, or 19.9 percent, increase to fund 6 permanent FTE, including four administrative staff and two additional code inspectors to cover increased duties as a result of cannabis legalization, as well as increased compensation for existing positions. LFC estimates the program has \$712.3 thousand in funded vacant positions for FY22 and currently has 15 vacancies; however, the program's high vacancy rate may

be due in part to low pay, with an average salary of \$50 thousand among currently filled positions as of October 2021. Due to the program's high funded vacancy rate, the recommendation only partially funds the request with an additional \$100 thousand to increase compensation for existing positions and suggests the program reallocate vacant positions and funding for essential roles. Because FPF balances not used for administrative purposes would otherwise flow to the FPGF, the recommendation includes the difference between the request and recommendation for personnel (\$546.6 thousand) in the other category; the total recommendation for FPF revenue matches the requested amount.

A total of \$103.3 million in FPF revenue was collected in FY21. Of that, \$58.8 million was distributed to local fire districts, \$5.9 million was distributed to the New Mexico Finance Authority on behalf of fire districts, \$6.2 million was distributed in grant funds, \$3.8 million was used for staff and administrative purposes within the office, \$661.5 thousand was used for staff and administrative purposes in other PRC programs, \$750 thousand was distributed to the Public Employees Retirement Association, and \$27.2 million reverted to the general fund.

Base Expansion

DHSEM requested expansion funding in both programs to add new positions to assist with existing agency functions. LFC does not consider these proper expansion requests but partially support the request for SFMO as a base budget increase.

BASE EXPANSION LISTING FY 2022-2023

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
0	Expansion	P759	954.4	0.0
0	SFMO- additional administrative support	P806	522.2	0.0
TOTAL			1,476.6	0.0

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	3,279.6	3,307.3	3,587.4	3,307.3	0.0
Other Transfers	7.4	195.9	120.2	120.2	(38.6)
Federal Revenues	18,915.2	19,999.0	19,743.4	19,743.4	(1.3)
Other Revenues	57.4	50.0	43.2	43.2	(13.6)
TOTAL SOURCES	22,259.6	23,552.2	23,494.2	23,214.1	(1.4)
USES					
Personal Services and Employee Benefits	4,640.7	5,703.7	6,664.5	6,384.4	11.9
Contractual Services	1,262.3	1,562.2	1,624.5	1,624.5	4.0
Other	7,433.1	16,286.3	15,205.2	15,205.2	(6.6)
TOTAL USES	13,336.1	23,552.2	23,494.2	23,214.1	(1.4)
FTE					
Permanent	46.7	22.0	22.0	22.0	0.0
Term	36.2	53.0	62.0	59.0	11.3
TOTAL FTE	82.9	75.0	84.0	81.0	8.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Efficiency	Average number of days from receipt of invoice to receipt of funds by subrecipient	0.0	NEW	NEW	30.0	30.0
Outcome	Percent of federal emergency management agency hazard mitigation plans approved	73.00%	70.00%	70.00%	10.00%	70.00%
Outcome	Percentage of local jurisdictions' emergency communications data submitted and entered into the integrated public alerting and warning system	75.00%	80.00%	80.00%	80.00%	85.00%
Explanatory	Number of projects tied to governor's executive orders allocating emergency funding that are fully expended or reverted	NEW	8.0	N/A	N/A	N/A
Output	Number of training courses delivered for identified needs of local and state entities	NEW	40.0	40.0	40.0	40.0
Outcome	Percent of monthly emergency operations center readiness tests passed	NEW	100.00%	100.00%	100.00%	100.00%
Explanatory	Number of information and intelligence reports distributed from fusion center to federal partners	NEW	820.0	N/A	N/A	N/A
* Outcome	Number of recommendations from federal grant monitoring visits older than six months unresolved at the close of the fiscal year	NEW	13.0	5.0	5.0	5.0
Outcome	Percent of emergency equipment able to be deployed	NEW	80.00%	80.00%	80.00%	85.00%
Explanatory	Average number of days from award of federal grant funding to receipt of funds by sub-grantee	NEW	197.0	N/A	N/A	N/A
Output	Number of homeland security exercise and evaluation program compliant exercises delivered or coordinated by the agency	NEW	7.0	10.0	10.0	10.0
Explanatory	Number of information and intelligence reports distributed from fusion center to state, local and tribal partners	NEW	820.0	N/A	N/A	N/A
Explanatory	Amount of unspent funds tied to governor's executive orders allocating emergency funding issued more than four years ago	NEW	\$11,000,000.0 0	N/A	N/A	N/A
Outcome	Percent of prior year audit findings resolved	NEW	80.00%	80.00%	80.00%	90.00%

STATE FIRE MARSHAL'S OFFICE

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	103,287.3	74,918.9	95,267.9	95,267.9	27.2
TOTAL SOURCES	103,287.3	74,918.9	95,267.9	95,267.9	27.2

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
USES					
Personal Services and Employee Benefits	2,750.7	3,251.8	3,898.4	3,351.8	3.1
Contractual Services	427.2	505.1	505.1	505.1	0.0
Other	72,507.2	71,162.0	90,864.4	91,411.0	28.5
TOTAL USES	75,685.1	74,918.9	95,267.9	95,267.9	27.2
FTE					
Permanent	37.0	47.0	53.0	47.0	0.0
TOTAL FTE	37.0	47.0	53.0	47.0	0.0

Recommended Language

The other state funds appropriations to the state fire marshal's office program of the homeland security and emergency management department include four million nine hundred ninety-five thousand two hundred dollars (\$4,995,200) from the fire protection fund for administration and operations of the state fire marshal's office. 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 2023 shall revert back to the fire protection fund.

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Quality	Pass rate for state certification exams administered by the firefighter training academy bureau	81.00%	80.00%	87.00%	80.00%	80.00%
Output	Number of training contact hours delivered by the state fire marshal's office and firefighter training academy bureau	NEW	100,000.0	125,000.0	100,000.0	125,000.0
Output	Number of firework (temporary location of fireworks transactions) inspections completed	NEW	324.0	454.0	324.0	400.0
Quality	Percent compliance with national fire incident reporting system	NEW	78.00%	75.00%	75.00%	80.00%
Output	Percent of fire departments inspected by the fire service support bureau	NEW	40.00%	50.00%	50.00%	50.00%
Output	Number of fire investigations completed	NEW	212.0	175.0	212.0	212.0
* Outcome	Percent of local government recipients that receive their fire protection fund distributions on schedule	NEW	100.00%	90.00%	90.00%	100.00%
Output	Number of inspections completed by the code enforcement bureau	NEW	844.0	575.0	844.0	844.0
Output	Percent of fire departments audited	NEW	100.00%	75.00%	100.00%	100.00%
Outcome	Percent of state-owned and -leased buildings inspected	NEW	20.00%	70.00%	70.00%	70.00%
* Outcome	Average statewide fire district insurance service office rating	NEW	7.0	8.0	7.0	6.0

Transportation

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	11,258.7	12,300.0	8,300.0	8,300.0	(32.5)
Federal Revenues	439,671.8	404,150.7	437,017.7	504,150.7	24.7
Other Revenues	515,641.5	570,577.0	605,813.0	605,813.0	6.2
Fund Balance	52,444.2	28,969.9	0.0	20,000.0	(31.0)
TOTAL SOURCES	1,019,016.2	1,015,997.6	1,051,130.7	1,138,263.7	12.0
USES					
Personal Services and Employee Benefits	168,862.6	171,545.8	177,613.9	177,613.9	3.5
Contractual Services	474,033.9	458,206.1	476,724.4	528,508.9	15.3
Other	313,563.5	386,245.7	396,792.4	432,140.9	11.9
Other Financing Uses	20,886.3	0.0	0.0	0.0	0.0
TOTAL USES	977,346.3	1,015,997.6	1,051,130.7	1,138,263.7	12.0
FTE					
Permanent	2,514.0	2,541.0	2,527.0	2,527.0	(0.6)
Term	45.5	54.5	51.5	51.5	(5.5)
Temporary	56.0	0.0	0.0	0.0	0.0
TOTAL FTE	2,615.5	2,595.5	2,578.5	2,578.5	(0.7)

At A Glance

Department of Transportation (NMDOT) revenues 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 overall request was a \$35 million, or 3.5 percent increase from the FY22 operating budget. The FY23 request assumed a \$32.8 million increase for federal revenue and a \$6.3 million, or 1.1 percent, increase in other revenue, predominantly state road fund (SRF). The request did not account for increases in federal highway formula funding contained in the federal Infrastructure Investment and Jobs Act that passed in November 2021, after the budget request was submitted.

The LFC recommendation fully funds the NMDOT request for other revenue, including the state and local road fund revenue, but includes \$500 million, \$67 million more than requested, from federal sources to reflect anticipated increased state allocations. The LFC recommendation also includes an additional \$20 million from fund balance over the request to provide matching funds for the newly available federal funding. The additional federal revenue was directed to the Programs and Infrastructure Program for construction on federal aid highways.

Budget Issues

NMDOT is responsible for construction and maintenance activities on the 30 thousand lane mile 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, budgeting projected revenue in the request. For FY23, NMDOT expects total road fund revenue of \$520.4 million, a 5.5 percent increase from the FY22 operating budget of \$493.2 million. The largest sources of revenue to the SRF are fuel taxes, generating 47 percent of total revenue; fees on commercial trucking, accounting for 23 percent of revenue; and taxes on vehicle sales and registration fees, amounting to 26 percent of revenue.

The tax on diesel fuel is the largest contributor to the SRF and 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 FY23, NMDOT estimates the tax on diesel fuel will generate \$127.6 million, a \$9.2 million, or 7.8 percent, increase from the FY22 operating budget. Additionally, weight-distance tax revenue from commercial trucking is forecast to generate \$104.4 million, a 9.2 percent increase.

The gasoline tax, once the single largest SRF revenue source and now the second largest at an estimated \$117.3 million, has seen tepid growth over the last decade. The 17 cent per gallon tax has not been changed since 1995 and grew only 10 percent between FY14 and FY23 while the road fund grew 36 percent over this time. The slow revenue growth 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 produce 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.

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 and, thereafter, splitting 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. The motor vehicle excise tax is forecast to generate \$49.9 million in FY23.

Fees on vehicle registration are anticipated to increase 5 percent to \$89.2 million in FY23.

Federal Revenue. Use of federal funds require a state match of between 8 percent and 20 percent, and SRF is used to provide these matching funds. Federal funding stagnated over the past several years; however, the state is likely to see a 20 percent increase for FY23 as a result of passage of the Infrastructure Investment and Jobs Act. The legislation, passed in November 2021, will provide the state approximately \$2.5 billion in formula funding over the next five years, an approximate increase of \$100 million per year based on previous formula distributions. In addition, the bill includes separate pots of funding for bridges, economic development projects, public transportation, and inland ports. NMDOT did not include additional federal funding in the budget request as the federal legislation had not yet been passed.

The LFC recommendation includes \$504 million from federal funds for FY23, an additional \$100 million above the requested amount to reflect enactment of the Infrastructure Investment and Jobs Act. Per federal rules, this funding may not be used for routine maintenance activities, such as pavement striping, fog seal, crack seal, or chip seal. However, the funding may be used for competitively bid heavy maintenance activities. The LFC recommendation directed the entirety of the new funding to the Programs and Infrastructure Program. The funds were directed to the contracts and other categories in the same proportion as historically used to reflect the increase in existing federal road funding availability.

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. The department was able to use federal funding made available through coronavirus relief legislation to pay \$62 million in debt service costs in FY20 and FY21 normally paid by the SRF. At the close of FY21, the department had a fund balance of \$28 million.

The LFC recommendation increased the use of fund balance by \$20 million to provide necessary matching funds to ensure the department is able to use the full amount of additional federal funding.

Debt Service. The department currently has \$1.1 billion in outstanding debt obligations, including the issuance of an additional \$234.6 million in debt authorized during the 2021 session. In FY23, the department will spend \$175.1 million to service debt. This amount includes \$124.6 million from federal sources and \$41.7 million from the SRF. Debt service payments will increase through FY24, when the state will spend \$194.6 million. However, debt service cost will then fall dramatically; in FY25, debt service will be \$111.6 million, and the state will have retired all debt by the end of FY32.

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 \$280 thousand per lane-mile to maintain, and a road in poor condition requiring major rehabilitation or reconstruction costs \$1.5 million per lane-mile or more.

Each year, NMDOT conducts a survey of the state's transportation network and assigns each stretch of road a pavement condition rating (PCR) score to measure condition. A score of 45 or less is a poor condition road. In 2020, the average PCR score for all state roads was 54.9, down from 57.4 the prior year. The reduction in overall road condition suggests that current funding is insufficient to maintain or improve New Mexico roadways.

The department estimates total unfunded construction and maintenance needs for FY21 at \$547 million, including \$311 million for routine maintenance and \$236 million for roadway reconstruction. The department also projects a funding shortfall of \$159 million for bridge maintenance, reconstruction, and replacement.

Nonrecurring Funding. Recognizing the need for additional road funding, the Legislature appropriated \$894 million for state and local roads between FY18 and FY22. Of that total, \$410 million was appropriated for FY20 and FY21. Of this amount, the department expended \$221.5 million, or 55 percent, as of July 2021. However, expenditures have been uneven; funding designated for maintenance projects has been expended faster than funding for major investment projects. This is likely because maintenance projects require less planning and design than major projects. To expend funding quickly, all funds necessary for project completion should be identified and projects selected for funding be planned and designed.

State revenue projections for FY23 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.

Construction Costs. In the five years from FY15 through FY20, total construction costs increased by 23 percent; however, the changes have not been uniform. For example, base course costs increased by 53 percent and structural concrete increased by 50 percent, but hot mix asphalt only increased 3 percent. At the LFC capital outlay subcommittee, NMDOT staff noted construction bid costs have been increasing over the past year, with average bids coming in 20 percent to 30 percent higher than previously estimated. It is unknown whether the cost increases are transitory, driven by temporary shortages in materials and labor, or if the elevated costs will persist. Given the large increases in infrastructure spending made possible by the new federal legislation and increased competition among states for a limited pool of contractors, construction and maintenance costs could continue increasing.

PROGRAMS AND INFRASTRUCTURE

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	1,593.1	0.0	0.0	0.0	0.0
Federal Revenues	400,196.8	366,133.0	399,000.0	466,133.0	27.3
Other Revenues	226,961.2	233,954.9	253,023.7	253,023.7	8.2
Fund Balance	0.0	13,999.4	0.0	20,000.0	42.9
TOTAL SOURCES	628,751.1	614,087.3	652,023.7	739,156.7	20.4
USES					
Personal Services and Employee Benefits	27,580.7	26,654.2	26,654.2	26,654.2	0.0
Contractual Services	380,061.4	344,549.5	371,666.5	423,451.0	22.9
Other	182,873.8	242,883.6	253,703.0	289,051.5	19.0
Other Financing Uses	886.3	0.0	0.0	0.0	0.0
TOTAL USES	591,402.2	614,087.3	652,023.7	739,156.7	20.4

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
FTE					
Permanent	349.0	336.0	350.0	350.0	4.2
Term	11.0	16.0	15.0	15.0	(6.3)
Temporary	11.0	0.0	0.0	0.0	0.0
TOTAL FTE	371.0	352.0	365.0	365.0	3.7

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Outcome	Percent of projects in production let to bid as scheduled	75.00%	77.00%	67.00%	67.00%	75.00%
* Quality	Percent of final cost-over-bid amount, less gross receipts tax, on highway construction projects	1.00%	1.80%	3.00%	3.00%	3.00%
* Outcome	Percent of projects completed according to schedule	92.00%	94.00%	88.00%	88.00%	90.00%

TRANSPORTATION & HIGHWAY OPERATIONS

The Highway Operations program is responsible for maintaining and providing improvements to the state's highway infrastructure that serves the interest of the general public. The maintenance and improvements include, but are not limited to, those activities directly related to preserving roadway integrity and maintaining open highway access throughout the state system. Some examples include, bridge maintenance and inspection, snow removal, chip sealing, erosion repair, right-of-way mowing, and litter pick up, among numerous other activities.

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	2,487.4	0.0	0.0	0.0	0.0
Federal Revenues	3,000.0	3,000.0	3,000.0	3,000.0	0.0
Other Revenues	215,928.4	262,452.6	274,706.1	274,706.1	4.7
Fund Balance	32,307.8	13,983.5	0.0	0.0	(100.0)
TOTAL SOURCES	253,723.6	279,436.1	277,706.1	277,706.1	(0.6)
USES					
Personal Services and Employee Benefits	108,643.2	110,816.5	114,516.5	114,516.5	3.3
Contractual Services	57,518.1	74,724.4	65,119.4	65,119.4	(12.9)
Other	87,562.3	93,895.2	98,070.2	98,070.2	4.4
TOTAL USES	253,723.6	279,436.1	277,706.1	277,706.1	(0.6)
FTE					
Permanent	1,828.0	1,839.0	1,823.0	1,823.0	(0.9)
Term	15.7	16.7	16.7	16.7	0.0
Temporary	30.0	0.0	0.0	0.0	0.0
TOTAL FTE	1,873.7	1,855.7	1,839.7	1,839.7	(0.9)

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Output	Number of statewide pavement lane miles preserved	3,970.0	3,852.0	3,000.0	3,000.0	3,500.0
Outcome	Percent of non-interstate lane miles rated fair or better	86.00%	78.00%	75.00%	75.00%	75.00%
* Outcome	Percent of interstate lane miles rated fair or better	90.00%	88.00%	91.00%	91.00%	91.00%
* Outcome	Number of combined systemwide lane miles in poor condition	4,420.0	6,806.0	6,925.0	6,925.0	6,925.0
Outcome	Percent of national highway system lane miles rated fair or better	88.00%	84.00%	86.00%	86.00%	86.00%
Outcome	Percent of non-national highway system lane miles rated fair or better	85.00%	76.00%	65.00%	65.00%	65.00%
Outcome	Number of interstate miles in poor condition	408.0	499.0	425.0	425.0	425.0
Outcome	Number of non-interstate miles in poor condition	4,012.0	6,306.0	6,500.0	6,500.0	6,500.0
* Outcome	Percent of bridges in fair, or better, condition based on deck area	96.00%	96.00%	90.00%	90.00%	95.00%

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	562.0	0.0	0.0	0.0	0.0
Other Revenues	48,785.4	43,606.7	46,828.1	46,828.1	7.4
Fund Balance	20,136.4	369.4	0.0	0.0	(100.0)
TOTAL SOURCES	69,483.8	43,976.1	46,828.1	46,828.1	6.5
USES					
Personal Services and Employee Benefits	25,200.8	25,817.9	27,619.9	27,619.9	7.0
Contractual Services	13,478.8	4,625.4	6,060.7	6,060.7	31.0
Other	10,804.2	13,532.8	13,147.5	13,147.5	(2.8)
Other Financing Uses	20,000.0	0.0	0.0	0.0	0.0
TOTAL USES	69,483.8	43,976.1	46,828.1	46,828.1	6.5
FTE					
Permanent	236.0	247.0	249.0	249.0	0.8
Term	2.8	5.8	3.8	3.8	(34.5)
Temporary	13.0	0.0	0.0	0.0	0.0
TOTAL FTE	251.8	252.8	252.8	252.8	0.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Quality	Number of external audit findings	5.0	0.0	5.0	5.0	5.0
Efficiency	Percent of invoices paid within thirty days	93.00%	93.00%	90.00%	90.00%	90.00%
* Explanatory	Vacancy rate of all programs	18.00%	16.00%	N/A	N/A	N/A
Output	Number of employee injuries	54.0	35.0	90.0	90.0	65.0
Output	Number of employee injuries occurring in work zones	13.0	11.0	4.0	35.0	25.0

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	6,616.2	12,300.0	8,300.0	8,300.0	(32.5)
Federal Revenues	36,475.0	35,017.7	35,017.7	35,017.7	0.0
Other Revenues	23,966.5	30,562.8	31,255.1	31,255.1	2.3
Fund Balance	0.0	617.6	0.0	0.0	(100.0)
TOTAL SOURCES	67,057.7	78,498.1	74,572.8	74,572.8	(5.0)
USES					
Personal Services and Employee Benefits	7,438.0	8,257.2	8,823.3	8,823.3	6.9
Contractual Services	22,975.5	34,306.8	33,877.8	33,877.8	(1.3)
Other	32,323.3	35,934.1	31,871.7	31,871.7	(11.3)
TOTAL USES	62,736.8	78,498.1	74,572.8	74,572.8	(5.0)
FTE					
Permanent	101.0	119.0	105.0	105.0	(11.8)
Term	16.0	16.0	16.0	16.0	0.0
Temporary	2.0	0.0	0.0	0.0	0.0
TOTAL FTE	119.0	135.0	121.0	121.0	(10.4)

Recommended Language

The internal service funds/interagency transfers appropriation to the modal program of the New Mexico department of transportation includes eight million dollars (\$8,000,000) from the weight distance tax identification permit fund.

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Annual number of riders on park and ride	174,868.0	53,602.0	235,000.0	235,000.0	235,000.0
Outcome	Percent of airport runways in satisfactory or better condition	59.00%	54.00%	57.00%	57.00%	57.00%
Explanatory	Annual number of riders on the rail runner	516,018.0	40,924.0	N/A	N/A	N/A

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Outcome	Number of traffic fatalities	418.0	411.0	357.0	400.0	400.0
* Outcome	Number of alcohol-related traffic fatalities	142.0	113.0	125.0	150.0	150.0
Outcome	Number of non-alcohol-related traffic fatalities	276.0	298.0	220.0	250.0	250.0
Outcome	Number of occupants not wearing seatbelts in motor vehicle fatalities	153.0	171.0	133.0	140.0	140.0
Outcome	Number of pedestrian fatalities	84.0	76.0	72.0	85.0	85.0

Other Education

Statutory Authority

Article XII, Section 6, of the New Mexico Constitution creates a cabinet department headed by a secretary of public education and creates 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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	14,322.2	14,531.9	21,273.9	19,463.4	33.9
Other Transfers	109.4	45.0	45.0	45.0	0.0
Federal Revenues	25,096.8	30,807.4	30,807.4	30,807.4	0.0
Other Revenues	4,679.3	4,201.2	5,033.0	5,033.0	19.8
TOTAL SOURCES	44,207.7	49,585.5	57,159.3	55,348.8	11.6
USES					
Personal Services and Employee Benefits	21,178.9	23,410.8	28,421.1	26,867.6	14.8
Contractual Services	18,283.7	21,242.6	23,385.0	23,180.0	9.1
Other	2,520.5	4,932.1	5,353.2	5,301.2	7.5
TOTAL USES	41,983.1	49,585.5	57,159.3	55,348.8	11.6
FTE					
Permanent	179.0	157.0	190.0	175.0	11.5
Term	114.0	129.0	129.0	129.0	0.0
TOTAL FTE	293.0	286.0	319.0	304.0	6.3

At A Glance

The Public Education Department (PED) requested \$57.2 million for FY23, a \$7.6 million, or 15.3 percent increase from the FY22 operating budget. The request includes 319 FTE, an increase of 33 new FTE positions despite the department's current vacancy rate of 22 percent (61 vacant FTE). LFC recommends \$55.3 million, a \$5.8 million, or 11.6 percent, increase over the prior year and 304 FTE for FY23.

Budget Issues

The 1st Judicial District Court's findings in the *Martinez* and *Yazzie* education sufficiency lawsuit noted PED did not require districts to allocate money for programs known to advance educational opportunities for at-risk students. The findings further highlighted PED's failure to track districts' curricular practices, monitor access to appropriate instructional materials, hire Indian Education Division staff, and provide adequate technical assistance. Although the court found some PED special programs helped students succeed, the judge noted PED's initiatives were too small and inconsistently funded to address the low academic outcomes of at-risk students.

For FY23, PED requested \$57.2 million for FY23, a \$7.6 million, or 15.3 percent, increase from the FY22 operating budget. The proposal included a general fund request of \$21.3 million, a \$6.7 million, or 46 percent, increase to add 33 new FTE. The expansion includes 5 FTE for licensure, 5 FTE for research and evaluation, and 5 FTE for information technology staff. The department reports current staffing levels are not sufficient to meet findings from the *Martinez* and *Yazzie* case. However, some of PED's staffing needs stem from existing vacancies (given a funded vacancy rate of 8.3 percent) rather than the need for new personnel. Given the agency's historical challenge with fully staffing all divisions, PED may have difficulty hiring 319 FTE in FY23. Rather than adding new FTE, the department should consider reclassifying existing vacant positions to address operational needs.

PED's vacancies are primarily in the school budget and information technology divisions, with most other bureaus reporting only one or two vacant positions. These two bureaus have historically maintained high vacancy rates, potentially due to a lack of competitive salaries or turnover in leader-

ship. Additionally, growth in out-of-state hiring for teachers and high-profile cases of school personnel malfeasance have heightened the need for stronger oversight of educator licensing.

For FY23, LFC recommends an operating budget of \$55.3 million, a \$5.8 million, or 11.6 percent, increase from FY22 funding levels. The general fund recommendation is \$19.5 million, a \$4.9 million, or 34 percent, increase. The LFC recommendation authorizes 304 FTE, an expansion of 18 FTE that will address the *Martinez* and *Yazzie* lawsuit findings and support existing state interventions lacking oversight. The recommendation increases compensation for existing vacant positions in the school budget and information technology divisions rather than adding new FTE and expands FTE in licensure and evaluation.

PED's request includes a transfer of \$1.8 million from special program "below-the-line" appropriations, the Indian education fund, and Black education act funds to the operating budget for personnel costs. PED has historically supplemented operating expenses from these appropriations for personnel but never included the costs as part of the operating budget request. By shifting these expenditures to the operating budget, more special program funding can be used for direct programming (rather than overhead) and recurring agency positions will not be susceptible to annual fluctuations in special program appropriations. The agency requested and LFC recommends the \$1.8 million transfer of special program funding into the FY23 operating budget.

Federal Relief Funds. The majority of PED's contractual and other category budgets are covered by federal funds, typically from recurring grant programs related to special education or state assessments. In response to the Covid-19 pandemic, however, Congress appropriated \$152.4 million to PED for education-related emergencies and \$7.6 million to administer federal elementary and secondary school relief (ESSER) funds. Although ESSER dollars are not included in PED's FY23 budget request, the substantial amount of emergency funding has shifted agency operations toward closing the digital divide, providing Covid-19 guidance for schools, and creating new programs to attract and retain teachers.

Operations. Remote work during the pandemic and the influx of federal aid slowed key PED functions, such as processing reimbursements and completing formula and program compliance audits. (See "Performance: Public Education Department," Volume I.) The growth of federal initiatives, expansion of state interventions (like Extended Learning Time programs), and introduction of statewide interim assessments have increased reporting and oversight responsibilities for the department. Coupled with new reporting on school budgets through an online financial reporting website, PED must quickly improve data collection and analytical capabilities to meet these requirements.

In FY21, PED received \$1.1 million for a real-time data management system to streamline data collection from schools. The department notes current data collection processes are labor intensive and prone to error. Additionally, maintaining the statewide longitudinal data warehouse (STARS) is costly and inefficient because PED does not own the system and must pay annual support and maintenance fees for any changes or updates. The department notes the pilot program has concluded, and PED will begin integrating data collection processes with select school districts. In FY20, agency received \$3 million to create an online school financial reporting website in FY22. Currently, PED is working with school business officers to develop processes regarding data collection for the website.

Charter Schools. PED withholds 2 percent of each state-chartered charter school's state equalization guarantee (SEG) distribution, the amount the school receives through the funding formula, to provide administrative services and support. While the growth of state-chartered charter schools has slowed in recent years, PED projects \$3.3 million of SEG will be withheld in FY22—a \$760.5 thousand, or 30 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.

Since FY10, annual audits have noted issues between PED and PEC-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—essentially the same number of findings from the FY18 audit. However, the most severe findings were reported in state-authorized charter schools, suggesting the department should increase its financial oversight capacity over these entities.

PUBLIC EDUCATION DEPARTMENT OPERATIONAL

The purpose of the public education department is to provide a public education to all students. The secretary of public education is responsible to the governor for the operation of the department. It is the secretary's duty to manage all operations of the department and to administer and enforce the laws with which the secretary or the department is charged. To do this, the department is focusing on leadership and support, productivity, building capacity, accountability, communication and fiscal responsibility.

Recommended Language

The public education department shall prioritize special appropriation awards to school districts or charter schools that implement K-5 plus or extended learning time programs for all eligible students.

A school district or charter school may submit an application to the public education department for an allocation from the teachers 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 general fund appropriation to the public education department for student nutrition and wellness shall be used for grants to school districts and charter schools for nutrition and wellness programs, including grants pursuant to Sections 22-13-13.2 and 22-13C-8 NMSA 1978.

The other state funds appropriation to the public education department for national board certification assistance is from the national board certification scholarship fund.

Any unexpended balances in special appropriations to the public education department remaining at the end of fiscal year 2023 from appropriations made from the general fund shall revert to the general fund.

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Number of students with a high-speed internet connection	0.0	0.0	0.0	310,205.0	620,410.0
Outcome	Number of students with access to a digital device	0.0	0.0	0.0	310,205.0	620,410.0
Outcome	Percent of students with a high-speed internet connection	0.0%	0.0%	0.0%	100.0%	200.0%
Outcome	Percent of students with access to a digital device	0.0%	0.0%	0.0%	100.0%	200.0%
Outcome	Average processing time for school district budget adjustment requests processed, in days	10.5	6.7	7.0	7.0	14.0
Outcome	Average number of days to process federal reimbursements to grantees after receipt of complete and verified invoices	31.0	40.0	22.0	22.0	44.0
* Outcome	Number of local education agencies and charter schools audited for funding formula components and program compliance annually	12.0	24.0	30.0	30.0	60.0
Outcome	Percent of section four public education special funds reverting annually	29.40%	TBD	1.00%	TBD	1,000,000.30%
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	98.70%	87.90%	90.00%	90.00%	180.00%
Explanatory	Percent of teachers passing all strands of professional dossiers on the first submittal	TBD	89.71%	N/A	N/A	N/A
Explanatory	Percent of eligible children served in state-funded prekindergarten	49.00%	22.73%	N/A	N/A	N/A
* Explanatory	Number of eligible children served in state-funded prekindergarten	10,885.0	5,499.0	N/A	N/A	N/A
Explanatory	Percent of eligible children served in kindergarten-five-plus	10.90%	9.88%	N/A	N/A	N/A
* Explanatory	Number of eligible children served in K-5 plus	15,967.0	13,068.0	N/A	N/A	N/A
* Outcome	Percent of students in K-5 plus meeting benchmark on early reading skills	TBD	TBD	75.00%	75.00%	150.00%

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 (REC) among local school boards or other state-supported educational institutions to provide education-related services. These services may include technical assistance, staff development, cooperative purchasing, fiscal management, and the administration of federal programs, among others. The Public Education Department (PED) can approve the existence and operation of RECs, classified as individual state agencies administratively attached to the PED and exempt from the provisions of the State Personnel Act. Each REC has a governing regional education coordinating council composed of the superintendents or chief administrative officers of each local school district or state-supported institution participating in the cooperative. At present, PED has authorized 10 RECs statewide, including a new REC in the Four Corners region.

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	1,100.0	1,034.0	0.0	1,100.0	6.4
TOTAL SOURCES	1,100.0	1,034.0	0.0	1,100.0	6.4
USES					
Other	1,100.0	1,034.0	1,034.0	1,100.0	6.4
TOTAL USES	1,100.0	1,034.0	1,034.0	1,100.0	6.4

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. RECs requested \$3.2 million, a tripling of general fund appropriations, for FY23. The committee recommends \$1.1 million from the general fund, a \$66 thousand (or 6.4 percent) increase from the prior year, given substantial growth in federal revenues.

Budget Issues

For FY23, the Regional Education Cooperative Association (RECA), which represents the 10 RECs, requested \$3.2 million—a \$2.1 million (or 205 percent) general fund increase from FY22 funding levels. The request provides each REC with \$315.6 thousand for operations. The committee recommends \$1.1 million from the general fund, a \$66 thousand (or 5.9 percent) increase from the prior year. In FY09, RECs received a \$1.4 million appropriation, which was later reduced to \$938 thousand in FY11. Since FY10, the REC appropriation has remained relatively flat, even after the addition of a new REC in FY19.

REC revenues from all sources have grown since 2009, when the Legislature added revenue-generating provisions for RECs in Section 22-2B-5 NMSA 1978, and substantial federal relief aid will likely contribute to REC funding for the next few years. Approximately 75 percent to 85 percent of all REC funding flows from reimbursable programs. 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 other direct services. Total non-general fund REC revenues in FY21 reached \$75.7 million.

In FY22, RECA hired an executive director to support all RECs, indicating a need for statewide coordination and financial ability to expand operations. Previously, RECA reporting and coordination functions were executed by the RECA president; however, the association has not historically functioned in a statewide capacity. Although RECs are administratively attached to PED, the cooperatives have largely functioned independently of the agency under the direction of their respective coordinating councils.

A 2007 LFC evaluation noted the nine existing RECs requested a total of \$2.7 million in FY08 (about \$300 thousand per REC at the time) to cover costs for executive directors, business managers, program coordinators, auditing, and upkeep of facilities. RECs contend the reimbursement basis for services required by the federal Cash Management Improvement Act of 1990 necessitates cash balances to pay for upfront programmatic costs until reimbursements are paid. Additionally, other funds from state and federal sources are typically restricted to specified uses and, thus, prohibited for operational expenditures. RECs typically use the recurring general fund appropriation for the executive director position but note the amount does not cover the costs for other staff and operational costs of the cooperatives.

REC audits in recent years suggest cooperatives have relatively stable fund balances but fluctuating unrestricted cash balances. Uncertainty from PED reimbursements and unrestricted cash balances may be contributing to higher overhead costs. A 2016 LFC evaluation noted, while REC procurements must follow provisions of the Procurement Code, their exemption from oversight by the General Services Department might be creating a less transparent method of procuring services. RECs indicate higher overhead costs from indirect fees are necessary to cover operating costs (given the current general fund appropriation level), and volatility in programming levels causes rapid turnover of technical personnel, which may increase costs when RECs ramp up operations and rehire staff.

REGIONAL EDUCATION COOPERATIVE**BUDGET SUMMARY**
(dollars in thousands)

Regional Education Cooperative	<u>FY21 (2020-2021) Actuals</u>					<u>FY22 (2021-2022) 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	\$103.4	\$25.0	\$521.1	\$0.0	\$649.5	\$103.4	\$0.0	\$0.0	\$0.0	\$103.4
Northwest REC #2 (Gallina)	\$103.4	\$2,760.0	\$14.0	\$3,328.5	\$6,205.9	\$103.4	\$5,196.0	\$17.9	\$284.0	\$5,601.3
High Plains REC #3 (Raton)	\$103.4	\$7,660.7	\$0.0	\$1,989.9	\$9,754.0	\$103.4	\$4,444.5	\$0.0	\$1,398.7	\$5,946.6
Northeast REC #4 (Las Vegas)	\$103.4	\$272.8	\$0.0	\$870.1	\$1,246.3	\$103.4	\$475.0	\$0.0	\$831.8	\$1,410.2
Central REC #5 (Albuquerque)	\$103.4	\$16,609.0	\$40.3	\$1,036.0	\$17,788.7	\$103.4	\$5,089.7	\$40.3	\$1,071.0	\$6,304.4
REC #6 (Clovis)	\$103.4	\$849.4	\$0.0	\$1,794.0	\$2,746.8	\$103.4	\$904.0	\$0.0	\$2,500.0	\$3,507.4
Lea REC #7 (Hobbs)	\$103.4	\$1,928.3	\$1,676.9	\$2,606.1	\$6,314.7	\$103.4	\$1,649.3	\$347.4	\$5,019.0	\$7,119.1
Pecos Valley REC #8 (Artesia)	\$103.4	\$2,127.0	\$100.9	\$0.0	\$2,331.3	\$103.4	\$2,780.9	\$107.5	\$0.0	\$2,991.8
REC #9 (Ruidoso)	\$103.4	\$17,319.3	\$252.3	\$3,464.2	\$21,139.2	\$103.4	\$5,441.1	\$0.0	\$2,219.0	\$7,763.5
Southwest REC #10 (T or C)	\$103.4	\$8,239.0	\$38.0	\$174.0	\$8,554.4	\$103.4	\$975.0	\$38.0	\$800.0	\$1,916.4
TOTAL	\$1,034.0	\$57,790.6	\$2,643.5	\$15,262.8	\$76,730.9	\$1,034.0	\$26,955.5	\$551.1	\$14,123.5	\$42,664.1
Regional Education Cooperative	<u>FY23 (2022-2023) Agency Request</u>					<u>FY23 (2022-2023) 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	\$315.6	\$0.0	\$0.0	\$0.0	\$315.6	\$110.0	\$0.0	\$0.0	\$0.0	\$110.0
Northwest REC #2 (Gallina)	\$315.6	\$3,284.0	\$15.6	\$1,861.0	\$5,476.2	\$110.0	\$3,284.0	\$15.6	\$1,861.0	\$5,270.6
High Plains REC #3 (Raton)	\$315.6	\$7,130.3	\$0.0	\$421.2	\$7,867.1	\$110.0	\$7,130.3	\$0.0	\$421.2	\$7,661.5
Northeast REC #4 (Las Vegas)	\$315.6	\$300.0	\$0.0	\$795.5	\$1,411.0	\$110.0	\$300.0	\$0.0	\$795.5	\$1,205.5
Central REC #5 (Albuquerque)	\$315.6	\$11,124.2	\$47.3	\$1,145.0	\$12,632.1	\$110.0	\$11,124.2	\$47.3	\$1,145.0	\$12,426.5
REC #6 (Clovis)	\$315.6	\$800.0	\$0.0	\$2,000.0	\$3,115.6	\$110.0	\$800.0	\$0.0	\$2,000.0	\$2,910.0
Lea REC #7 (Hobbs)	\$315.6	\$2,900.0	\$2,000.0	\$6,100.0	\$11,315.6	\$110.0	\$2,900.0	\$2,000.0	\$6,100.0	\$11,110.0
Pecos Valley REC #8 (Artesia)	\$315.6	\$2,780.9	\$107.5	\$0.0	\$3,204.0	\$110.0	\$2,780.9	\$107.5	\$0.0	\$2,998.4
REC #9 (Ruidoso)	\$315.6	\$8,145.3	\$252.3	\$2,703.5	\$11,416.6	\$110.0	\$8,145.3	\$252.3	\$2,703.5	\$11,211.0
Southwest REC #10 (T or C)	\$315.6	\$16,500.0	\$38.0	\$230.0	\$17,083.6	\$110.0	\$16,500.0	\$38.0	\$230.0	\$16,878.0
TOTAL	\$3,155.5	\$52,964.7	\$2,460.7	\$15,256.2	\$73,837.1	\$1,100.0	\$52,964.7	\$2,460.7	\$15,256.2	\$71,781.6

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, deficiency corrections, 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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Transfers	4,552.3	0.0	6,074.0	0.0	0.0
Other Revenues	4.0	5,794.0	0.0	6,074.0	4.8
TOTAL SOURCES	4,556.3	5,794.0	6,074.0	6,074.0	4.8
USES					
Personal Services and Employee Benefits	3,775.2	4,457.1	4,699.7	4,699.7	5.4
Contractual Services	65.8	110.9	105.6	105.6	(4.8)
Other	580.4	1,226.0	1,268.7	1,268.7	3.5
TOTAL USES	4,421.4	5,794.0	6,074.0	6,074.0	4.8
FTE					
Permanent	45.0	45.0	45.0	49.0	8.9
Term	2.0	2.0	2.0	0.0	(100.0)
Temporary	2.5	3.0	3.0	1.0	(66.7)
TOTAL FTE	49.5	50.0	50.0	50.0	0.0

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 reduced its operating budget to the 5 percent statutory cap in FY20 and FY21. In FY20, PSFA's budget authority was limited to \$4.7 million, a \$659 thousand, or 12 percent, decrease from FY20 appropriated levels. 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 PSCOF.

For FY23, a substantial increase in annual grant assistance for FY22 will allow PSFA to budget \$6.3 million for core administrative functions. The agency's request for personnel costs is within the statutory cap at \$4.7 million, a \$242.6 thousand, or 5.4 percent, increase from FY22 budgeted levels. According to PSFA, the \$4.7 million request reflects the cost to fill its 50 authorized FTE positions and includes a 2 percent across-the-board sal-

ary increase for all staff. In FY21, PSFA averaged 9.3 vacant FTE positions – an average vacancy rate of 18.5 percent. 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. PSFA should target the compensation increase, rather than providing across-the-board increases, to retain mission-critical employees and improve recruitment for key positions.

School Condition. The agency uses two indices to measure the condition of a school facility—the facility condition index (FCI) and the weighted New Mexico condition index (wNMCI). The FCI reflects a ratio of the cost of repair and improvement against the cost to replace the facility, so a lower number reflects a building in better condition. Generally, PSCOC considers replacing rather than renovating and repairing a building if its FCI is greater than 60 percent. The wNMCI functions similarly to the FCI, but further considers the cost to correct deficiencies based on educational adequacy standards. PSCOC uses the wNMCI to rank and prioritize school facilities for project funding.

Since FY01, the state has awarded over \$2.7 billion for capital projects and lease assistance at school districts, charter schools, the New Mexico School for the Blind and Visually Impaired, and the New Mexico School for the Deaf. The state's investment has improved the condition of school facilities statewide, with the statewide average FCI dropping from 70 percent in FY04 to 53.8 percent in FY21 even after accounting for a more conservative estimate change in FY19. Furthermore, the average wNMCI for all school districts improved from 40.5 percent in FY05 to 23.4 percent in FY22.

Despite significant investments and statewide improvements in school facilities, the *Zuni* capital outlay adequacy lawsuit, initially filed in 1999, is still ongoing. In 2015, plaintiff school districts asked the 11th Judicial District Court for a status hearing on new claims of inequity, alleging they are unable to raise sufficient local capital outlay revenue to maintain capital assets and build facilities outside the adequacy standards, while some districts with available local revenues are able to do so. In 2021, the court ruled New Mexico's system remained unconstitutional and dismissed the state's motion to close the case, noting legislative changes to remove the Impact Aid credit were positive but did not resolve issues of uniformity and sufficiency for public school capital outlay.

Impact Aid. The state's elimination of federal and local credits in the operational funding formula for schools, which includes federal Impact Aid payments, will substantially increase recurring funds to school districts with federal and tribal property and federally connected children. The school districts receiving the most Impact Aid (notably also *Zuni* plaintiffs) report spending some of the \$66 million in new operational dollars on new facilities and building improvements in 2021; however, facility expenditures at these school districts will likely decrease in the coming years as unrestricted revenue used for capital projects will begin affecting the local match formula for public school capital outlay awards. Changes to local property valuations, such as power plant closures and subsequent industry transitions in local economies, will also affect the capacity of school districts in the Four Corners region to locally finance capital outlay projects.

Standards-Based Awards. Although PSFA's core agency mission is to ensure school facilities meet educational adequacy standards, the Legislature and PSCOC have added new programs in recent years, significantly expanding the scope of the agency's work. PSCOC now authorizes awards for school security (2018), prekindergarten classrooms (2019), teacher housing and other outside-of-adequacy projects (2019), and building demolition (2021). Given the substantial increase in the number of non-standards-based projects, the Legislature should consider eliminating or shrinking under-subscribed supplemental programs or ensuring PSFA has the capacity to oversee the entire scope of authorized projects.

Disruptions to school operations during the pandemic may have reduced demand for standards-based projects because funding is dependent on projected student enrollment, which fell drastically when schools closed. Phased-in changes to the local and state match formula also affected participation from school districts with high property valuations because their state match rates decreased. In response to low application rates in FY22, PSCOC approved a second round of applications for standards-based, systems, and prekindergarten projects. The reopening of applications will increase PSFA workloads and could necessitate an increase in FTE if PSCOC plans to accept applications on a rolling basis. The agency plans to request special appropriations to support this increased workload for FY22 and FY23.

Broadband. Since 2014, PSCOC leveraged federal, state, and local funding to lay hundreds of miles of fiber optic cable and purchase network equipment, connecting virtually all schools to broadband. In addition to increased school internet speeds (on average 515 megabytes per second statewide), regional purchasing has decreased costs for districts acquiring internet services in several areas of the state. However, with the transition to remote learning during the public health emergency in FY20 and FY21, the state has shifted the need from school connectivity toward household connectivity and device access.

In response to school closures in FY21, the Legislature expanded the educational technology deficiency corrections program to include hardware for connecting teachers and students to the internet and services necessary for remote education. With substantial investment in expanding broadband nationwide and an influx of digital devices for students, the demand for PSCOF support for connectivity projects will likely grow. PSFA has established a broadband advisory committee currently developing guidelines on a statewide education network and eligible projects for PSCOC consideration.

Systems Initiative. In FY17, PSCOC began piloting a systems-based award application process to address improvements in roofing, electrical distribution, electronic communication, plumbing, lighting, mechanical, fire prevention, facility shell, interior finishes, and heating, ventilation, and air conditioning (HVAC) systems. Approximately \$56.9 million has been awarded to 49 districts since FY17. Although system improvements can extend the useful life of existing buildings and represent a more cost-effective means to improving facility conditions, districts may have greater incentive to wait for a standards-based award to replace the building rather than invest in improvements that may be demolished during the replacement.

School reopening requirements in FY21 increased the number of school HVAC upgrades and air quality projects statewide; however, requests for PSCOF systems awards has not grown substantially. To reopen, the Public Education Department required schools to install MERV-13 filters (air filters with higher MERV ratings catch smaller particles) in school ventilation systems, which will place greater strain on existing HVAC systems and reduce useful system life. Many schools also do not have HVAC systems compatible with MERV-13 filters, which also increases the demand for system replacement. Rather than leveraging PSCOF, however, most schools chose to use federal emergency relief funds for these projects in FY21. With ongoing requirements for higher air quality in schools, future requests for systems awards may include more HVAC replacements as these systems break down.

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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Average number of months from substantial completion to financial closeout	TBD	18.0	18.0	18.0	18.0
Explanatory	Number of change orders in current fiscal year	75.0	6.0	N/A	N/A	N/A
Explanatory	Average number of months between initial award to occupancy	36.0	63.0	N/A	N/A	N/A
Explanatory	Average number of months from initial award to commencement of construction	18.0	44.0	N/A	N/A	N/A
Explanatory	Average cost per square foot of new construction	\$277.00	\$303.25	N/A	N/A	N/A
* Explanatory	Statewide public school facility condition index measured on December 31 of prior calendar year	52.0	52.0	N/A	N/A	N/A
* Explanatory	Statewide public school facility maintenance assessment report score measured on December 31 of prior calendar year	71.0	71.0	N/A	N/A	N/A
Explanatory	Average megabits per second per student	515.0	TBD	N/A	N/A	N/A
Explanatory	Total annual dollar change from initial award state match estimate to actual award state match	\$1,500,000.00	(\$2,369,357.00)	N/A	N/A	N/A
Explanatory	Average square foot per student of middle schools	273.0	229.0	N/A	N/A	N/A
Explanatory	Average square foot per student of high schools	247.0	331.0	N/A	N/A	N/A
Explanatory	Average square foot per student of new construction, high schools	143.0	99,999.0	N/A	N/A	N/A
Explanatory	Average square foot per student of elementary schools	165.0	190.0	N/A	N/A	N/A
Explanatory	Average square foot per student of new construction, elementary schools	134.0	155.0	N/A	N/A	N/A
Explanatory	Average square foot per student of new construction, middle schools	142.0	N/A	N/A	N/A	N/A

Statutory Authority

In 1997, the Education Trust Board (ETB) was created pursuant to the Education Trust Act in Sections 21-21K-1 through 21-21K-7 NMSA 1978. As required by Internal Revenue Code 529, ETB is administered by the state of New Mexico. ETB is administratively attached to the Higher Education Department and administers the education trust fund, which includes all funds received pursuant to college investment agreements as part of the state's qualified tuition program.

ETB is governed by a five-person board that includes the secretary of the Higher Education Department and appointees of the governor, the Speaker of the House of Representatives, and the president pro tem of the Senate. The board authorizes rules and regulations governing the college savings plans, protects the integrity of the trust, and ensures proper use of tax benefits.

Mission

ETB administers the state's federally authorized college savings plan, a flexible, convenient, and tax-efficient means for families to save for college costs, including tuition, fees, room, books, and supplies.

BUDGET SUMMARY (dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
Other Revenues	2,801.7	0.0	3,531.9	3,531.9	0.0
Fund Balance	0.0	3,184.4	0.0	0.0	(100.0)
TOTAL SOURCES	2,801.7	3,184.4	3,531.9	3,531.9	10.9
USES					
Personal Services and Employee Benefits	415.1	432.3	445.2	445.2	3.0
Contractual Services	2,180.1	2,510.1	2,809.7	2,809.7	11.9
Other	137.4	232.0	277.0	277.0	19.4
TOTAL USES	2,732.6	3,174.4	3,531.9	3,531.9	11.3
FTE					
Permanent	3.0	3.0	3.0	3.0	0.0
TOTAL FTE	3.0	3.0	3.0	3.0	0.0

At A Glance

ETB, self-supported through an administrative fee on its plans, requested a 10.9 percent increase in funding compared with the FY22 operating budget. ETB will seek to increase its digital marketing efforts to identify and enroll more participants, particularly New Mexico families. The marketing and publicity efforts are essential to making the public aware of the program and its benefits. New account sales are directly tied to the overall investment in marketing and public relations. The last three years have shown a direct link between digital marketing and the growth of new accounts in the direct-sold plan. The direct-sold plan had an increase of new accounts of 44 percent year-over-year in FY21.

Another significant initiative, scheduled to roll out in FY22, is a privately funded 529 scholarship program directed at low-income, underserved New Mexico students in grades K-8. ETB has contracted with a nonprofit organization to study the efficacy of such a program, including the legal and financial implications of the model.

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 \$10.8 million, according to the board's FY20 audit report, an increase of \$676 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 without increased participants, or increased contributions, or market appreciation of the investments. 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 FY21, the redemptions from the plans outpaced contributions by \$99.3 million. For the same period, New Mexico residents' account contributions exceeded redemptions by \$27.3 million.

Higher Education

Statutory Authority

Pursuant to Section 21-1-26 NMSA 1978, the Higher Education Department (HED) determines an adequate level of funding for higher education institutions 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 creating a statewide public plan for higher education needs and goals, studying enrollment capacity needs, developing a statement of statewide educational needs, and analyzing the financial impacts of proposed new and expanded degree programs.

Mission

HED administers a coordinated public and postsecondary statewide education system. The department and boards of the colleges and universities share governance over higher education.

BUDGET SUMMARY
(dollars in thousands)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	40,034.4	40,437.8	99,416.8	46,346.8	14.6
Other Transfers	47,030.3	44,574.4	43,093.3	43,143.3	(3.2)
Federal Revenues	5,722.0	10,800.0	10,860.1	10,800.0	0.0
Other Revenues	2,253.8	522.3	531.0	531.0	1.7
Fund Balance	0.0	7,000.0	15,000.0	10,000.0	42.9
TOTAL SOURCES	95,040.5	103,334.5	168,901.2	110,821.1	7.2
USES					
Personal Services and Employee Benefits	3,660.7	4,778.0	6,195.8	5,028.0	5.2
Contractual Services	470.8	1,635.0	1,020.0	1,052.7	(35.6)
Other	78,901.4	96,921.5	161,685.4	104,740.4	8.1
Other Financing Uses	1,992.5	0.0	0.0	0.0	0.0
TOTAL USES	85,025.4	103,334.5	168,901.2	110,821.1	7.2
FTE					
Permanent	39.0	37.0	41.0	37.0	0.0
Term	10.0	13.0	13.0	13.0	0.0
TOTAL FTE	49.0	50.0	54.0	50.0	0.0

At A Glance

The Higher Education Department (HED) requested a 63.4 percent, or \$65.6 million, increase in the FY23 operating compared with FY22. Mostly, the growth in budget was for major initiatives, including free college, revenue reimbursement to colleges for dual-credit courses for high school students, and increased financial aid for teacher candidates. The committee recommends an overall increase of 7.2 percent and an increase in general fund revenue of 14.6 percent.

Budget Issues

For three consecutive academic years, public colleges and universities have awarded fewer degrees and credentials, challenging the conventional wisdom that an outcomes-based higher education funding formula would drive increased awards. A decade's worth of data highlights persistent performance challenges throughout the state, including lower retention and graduation rates compared with surrounding states. Meanwhile, enrollment declines are ongoing, unaffected by generous, but complicated and uncertain, student financial aid packages.

HED has begun several initiatives to examine the funding formula and its impact on total enrollment. This summer, HED worked with LFC to analyze the funding formula and performance issues surrounding its use. Mostly, HED deferred consideration of formula changes to the 2022 interim with topics addressing inequities in the formula, including the weighting of performance metrics, the single focus on state appropriations without recognition of other revenues sources paying for instructional costs, the mechanics of the formula's one-market competition, and a deeper look at workload adjustments.

For FY23, HED requested a total budget of \$168.9 million, \$65.6 million over FY22, or a 64 percent increase from the FY22 adjusted operating budget. The total revenue budget request included \$99.4 million from the general fund, including \$17.6 million for HED's policy development and institution financial oversight program (P505), an increase of \$4.8 million, or 38 percent, from the adjusted FY22 operating budget, \$33.8 million for student financial aid, and \$48 million for the opportunity scholarship.

LFC's FY23 recommendation for HED's operating budget increases total funding from all revenue sources by \$7.5 million, or 7.2 percent compared with FY22. The general fund recommendation jumps up funding by \$5.9 million, or 14.6 percent. The LFC recommendation doubles the funding from fund balance for teacher pipeline programs, aimed primarily at providing generous student financial aid to teacher candidates.

The FY23 LFC recommendation increases support for the opportunity scholarship to \$12 million, provides \$500 thousand for education initiatives at tribal colleges, increases funding to the healthcare professional loan repayment fund to incentivize doctors to practice in underserved areas of the state, and maintains funding for HED traditional programs at current levels, such as the adult basic education programs, high-skills workforce training, adult literacy, and tribal dual-credit courses.

Policy Development and Institutional Financial Oversight Program. With oversight responsibilities for 31 public institutions and more than 100 thousand students, HED manages a \$103 million budget with 50 employees. For FY23, the LFC recommendation increases funding for Policy Development and Institutional Oversight by 1.7 percent over FY22 to provide \$500 thousand to tribal colleges to improve educational outcomes for their students. LFC recommends \$13.5 million in general fund revenues for FY23, a 5.5 percent increase compared with adjusted FY22 levels.

The department requested a 19 percent increase to fund a \$1 million hunger initiative, increase adult basic education program funding by \$2.5 million, requested as a program expansion for four new positions for the longitudinal data system currently under development. Over the past two fiscal years, the LFC recommendation has included additional recurring funding for more staff at HED, but the department has not used the funding for those important oversight responsibilities. LFC recommends maintaining flat staffing levels, but recommends a 5 percent increase to the base operating budget to accommodate difficult-to-hire positions in data analytics and computer programming. LFC recommends the current level of funding for the adult basic education program. In FY20, the Legislature substantially increased the investment into ABE programs with an additional \$3 million appropriation, which the department has never fully expended within a fiscal year.

Student Financial Aid Programs. General fund appropriations and lottery revenues support New Mexico students through 23 financial aid programs with combined annual funding of \$72 million in FY22. The most significant portion comes from the lottery tuition fund at \$40 million annually, which 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, generally limit the lottery funding to recent New Mexico high school graduates. More than 80 percent of the funding is distributed to four-year universities.

The LFC recommendation increases the FY23 recurring appropriation from \$20.6 million to \$20.8 million for the other 22 student financial aid programs, which includes a \$200 thousand increase to the healthcare provider loan repayment fund. The general fund appropriations target financial aid for low-income students or students pursuing high demand degrees: (1) \$7.8 million to low-income students through the supplemental student incentive grant; (2) \$2.9 million for professional development support for teachers, post-baccalaureate education or legal education support, and the Western Interstate Commission for Higher Education (WICHE) exchange program; (3) \$3.4 million for healthcare workforce development to increase primary care doctors and nurse practitioners, dentists, and allied health professionals; and (4) \$6 million for student work-study and veterans or public safety professionals.

Major Initiatives - Recurring and Nonrecurring Requests. The New Mexico Higher Education Department's FY23 request centers around several large initiatives: \$48 million for the opportunity scholarship, \$10 million to continue support for teacher education initiatives, and \$10 million for enhancing dual-credit programs. The overall request would grow the budget by \$65.6 million, or 63.4 percent, compared with FY22. Some of the requests align in policy to the FY23 LFC recommendation but differ in the amounts recommended.

Tuition-Free College. HED is requesting a comprehensive student financial aid package to make tuition free in New Mexico. The first request is for \$48 million for the opportunity scholarship; the second request is for a nonrecurring appropriation of \$25 million to the lottery tuition scholarship fund to ensure full funding for FY23 for the program. LFC recommends \$12 million from the general fund for recurring funding to the opportunity scholarship program and includes a \$50 million nonrecurring appropriation for long-term sustainability. LFC also recommends a \$150 million nonrecurring appro-

priation for the lottery tuition fund to shore up the lottery for the next five years. Over the past four years, the Legislature has continually added funding to augment lottery revenues, achieving full, 100 percent funding in FY22.

To date, the Legislature has appropriated \$28 million for the opportunity scholarship (\$10 million for FY21 and \$18 million for FY22). In its first year, the program paid an average \$748/semester to more than 4,700 students for a total \$7 million in total expenditures. In FY21, the department reverted almost \$3 million. For FY22, the program costs are estimated to increase because more students from four-year universities will be eligible, pushing up average tuition cost estimates for an increase of 17 percent more students. HED estimates total cost of \$9 million per semester.

Dual-Credit Funding. In the Student Financial Aid program, HED requested \$10 million to replace revenues lost by colleges and universities that voluntarily waive tuition for high school students taking dual-credit courses. Institutions forego more than \$8 million in tuition revenues for these tuition waivers. Numerous legislative hearings for several years have documented the disconnected funding model for these students because the Legislature already pays for the education of high school students through the public school formula and is then asked to provide duplicate funding for the same students who take dual-credit courses at college campuses.

Teacher Pipeline and Tribal College Initiatives. The LFC recommendation includes funding for increasing the number of teacher candidates who graduate (\$5 million for the teacher preparation affordability scholarship and \$5 million for the teacher loan repayment fund) and student support services for students who attend tribal colleges. Though the majority of funding is recommended for individual institutions, HED will play an important role in ensuring alignment among the various teacher pipeline and tribal education initiatives at colleges and universities across the state. For institutions, \$1.65 million is recommended for colleges and universities to support initiatives designed to improve the enrollment and retention of teacher candidates. Principally, the recommendation provides \$500 thousand to New Mexico State University to develop a teacher education consortium, similar to that created for colleges of nursing. The consortium would be a leadership entity that could align curriculum among the colleges of education and alternative licensure programs. HED's leadership will be crucial to the success of the initiative. More importantly, HED must work with PED to standardize general education core curriculum among teacher candidates and other academic disciplines. Currently, PED requires teachers to earn 41 general education credits to earn a bachelor's degree in education, while HED only requires 31 credits for all other academic disciplines such as engineering or finance.

The LFC recommendation includes almost \$1 million for tribal colleges—Dine College, Navajo Technical University, the Southwest Indian Polytechnic Institute, and the Institute for American Indian Arts—for student support services and other culturally specific curriculum development.

**BASE EXPANSION LISTING
FY 2022-2023**

Agency Rank	Expansion Request Name	Program	Agency Request	LFC Recommendation
1	Education Administrator-A - Adult Education	P505	89.8	0.0
2	Business Operations Specialist-A - Adult Education	P505	60.6	0.0
3	IT Business Analyst II - NMLDS	P505	96.6	0.0
4	IT Database Administrator II - NMLDS	P505	96.6	0.0
TOTAL			343.6	0.0

Student Financial Aid Program Detail (Dollars in Thousands)	FY21 Actual	FY22 OPBUD	FY23 HED Request	HED over/under FY22	FY23 LFC Rec	LFC over/under FY22
Student Access and Achievement						
New Initiative - Dual Credit Funding						
General Fund			10,000.0	10,000.0	-	-
Lottery Scholarship*				-		
Other Transfer	41,230.0	41,230.0	41,230.0	-	41,230.0	-
Other Revenues	-	-	-	-	-	-
Fund Balance	-	-	-	-	-	-
Total Lottery Scholarship	41,230.0	41,230.0	41,230.0	-	41,230.0	-
Student Incentive Grant				-		
General Fund	7,783.7	7,783.7	9,000.0	1,216.3	7,783.7	-
College Affordability Endowed Scholarships				-		
Other Transfer	3,000.0	3,000.0	3,000.0	-	3,000.0	-
Work-Study				-		
General Fund	4,552.5	5,652.5	5,652.5	-	5,652.5	-
Vietnam Veterans Scholarship				-		
General Fund	48.0	48.0	48.0	-	48.0	-
NM Scholars				-		
General Fund	144.0	144.0	144.0	-	144.0	-
Peace Officer and Fire Fighter Fund				-		
General Fund	57.6	57.6	100.0	42.4	57.6	-
Wartime Veterans Scholarship				-		
General Fund	288.0	288.0	500.0	212.0	288.0	-
Total Student Access and Achievement	15,873.8	16,973.8	18,444.5	1,470.7	16,973.8	-
Healthcare Workforce Development				-		
Nursing Student Loan for Service				-		
General Fund	432.0	432.0	450.0	18.0	432.0	-
Nurse Educator Loan For Service				-		
General Fund	62.4	62.4	75.0	12.6	62.4	-
Medical Student Loan Prog.				-		
General Fund	432.0	432.0	500.0	68.0	432.0	-
Allied Health				-		
General Fund	115.2	115.2	250.0	134.8	115.2	-
Health Professional Loan Repayment				-		
General Fund	1,248.0	1,248.0	2,500.0	1,252.0	1,448.0	200.0
Dentistry Loan for Service				-		
General Fund	31.1	31.1	32.4	1.3	31.1	-
Dental Residency Program				-		
General Fund	864.0	864.0	900.0	36.0	864.0	-
Total Healthcare Workforce Development Programs	3,184.7	3,184.7	4,707.4	1,522.7	3,384.7	200.0
Statewide Priority Professional Development				-		
Teacher Loan-for-Service				-		
General Fund	4.8	4.8	4.8	-	4.8	-
Graduate Scholarship				-		
General Fund	488.3	488.3	488.3	-	488.3	-
Minority Doctoral Assistance				-		
General Fund	19.2	19.2	19.2	-	19.2	-
WICHE Loan-for-Service				-		
General Fund	2,256.0	2,256.0	2,287.1	31.1	2,016.0	(240.0)
WICHE Loan-for-Service - Optometry Students				-		

Student Financial Aid Program Detail (Dollars in Thousands)		FY21 Actual	FY22 OPBUD	FY23 HED Request	HED over/under FY22	FY23 LFC Rec	LFC over/under FY22	
57	General Fund	240.0	240.0	-	(240.0)	240.0	-	57
58	Public Service Law Loan Repayment				-		-	58
59	General Fund	144.0	144.0	144.0	-	144.0	-	59
60	Social Worker Loan for Service				-		-	60
61	General Fund	432.0	432.0	432.0	-	432.0	-	61
62	Community Governance/Land Grant Legal Services				-		-	62
63	General Fund	96.0	96.0	96.0	-	96.0	-	63
62	John R. Justice Loan Repayment				-		-	62
63	Federal Funds	-	-	-	-	-	-	63
64					-		-	64
65	Total Statewide Priority Professional Development	3,584.3	3,584.3	3,375.4	(208.9)	3,344.3	(240.0)	65
66					-			66
67	Financial Aid Administration				-			67
68	General Fund	30.7	30.7	140.0	109.3	30.7	-	68
69					-		-	69
70	GENERAL FUND TOTAL	19,769.5	20,869.5	33,763.3	12,893.8	20,829.5	(40.0)	70
71	GRAND TOTAL	63,903.5	65,003.5	77,897.3	12,893.8	64,963.5	(40.0)	71

	FY22 Operating Budget	FY23 HED Rec	FY23 LFC Rec
1 INSTRUCTION and GENERAL			
2 INSTITUTIONAL I&G FUNDING			
3 Total Percent of I&G Formula Based on Outcomes	2.0%	3.0%	3.0%
4 Percent of "New Money"	0.5%	3.0%	3.0%
5 Amount of "New Money" over FY21 Formula Funding	\$3,072.8	\$19,084.0	\$19,084.0
6			
7 FY22 I&G Base Year			
10 FY22 Adjusted Base Year I&G	615,109.5	636,132.3	636,132.3
11 Base Adjustment Rate	2.0%	0.0%	0.0%
12 Base Adjustment Amount	(12,302.2)	0.0	0.0
13 FY22 Core Funding Level	602,807.3	636,132.3	636,132.3
14			
15 Outcomes Funding			
16 Workload Outcomes (Course Completion)	2,304.6	2,862.6	2,862.6
17			
18 Statewide Outcomes Measures			
19 Total Formula Certificates and Degrees	5,070.0	6,297.7	6,297.7
20 Total Workforce Certificates and Degrees	2,074.1	2,576.3	2,576.3
21 Total At-Risk Certificates and Degrees	2,842.3	3,530.5	3,530.5
22 Subtotal Statewide Outcomes Measures	9,986.4	12,404.5	12,404.5
23			
24 Mission-Differentiated Measures			
25 Research Universities	1,698.8	2,110.7	2,110.7
26 Comprehensive Institutions	647.5	801.9	801.9
27 Community Colleges	726.0	904.2	904.2
28 Subtotal Mission-Differentiated Measures	3,072.3	3,816.8	3,816.8
29			
30 Total Outcomes Funding	15,363.3	19,084.0	19,084.0
31 I&G Base Adjustments - Adjustment (Equity, Comp, ERB)	17,689.1		
32 Contingent language for HED to withhold as a result of declining enrollment (LFC 1% I&G, HED 0.5% I&G)		(3,180.7)	(6,361.3)
33 Contingent language for HED to return to institutions after submitting an Enrollment Plan (LFC 1% I&G, HED 0.5% I&G)		3,180.7	6,361.3
34			
35 Total Formula Funding	635,859.7	655,216.4	655,216.4
36			
37 UNM Health Sciences Center Formula I&G Funding	66,582.5	66,582.5	66,582.5
38 HIGHER EDUCATION Institution and UNM HSC I&G TOTAL	702,442.2	721,798.9	721,798.9
39 Dollar Change from Prior Year Operating Budget	26,968.9	19,356.7	19,356.7
40 Percent Change from Prior Year Operating Budget	4.0%	2.8%	2.8%
41 I&G	702,442.2	721,798.9	721,798.9
42			
43 OTHER CATEGORICAL			
44 Special Schools (I&G only)	6,699.0	6,900.0	7,257.9
45 Athletics	17,270.2	17,270.2	17,270.2
46 Public Television (Includes WNMU I-TV)	3,048.6	3,048.6	3,048.6
47 Healthcare Workforce (incl. medical residencies, undergraduate & graduate nursing education, dental programs)	15,165.8	21,064.7	18,475.1
48 Student Support Services Categorical			6,000.0
49 Other Research and Public Service Projects & Categorical	109,114.2	119,978.4	111,930.6
50 Misc Adds, Indian Ed, and Teacher Pipeline	0.0	0.0	3,400.0
51 Total RPSP & Categorical (Excl. Special Schools I&G)	144,598.8	161,361.9	160,124.5
52 OTHER CATEGORICAL SUBTOTAL	151,297.8	168,261.9	167,382.4
53 Dollar Change from Prior Year Operating Budget	6,142.8	16,964.1	16,084.6
54 Percent Change from Prior Year Operating Budget	4.2%	11.2%	10.6%
55			
56 TOTAL GAA SECTION 4 INSTITUTIONS	853,740.0	890,060.8	889,181.3
57			
58 HIGHER EDUCATION DEPARTMENT	FTE: 54.0	FTE: 54.0	FTE: 54.0
59 Operating Budget and Flow-Through Programming	13,280.9	17,370.0	13,017.3
60 HED Tribal Colleges - Education Initiatives		0.0	500.0
61 HED ADD Dual Credit		10,000.0	0.0
62 Student Financial Aid	20,629.5	23,763.3	20,829.5
63 NM Opportunity Scholarship	7,000.0	48,000.0	12,000.0
64 HIGHER EDUCATION DEPARTMENT TOTAL	40,910.4	99,133.3	46,346.8
65 Dollar Change from Prior Year Operating Budget	824.0	58,222.9	5,436.4
66 Percent Change from Prior Year Operating Budget	2.1%	142.3%	13.3%
67			
68			
69 TOTAL HIGHER EDUCATION	894,650.4	989,194.1	935,528.1
70 Dollar Change from Prior Year Operating Budget	42,828.7	94,543.7	40,877.7
71 Percent Change from Prior Year Operating Budget	5.1%	10.6%	4.5%

	Institution / Program (detail listed primarily in HB2 order, in thousands)	FY22 Reconciled OPBUD	FY23 LFC Rec	LFC over (under) OPBUD	FY23 HED Rec	HED over (under) LFC
1						
2	UNIVERSITY OF NEW MEXICO					
3	Instruction and general purposes	197,843.0	203,767.7	5,924.7	203,767.7	0.0
5	Athletics	4,436.2	4,436.2	0.0	4,436.2	0.0
6	Educational television and public radio	1,023.6	1,023.6	0.0	1,023.6	0.0
7	Categorical - NM tribal education initiatives	0.0	1,050.0	1,050.0	0.0	(1,050.0)
8	Categorical - NM teacher pipeline initiatives	0.0	100.0	100.0	0.0	(100.0)
9	Categorical - Student support services (main + branches + HSC)		1,839.8	1,839.8		(1,839.8)
10	Gallup Branch - I&G	8,848.7	8,994.6	145.9	8,994.6	0.0
11	Categorical - NM tribal education initiatives	0.0	100.0	100.0	0.0	(100.0)
12	Los Alamos Branch - I&G	1,926.2	1,975.4	49.2	1,975.4	0.0
13	Valencia Branch - I&G	5,847.4	5,969.6	122.2	5,969.6	0.0
14	Taos Branch - I&G	3,864.7	3,948.5	83.8	3,948.5	0.0
15	Research & Public Service Projects:					
16	Graduation reality and dual role skills program	150.0	150.0	0.0	150.0	0.0
17	American Indian summer bridge program	100.0	250.0	150.0	100.0	(150.0)
18	Economics department	125.0	125.0	0.0	125.0	0.0
19	Institute for American Indian education	0.0	0.0	0.0	250.0	250.0
20	Center of excellence in bioscience	0.0	0.0	0.0	500.0	500.0
21	Veterans student services	228.0	228.0	0.0	228.0	0.0
22	Judicial education center	364.8	364.8	0.0	364.8	0.0
23	Judicial selection	47.7	47.7	0.0	47.7	0.0
24	Ibero-American education	78.8	78.8	0.0	78.8	0.0
25	Manufacturing engineering program	494.4	494.4	0.0	494.4	0.0
26	Wildlife law education	85.9	85.9	0.0	85.9	0.0
27	Native American studies	232.4	250.0	17.6	250.0	0.0
28	Chicano studies - undergraduate and graduate student internships	266.2	325.0	58.8	266.2	(58.8)
29	African American student services	95.6	171.6	76.0	95.6	(76.0)
30	Africana studies	273.5	273.5	0.0	273.5	0.0
31	Career soft skills and technical education student services	455.9	0.0	(455.9)	455.9	455.9
32	Morrissey hall programs	178.3	0.0	(178.3)	0.0	0.0
33	Disabled student services	160.6	160.6	0.0	160.6	0.0
34	Minority student services	644.3	944.3	300.0	697.3	(247.0)
35	Community-based education	503.6	503.6	0.0	503.6	0.0
36	Corrine Wolf children's law center	151.7	151.7	0.0	151.7	0.0
37	Student mentoring program	258.0	258.0	0.0	153.7	(104.3)
38	Southwest research center	737.6	737.6	0.0	737.6	0.0
39	Substance abuse program	66.0	66.0	0.0	66.0	0.0
40	Resource geographic information system	59.3	59.3	0.0	59.3	0.0
41	Southwest Indian law clinic	185.4	185.4	0.0	185.4	0.0
42	Geospatial and population studies/bureau of business and economic research	346.2	346.2	0.0	346.2	0.0
43	New Mexico historical review	42.0	42.0	0.0	42.0	0.0
44	Utton transboundary resources center	397.2	397.2	0.0	397.2	0.0
45	Land grant studies	115.4	115.4	0.0	115.4	0.0
46	UNM press	238.4	238.4	0.0	238.4	0.0
47	UNM mock trial	261.6	261.6	0.0	261.6	0.0
49	Gallup - workforce development programs	182.4	182.4	0.0	182.4	0.0
50	Gallup - nurse expansion	180.6	180.6	0.0	192.1	11.5
51	Valencia - nurse expansion	146.5	146.5	0.0	146.5	0.0
52	Taos - nurse expansion	210.4	210.4	0.0	210.4	0.0
53	Total UNM RPSPs	8,063.7	8,031.9	(31.8)	8,613.2	581.3
54	Total UNM	231,853.5	241,237.3	9,383.8	238,728.8	(2,508.5)
55						
56	UNM HEALTH SCIENCES CENTER					
57	Instruction and general purposes	66,582.5	66,582.5	0.0	66,582.5	0.0
59	Research & Public Service Projects:					
60	Office of diversity, equity and inclusion	125.6	125.6	0.0	125.6	0.0
61	ENLACE - Move from HED to UNM HSC	812.2	812.2	0.0	970.2	158.0
62	Comprehensive movement disorders	273.5	273.5	0.0	373.5	100.0
63	Free medical school tuition	182.4	0.0	(182.4)	182.4	182.4
64	Bioscience authority	286.9	286.9	0.0	0.0	(286.9)
65	NMNEC	235.0	0.0	(235.0)	235.0	235.0
66	OMI grief services	202.6	202.6	0.0	202.6	0.0
67	Physician assistant program & nurse practitioners	340.8	2,000.0	1,659.2	340.8	(1,659.2)
68	Child abuse evaluation services (para los niños)	138.6	138.6	0.0	138.6	0.0
69	Undergraduate nurse expansion	951.6	951.6	0.0	951.6	0.0
70	Graduate nurse education	1,653.1	1,653.1	0.0	1,990.0	336.9

	Institution / Program (detail listed primarily in HB2 order, in thousands)	FY22 Reconciled OPBUD	FY23 LFC Rec	LFC over (under) OPBUD	FY23 HED Rec	HED over (under) LFC	
71	Native American health center	240.5	240.5	0.0	240.5	0.0	71
72	Native American suicide prevention (honoring native life)	88.1	88.1	0.0	88.1	0.0	72
73	Office of medical investigator	5,541.6	6,341.6	800.0	7,264.0	922.4	73
74	Children's psychiatric hospital	7,479.0	7,479.0	0.0	7,479.0	0.0	74
75	Carrie Tingley hospital	5,752.6	5,752.6	0.0	5,752.6	0.0	75
76	Minority student services	166.8	166.8	0.0	166.8	0.0	76
77	Newborn intensive care	3,025.4	3,025.4	0.0	3,025.4	0.0	77
78	Pediatric oncology	1,177.7	1,177.7	0.0	1,177.7	0.0	78
79	Poison and drug information center	1,628.7	1,628.7	0.0	2,338.8	710.1	79
80	Cancer center	5,907.9	5,907.9	0.0	5,907.9	0.0	80
81	Hepatitis community health outcomes (ECHO)	2,537.5	4,037.5	1,500.0	2,537.5	(1,500.0)	81
82	Graduate medical education/residencies	1,997.2	1,997.2	0.0	1,997.2	0.0	82
83	Total UNM/HSC	107,327.8	110,869.6	3,541.8	110,068.3	(801.3)	83
84	Total UNM and UNM/HSC	339,181.3	352,106.9	12,925.6	348,797.1	(3,309.8)	84
85							85
86	NEW MEXICO STATE UNIVERSITY						86
87	Instruction and general purposes	122,211.3	125,957.9	3,746.6	125,957.9	0.0	87
89	Athletics	4,177.6	4,177.6	0.0	4,177.6	0.0	89
90	Educational television and public radio	970.3	970.3	0.0	970.3	0.0	90
91	Categorical - NM tribal education initiatives	0.0	200.0	200.0	0.0	(200.0)	91
92	NM teacher education consortium	0.0	500.0	500.0	0.0	(500.0)	92
93	Categorical - Student support services (main + branches)		1,515.1	1,515.1		(1,515.1)	93
94	Alamogordo Branch - Instruction and general purposes	7,257.6	7,333.1	75.5	7,333.1	0.0	94
95	Carlsbad Branch - Instruction and general purposes	4,276.0	4,370.5	94.5	4,370.5	0.0	95
96	Dona Ana Branch - Instruction and general purposes	23,679.1	24,266.7	587.6	24,266.7	0.0	96
97	Grants Branch - Instruction and general purposes	3,557.6	3,599.9	42.3	3,599.9	0.0	97
98	Categorical - NM tribal education initiatives	0.0	100.0	100.0	0.0	(100.0)	98
99	Department of Agriculture	12,265.4	12,765.4	500.0	20,000.0	7,234.6	99
100	NMDA - Veterinarians externships	94.6	94.6	0.0	0.0	(94.6)	100
101	Agricultural Experiment Station (AES) (Language)	14,831.6	15,081.6	250.0	15,331.6	250.0	101
102	Cooperative Extension Service (CES)	13,481.3	13,631.3	150.0	13,731.3	100.0	102
103	Research & Public Service Projects:						103
104	Sustainable ag center of excellence	232.8	232.8	0.0	500.0	267.2	104
105	STEM alliance for minority participation	292.8	292.8	0.0	292.8	0.0	105
106	Anna age eight institute	1,199.6	1,199.6	0.0	1,199.6	0.0	106
107	Mental health nurse practitioner	940.0	940.0	0.0	940.0	0.0	107
108	Indian resources development	255.7	255.7	0.0	255.7	0.0	108
109	Manufacturing sector development program	621.7	621.7	0.0	621.7	0.0	109
110	Arrowhead center for business development	321.5	321.5	0.0	321.5	0.0	110
111	Nurse expansion	846.2	846.2	0.0	846.2	0.0	111
112	Alliance teaching & learning advancement	143.8	143.8	0.0	143.8	0.0	112
113	Water resource research institute	1,039.7	1,039.7	0.0	1,039.7	0.0	113
114	College assistance migrant program	289.5	289.5	0.0	289.5	0.0	114
115	Autism program	561.8	711.8	150.0	711.8	0.0	115
116	Sunspot solar observatory consortium	352.6	352.6	0.0	352.6	0.0	116
117	Carlsbad - Manufacturing sector development program	214.6	214.6	0.0	214.6	0.0	117
118	Carlsbad - Nurse expansion	102.4	102.4	0.0	102.4	0.0	118
119	Dona Ana - Dental hygiene program	279.0	279.0	0.0	379.0	100.0	119
120	Dona Ana - Nurse expansion	275.9	275.9	0.0	275.9	0.0	120
121	Grants - Veterans services	45.6	45.6	0.0	45.6	0.0	121
122	Total NMSU RPSPs	8,015.2	8,165.2	150.0	8,532.4	367.2	122
123	Total NMSU	214,817.6	222,729.2	7,911.6	228,271.3	5,542.1	123
124							124
125	NEW MEXICO HIGHLANDS UNIVERSITY						125
126	Instruction and general purposes	29,035.8	29,919.9	884.1	29,919.9	0.0	126
128	Athletics	2,185.1	2,185.1	0.0	2,185.1	0.0	128
129	Categorical - NM tribal education initiatives	0.0	200.0	200.0	0.0	(200.0)	129
130	Categorical - NM teacher pipeline initiatives	0.0	250.0	250.0	0.0	(250.0)	130
131	Categorical - Student support services		186.9	186.9		(186.9)	131
132	Research & Public Service Projects:						132
133	Center of excellence in social work, mental and behavioral health	0.0	0.0	0.0	500.0	500.0	133
134	Improve retention and completion of underserved students	50.0	50.0	0.0	50.0	0.0	134
135	Doctor of nurse practitioner	155.0	155.0	0.0	155.0	0.0	135
136	Center for professional development & career readiness	159.6	159.6	0.0	159.6	0.0	136
137	Acequia and land grant education	45.6	45.6	0.0	45.6	0.0	137
138	Native american social work institute	209.9	209.9	0.0	209.9	0.0	138
139	Advanced placement	198.6	198.6	0.0	198.6	0.0	139
140	Minority student services	487.7	487.7	0.0	487.7	0.0	140

	Institution / Program (detail listed primarily in HB2 order, in thousands)	FY22 Reconciled OPBUD	FY23 LFC Rec	LFC over (under) OPBUD	FY23 HED Rec	HED over (under) LFC	
141	Forest and watershed institute	278.9	428.9	150.0	278.9	(150.0)	141
142	Nurse expansion	200.3	200.3	0.0	200.3	0.0	142
143	Total NMHU RPSPs	1,785.6	1,935.6	150.0	2,285.6	350.0	143
144	Total NMHU	33,006.5	34,677.5	1,671.0	34,390.6	(286.9)	144
145							145
146	WESTERN NEW MEXICO UNIVERSITY						146
147	Instruction and general purposes	19,188.8	19,883.3	694.5	19,883.3	0.0	147
149	Athletics	2,268.9	2,268.9	0.0	2,268.9	0.0	149
150	Categorical - NM teacher pipeline initiatives	0.0	250.0	250.0	0.0	(250.0)	150
151	Categorical - Student support services		161.9	161.9		(161.9)	151
152	Research & Public Service Projects:						152
153	Early childhood center of excellence	0.0	250.0	250.0	500.0	250.0	153
154	FY22 - Deming campus I&G	175.0	175.0	0.0	175.0	0.0	154
155	Nursing expansion (T or C)	282.0	282.0	0.0	282.0	0.0	155
156	Instructional television	66.0	66.0	0.0	66.0	0.0	156
157	Pharmacy and phlebotomy programs	91.2	91.2	0.0	91.2	0.0	157
158	Web-based teacher licensure	117.8	117.8	0.0	200.0	82.2	158
159	Child development center	280.5	280.5	0.0	400.0	119.5	159
160	Nurse expansion	900.3	900.3	0.0	1,000.3	100.0	160
161	Total WNMU RPSPs	1,912.8	2,162.8	250.0	2,714.5	551.7	161
162	Total WNMU	23,370.5	24,726.9	1,356.4	24,866.7	139.8	162
163							163
164	EASTERN NEW MEXICO UNIVERSITY						164
165	Instruction and general purposes	30,722.0	31,996.3	1,274.3	31,996.3	0.0	165
167	Athletics	2,156.3	2,156.3	0.0	2,156.3	0.0	167
168	Educational television and public radio	988.7	988.7	0.0	988.7	0.0	168
169	Categorical - NM teacher pipeline initiatives	0.0	250.0	250.0	0.0	(250.0)	169
170	Categorical - Student support services (main + branches)		428.8	428.8		(428.8)	170
171	Roswell Branch - Instruction and general purposes	11,995.6	12,204.0	208.4	12,204.0	0.0	171
172	Ruidoso Branch - Instruction and general purposes	2,100.0	2,137.2	37.2	2,137.2	0.0	172
173	Research & Public Service Projects:						173
174	Blackwater draw site and museum	85.8	85.8	0.0	85.8	0.0	174
175	Student success programs	380.2	380.2	0.0	380.2	0.0	175
176	Nurse expansion	308.3	308.3	0.0	328.0	19.7	176
177	At-risk student tutoring	204.8	204.8	0.0	204.8	0.0	177
178	Allied health	129.8	129.8	0.0	142.4	12.6	178
179	ENMU Portales - Teacher ed free tuition	182.4	182.4	0.0	182.4	0.0	179
180	ENMU Portales - Greyhound promise free tuition	91.2	91.2	0.0	91.2	0.0	180
181	Roswell branch - Nurse expansion	253.8	332.2	78.4	332.2	0.0	181
182	Roswell branch - Airframe mechanics	68.5	68.5	0.0	68.5	0.0	182
183	Roswell branch - Special services program	108.1	108.1	0.0	108.1	0.0	183
184	Roswell branch - Youth challenge	91.2	91.2	0.0	91.2	0.0	184
185	Ruidoso branch - Nursing program	178.6	178.6	0.0	178.6	0.0	185
186	Total EWNMU RPSPs	2,082.7	2,161.1	78.4	2,193.4	32.3	186
187	Total ENMU	50,045.3	52,322.4	2,277.1	51,675.9	(646.5)	187
188							188
189	NEW MEXICO INSTITUTE OF MINING & TECHNOLOGY						189
190	Instruction and general purposes	28,895.9	29,973.6	1,077.7	29,973.6	0.0	190
192	Bureau of mine safety	303.9	303.9	0.0	342.0	38.1	192
193	Bureau of geology and mineral resources	4,180.1	4,280.1	100.0	4,600.0	319.9	193
194	Petroleum recovery and research center	1,759.0	1,759.0	0.0	1,759.0	0.0	194
195	Geophysical research center	1,035.3	1,035.3	0.0	1,035.3	0.0	195
196	Categorical - NM teacher pipeline initiatives	0.0	50.0	50.0	0.0	(50.0)	196
197	Categorical - Student support services		128.2	128.2		(128.2)	197
198	Research & Public Service Projects:						198
199	NM MESA (move from HED)	1,052.2	1,052.2	0.0	1,052.2	0.0	199
200	Cybersecurity education & research center COMBINE INTO ONE RPS	139.6	0.0	(139.6)	140.1	140.1	200
201	Cybersecurity center of excellence COMBINE INTO ONE RPSP	229.6	366.4	136.8	500.0	133.6	201
202	Rural economic development	22.8	32.8	10.0	22.8	(10.0)	202
203	Chemical engineering student assistanceships	79.3	79.3	0.0	79.3	0.0	203
204	Science and engineering fair	190.8	190.8	0.0	190.8	0.0	204
205	Energetic materials research center	747.2	826.7	79.5	747.2	(79.5)	205
206	Institute for complex additive systems analysis	921.7	1,121.7	200.0	921.7	(200.0)	206
207	Cave and karst research	336.2	336.2	0.0	336.2	0.0	207
208	Homeland security center	488.7	488.7	0.0	488.7	0.0	208
209	Total NMIMT RPSPs	4,208.1	4,494.8	286.7	4,479.0	(15.8)	209
210	Total NMIMT	40,382.3	42,024.9	1,642.6	42,188.9	164.0	210
211							211

	Institution / Program (detail listed primarily in HB2 order, in thousands)	FY22 Reconciled OPBUD	FY23 LFC Rec	LFC over (under) OPBUD	FY23 HED Rec	HED over (under) LFC
212	NORTHERN NEW MEXICO COLLEGE					
213	Instruction and general purposes	10,363.8	10,612.5	248.7	10,612.5	0.0
215	Athletics	524.2	524.2	0.0	524.2	0.0
216	Categorical - NM teacher pipeline initiatives	0.0	250.0	250.0	0.0	(250.0)
217	Categorical - Student support services		65.8	65.8		(65.8)
218	Research & Public Service Projects:					
219	Native American student center	0.0	150.0	150.0	150.0	0.0
220	Academic program evaluation	45.6	45.6	0.0	45.6	0.0
221	Nurse expansion	376.0	376.0	0.0	400.0	24.0
222	STEM	125.2	125.2	0.0	125.2	0.0
223	Veterans center	116.8	116.8	0.0	116.8	0.0
224	Total NNMC RPSPs	663.6	813.6	150.0	837.6	24.0
225	Total NNMC	11,551.6	12,266.1	714.5	11,974.3	(291.8)
226						
227	SANTA FE COMMUNITY COLLEGE					
228	Instruction and general purposes	10,785.6	11,068.6	283.0	11,068.6	0.0
229	Categorical - Student support services		148.4	148.4		(148.4)
230	Research & Public Service Projects:					
231	Teacher education expansion	136.8	136.8	0.0	136.8	0.0
232	EMS mental health resiliency pilot	91.2	91.2	0.0	91.2	0.0
233	First born, home visiting training & technical assistance	136.8	235.0	98.2	200.0	(35.0)
234	Nurse expansion	332.7	439.4	106.7	439.0	(0.4)
235	Small business development centers	3,803.1	3,953.1	150.0	4,531.3	578.2
236	Total SFCC	15,286.2	16,072.5	786.3	16,466.9	394.4
237						
238	CENTRAL NM COMMUNITY COLLEGE					
239	Instruction and general purposes	61,808.6	64,090.3	2,281.7	64,090.3	0.0
241	Categorical - Student support services		916.8	916.8		(916.8)
242	Research & Public Service Projects:					
243	Nurse expansion	168.8	268.8	100.0	680.9	412.1
244	Total CNM	61,977.4	65,275.9	3,298.5	64,771.2	(504.7)
245						
246	LUNA COMMUNITY COLLEGE					
247	Instruction and general purposes	6,942.3	7,002.1	59.8	7,002.1	0.0
249	Athletics	458.0	458.0	0.0	458.0	0.0
250	Categorical - Student support services		36.3	36.3		(36.3)
251	Research & Public Service Projects:					
252	Rough rider student support services	0.0	150.0	150.0	317.9	167.9
253	Nurse expansion	251.0	251.0	0.0	267.0	16.0
254	Student retention and completion	483.8	483.8	0.0	483.8	0.0
255	Total LCC	8,135.1	8,381.2	246.1	8,528.8	147.6
256						
257	MESALANDS COMMUNITY COLLEGE					
258	Instruction and general purposes	4,183.2	4,298.1	114.9	4,298.1	0.0
260	Athletics	209.9	209.9	0.0	209.9	0.0
261	Categorical - Student support services		24.2	24.2		(24.2)
262	Research & Public Service Projects:					
263	Wind training center	103.8	103.8	0.0	103.8	0.0
264	Total MCC	4,496.9	4,636.0	139.1	4,611.8	(24.2)
265						
266	NEW MEXICO JUNIOR COLLEGE					
267	Instruction and general purposes	5,951.3	6,106.3	155.0	6,106.3	0.0
269	Athletics	530.8	530.8	0.0	530.8	0.0
270	Categorical - Student support services		116.9	116.9		(116.9)
271	Research & Public Service Projects:					
272	Oil and gas management program	156.2	156.2	0.0	156.2	0.0
273	Nurse expansion	281.9	281.9	0.0	281.9	0.0
274	Lea county distance education consortium	26.6	26.6	0.0	26.6	0.0
275	Total NMJC	6,946.8	7,218.7	271.9	7,101.8	(116.9)
276						
277	SAN JUAN COLLEGE					
278	Instruction and general purposes	24,795.5	25,415.9	620.4	25,415.9	0.0
280	Categorical - NM tribal education initiatives	0.0	100.0	100.0	0.0	(100.0)
281	Categorical - Student support services		116.9	116.9		(116.9)
282	Research & Public Service Projects:					
283	Center for excellence - renewable energy	228.0	228.0	0.0	500.0	272.0
284	Dental hygiene program	159.6	159.6	0.0	175.0	15.4
285	Nurse expansion	235.0	235.0	0.0	250.0	15.0

	Institution / Program (detail listed primarily in HB2 order, in thousands)	FY22 Reconciled OPBUD	FY23 LFC Rec	LFC over (under) OPBUD	FY23 HED Rec	HED over (under) LFC
286	Total SJC	25,418.1	26,255.4	837.3	26,340.9	85.5
287						
288	CLOVIS COMMUNITY COLLEGE					
289	Instruction and general purposes	10,052.3	10,324.4	272.1	10,324.4	0.0
291	Categorical - Student Support Services		111.7	111.7		(111.7)
292	Research & Public Service Projects:					
293	HVAC program	0.0	100.0	100.0	0.0	(100.0)
294	Nurse expansion	256.5	356.5	100.0	513.0	156.5
295	Total CCC	10,308.8	10,892.6	583.8	10,837.4	(55.2)
296						
297	NEW MEXICO MILITARY INSTITUTE					
298	Instruction and general purposes	1,502.1	1,592.2	90.1	1,547.2	(45.0)
300	Athletics	323.2	323.2	0.0	323.2	0.0
301	Knowles legislative scholarship program	1,353.7	1,353.7	0.0	1,353.7	0.0
302	Total NMMI	3,179.0	3,269.1	90.1	3,224.1	(45.0)
303						
304	NM SCHOOL FOR BLIND & VISUALLY IMPAIRED					
305	Instruction and general purposes	1,121.6	1,345.9	224.3	1,155.2	(190.7)
306	Research & Public Service Projects:					
307	Early childhood center	340.2	340.2	0.0	340.2	0.0
308	Low vision clinic programs	104.4	104.4	0.0	104.4	0.0
309	Total NMSBVI	1,566.2	1,790.5	224.3	1,599.8	(190.7)
310						
311	NM SCHOOL FOR THE DEAF					
312	Instruction and general purposes	4,075.3	4,319.8	244.5	4,197.6	(122.2)
313	Research & Public Service Projects:					
314	Statewide outreach services	215.7	215.7	0.0	215.7	0.0
315	Total NMSD	4,291.0	4,535.5	244.5	4,413.3	(122.2)
316						
317	TOTAL GENERAL FUND INSTITUTIONS	853,960.6	889,181.3	20,712.6	890,060.8	879.5
318						
319	SUMMARY BY INSTITUTION (DFA Code)					
320	New Mexico Institute of Mining & Technology (962)	40,382.3	42,024.9	1,642.6	42,188.9	164.0
321	New Mexico State University (954)	214,817.6	222,729.2	7,911.6	228,271.3	5,542.1
322	UNM Total (952)	339,181.3	352,106.9	12,925.6	348,797.1	(3,309.8)
323	University of New Mexico (952)	231,853.5	241,237.3	9,383.8	238,728.8	(2,508.5)
324	UNM Health Sciences Center (952)	107,327.8	110,869.6	3,541.8	110,068.3	(801.3)
325	Eastern New Mexico University (960)	50,045.3	52,322.4	2,277.1	51,675.9	(646.5)
326	New Mexico Highlands University (956)	33,006.5	34,677.5	1,671.0	34,390.6	(286.9)
327	Northern New Mexico College (964)	11,551.6	12,266.1	714.5	11,974.3	(291.8)
328	Western New Mexico University (958)	23,370.5	24,726.9	1,356.4	24,866.7	139.8
329	Central NM Community College (968)	61,977.4	65,275.9	3,298.5	64,771.2	(504.7)
330	Clovis Community College (977)	10,308.8	10,892.6	583.8	10,837.4	(55.2)
331	Luna Community College (970)	8,135.1	8,381.2	246.1	8,528.8	147.6
332	Mesalands Community College (972)	4,496.9	4,636.0	139.1	4,611.8	(24.2)
333	New Mexico Junior College (974)	6,946.8	7,218.7	271.9	7,101.8	(116.9)
334	San Juan College (976)	25,418.1	26,255.4	837.3	26,340.9	85.5
335	Santa Fe Community College (966)	15,286.2	16,072.5	786.3	16,466.9	394.4
336	Subtotal - Universities and Community Colleges	844,924.4	879,586.2	34,661.8	880,823.6	1,237.4
337	New Mexico Military Institute (978)	3,179.0	3,269.1	90.1	3,224.1	(45.0)
338	New Mexico School for the Deaf (980)	4,291.0	4,535.5	244.5	4,413.3	(122.2)
339	NM School for the Blind & Visually Impaired (979)	1,566.2	1,790.5	224.3	1,599.8	(190.7)
340	Subtotal - Special Schools	9,036.2	9,595.1	558.9	9,237.2	(357.9)
341	Grand Total Universities and Special Schools	853,960.6	889,181.3	35,220.7	890,060.8	879.5
342	New Mexico Higher Education Department (950)	40,910.4	46,346.8	5,436.4	99,133.3	52,786.5
343						
344	TOTAL GENERAL FUND	894,871.0	935,528.1	40,657.1	989,194.1	53,666.0
345						
346	SUMMARY BY MAJOR FUNCTION					
347	University I&G	438,260.6	452,111.2	13,850.6	452,111.2	0.0
348	Community college I&G	197,871.7	203,105.2	5,233.5	203,105.2	0.0
349	UNM/HSC I&G	66,582.5	66,582.5	0.0	66,582.5	0.0
351	Special schools I&G	6,699.0	7,257.9	558.9	6,900.0	(357.9)
352	Medical residencies	1,997.2	1,997.2	0.0	1,997.2	0.0
353	Nursing programs	10,062.7	11,872.0	1,809.3	11,304.1	(567.9)
354	Other healthcare programs	3,105.9	4,605.9	1,500.0	7,233.9	2,628.0
355	Athletics	17,270.2	17,270.2	0.0	17,270.2	0.0
356	Educational television	3,048.6	3,048.6	0.0	3,048.6	0.0

	Institution / Program (detail listed primarily in HB2 order, in thousands)	FY22 Reconciled OPBUD	FY23 LFC Rec	LFC over (under) OPBUD	FY23 HED Rec	HED over (under) LFC	
357	NMHED - Policy dev. & institutional fin. oversight	13,280.9	13,517.3	236.4	17,370.0	3,852.7	357
358	NMHED - Student financial aid+ opportunity	27,629.5	32,829.5	5,200.0	81,763.3	37,133.8	358
359	Other categorical and RPSP	109,062.2	121,330.6	12,268.4	120,507.9	(822.7)	359
360	TOTAL GENERAL FUND	894,871.0	935,528.1	40,657.1	989,194.1	53,666.0	360
361	HIGHER EDUCATION DEPARTMENT:						361
362	Policy Development and Institutional Financial Oversight (P505)						362
363	Personal Service and Employee Benefits (200)	4,180.7	4,180.7	0.0	5,218.4	1,037.7	363
364	Tribal Education Initiatives	0.0	500.0	500.0	0.0	(500.0)	364
365	Contractual Services (300)	0.0	0.0	0.0		0.0	365
366	Other (400)	9,100.2	9,100.2	0.0	12,151.6	3,051.4	366
367	P505 Subtotal	13,280.9	13,517.3	236.4	17,370.0	3,852.7	367
368	P508 Opportunity Scholarship	7,000.0	12,000.0	5,000.0	48,000.0	36,000.0	368
369	P506 Subtotal	20,629.5	20,829.5	5,000.0	33,763.3	1,133.8	369
370	HED total	40,910.4	46,346.8	10,236.4	99,133.3	40,986.5	370

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	15,504.9	12,808.3	17,653.5	13,517.3	5.5
Other Transfers	515.3	344.4	43.3	43.3	(87.4)
Federal Revenues	5,722.0	10,500.0	10,560.1	10,500.0	0.0
Other Revenues	391.1	522.3	531.0	531.0	1.7
TOTAL SOURCES	22,133.3	24,175.0	28,787.9	24,591.6	1.7
USES					
Personal Services and Employee Benefits	3,660.7	4,778.0	6,195.8	5,028.0	5.2
Contractual Services	470.8	1,615.0	1,000.0	1,032.7	(36.1)
Other	16,528.3	17,782.0	21,592.1	18,530.9	4.2
TOTAL USES	20,659.8	24,175.0	28,787.9	24,591.6	1.7
FTE					
Permanent	39.0	37.0	41.0	37.0	0.0
Term	10.0	13.0	13.0	13.0	0.0
TOTAL FTE	49.0	50.0	54.0	50.0	0.0

Recommended Language

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 sixty-three thousand nine hundred dollars (\$263,900) for 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 2023 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 five million dollars (\$5,000,000) from the teacher loan repayment fund.

The department of finance and administration shall, as directed by the secretary of higher education, withhold one percent of instruction and general funding from each research university, comprehensive college or university, branch community college and independent community college until the secretary of the higher education department, after consultation with the legislative finance committee, certifies receipt of an enrollment management plan with specific quantifiable performance goals to increase enrollments at each university or college.

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Outcome	Percent of unemployed adult education students obtaining employment two quarters after exit	35.00%	37.00%	37.00%	35.00%	35.00%
* Outcome	Percent of adult education high school equivalency test-takers who earn a high school equivalency credential	78.30%	79.00%	81.00%	78.00%	81.00%
Outcome	Percent of fiscal watch program quarterly reports from institutions submitted to the department of finance and administration and the legislative finance committee	100.00%	100.00%	100.00%	100.00%	100.00%
Efficiency	Agency performance rate on annual loss prevention and control audit conducted by the general services department	99.00%	100.00%	100.00%	100.00%	100.00%
* Outcome	Percent of high-school-equivalency graduates entering postsecondary degree or certificate programs	40.20%	41.00%	44.00%	40.00%	45.00%
Explanatory	Percentage of first time, full time, degree seeking students, from the most recently available cohort, at state-funded universities who graduated within four-years of their initial enrollment	20.80%	21.50%	N/A	N/A	N/A
Explanatory	Percentage of first time, full time, degree seeking students, from the most recently available cohort, at state-funded community colleges who graduated within two-years of their initial enrollment	20.20%	25.20%	N/A	N/A	N/A
Output	Number of certificates issued for new and existing private post-secondary schools by type of state authorization	74.0	84.0	70.0	70.0	70.0
Output	Number of current state authorized and exempted private post-secondary schools by school type	102.0	130.0	100.0	100.0	100.0

FINANCIAL AID ROLL-UP

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)

	FY21 2020-2021	FY22 2021-2022		FY23 2022-2023	
	Actuals	Budgeted	Agency Request	LFC Recommendation	Percent Inc (Decr)
SOURCES					
General Fund Transfers	19,529.5	20,629.5	33,763.3	20,829.5	1.0
Other Transfers	46,515.0	44,230.0	43,050.0	43,100.0	(2.6)
Federal Revenues	0.0	300.0	300.0	300.0	0.0
Other Revenues	1,862.7	0.0	0.0	0.0	0.0
Fund Balance	0.0	7,000.0	15,000.0	10,000.0	42.9
TOTAL SOURCES	67,907.2	72,159.5	92,113.3	74,229.5	2.9
USES					
Contractual Services	0.0	20.0	20.0	20.0	0.0
Other	62,373.2	72,139.5	92,093.3	74,209.5	2.9
TOTAL USES	62,373.2	72,159.5	92,113.3	74,229.5	2.9

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Explanatory	Percent of eligible state loan for service applicants receiving funds	50.00%	58.00%	N/A	N/A	N/A
Explanatory	Percent of eligible state loan repayment applicants receiving funds	75.00%	17.00%	N/A	N/A	N/A

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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Explanatory	Number of students on research assistantships, unduplicated, by academic year	0.0	NEW	N/A	N/A	N/A
Output	Number of invention disclosures and patents awarded, by fiscal year	0.0	NEW	NEW	173.0	173.0
Output	Number of research awards awarded by fiscal year	0.0	NEW	NEW	781.0	781.0
Output	Number of degree-seeking undergraduate students enrolled, by headcount	0.0	17,978.0	19,800.0	18,000.0	24,000.0
Output	Number of first-time degree-seeking freshmen enrolled, by headcount	0.0	2,864.0	2,970.0	2,800.0	3,300.0
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school by headcount	0.0	2,255.0	2,420.0	2,255.0	2,750.0
Output	Number of transfers enrolled, by headcount	0.0	1,640.0	2,300.0	1,800.0	2,200.0
Output	Number of dual credit students enrolled, by headcount	0.0	356.0	575.0	360.0	360.0
Output	Number of at-risk students enrolled by headcount	0.0	8,636.0	9,100.0	8,700.0	8,700.0
Output	Number of graduate students enrolled, by headcount	0.0	6,968.0	5,780.0	6,900.0	7,500.0
Explanatory	Percent of undergraduate students, enrolled in at least fifteen credit hours, by headcount	0.00%	39.00%	N/A	N/A	N/A
* Output	Number of credit hours delivered	0.0	499,771.0	543,000.0	500,000.0	600,000.0
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students	0.0	199,017.0	222,300.0	210,000.0	210,000.0
Output	Number of upper-level unrestricted, end-of-course student credit hours completed by undergraduate students	0.0	202,386.0	214,000.0	210,000.0	210,000.0
Output	Number of graduate-level unrestricted, end-of-course student credit hours completed by graduate students	0.0	96,037.0	95,000.0	96,000.0	96,000.0
Output	Number of unrestricted, end-of-course student credit hours completed by dual credit students	0.0	2,331.0	2,600.0	2,400.0	2,400.0
Output	Number of unduplicated degree awards in the most recent academic year	5,432.0	5,446.0	5,400.0	5,500.0	5,500.0
Output	Number of unduplicated associate's degrees awarded	0.0	N/A	N/A	N/A	N/A
* Output	Number of unduplicated baccalaureate degrees awarded	0.0	3,880.0	3,600.0	3,650.0	3,650.0
Output	Number of unduplicated master's degrees awarded	0.0	1,069.0	1,110.0	1,100.0	1,100.0
Output	Number of unduplicated doctoral or professional degrees awarded	0.0	440.0	520.0	500.0	500.0
Output	Number of unduplicated post-baccalaureate certificates awarded	0.0	57.0	75.0	65.0	65.0
Output	Number of awards conferred to students in high-demand fields in the most recent academic year	0.0	616.0	570.0	600.0	600.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators	0.0	N/A	N/A	N/A	N/A
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	0.0	128.0	105.0	130.0	200.0
Output	Number of baccalaureate degrees with classification and instructional program code 51.38 for nurses	0.0	442.0	400.0	400.0	400.0
Output	Number of master's degrees with classification and instructional program code 51.38 for nurses	0.0	41.0	45.0	45.0	90.0
Output	Number of master's degrees with classification and instructional program code 13.04 for education administrators	0.0	5.0	20.0	12.0	25.0
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year	0.0	2,574.0	2,600.0	2,600.0	2,600.0
Output	Number of unduplicated baccalaureate degrees awarded to financially at-risk students	0.0	1,901.0	1,770.0	1,800.0	1,800.0
Output	Number of unduplicated master's degrees awarded to financially at-risk students	0.0	434.0	480.0	450.0	450.0
Output	Number of unduplicated doctoral or professional degrees awarded to financially at-risk students	0.0	228.0	290.0	250.0	250.0
Output	Number of unduplicated, post-baccalaureate certificates awarded to financially at-risk students	0.0	11.0	20.0	15.0	15.0
Output	Average number of years taken by degree-seeking first-time, full-time undergraduate students to complete a baccalaureate degree	4.7	4.7	4.7	4.7	4.5
Output	Average number of credits taken by degree-seeking undergraduate students to complete a baccalaureate degree	0.0	146.0	147.0	145.0	140.0
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)	0.0	1,155.0	1,140.0	1,140.0	1,140.0
Explanatory	Average number of credits transferred from New Mexico public two-year colleges by bachelor's degree recipients	0.0	NEW	N/A	N/A	N/A
* Outcome	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete a baccalaureate program within one hundred fifty percent of standard graduation time	56.10%	56.00%	60.00%	56.00%	65.00%
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	0.00%	35.00%	40.00%	35.00%	45.00%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	76.90%	77.00%	77.00%	78.00%	85.00%

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Efficiency	Amount of education and related expenditure in the most recent fiscal year per full-time-equivalent student	\$0	\$54,958	\$39,818	\$53,000	\$53,000
Efficiency	Amount of education and related expenditures in the most recent fiscal year per baccalaureate degree recipient	\$0	\$203,469	\$224,337	\$200,000	\$200,000
Output	Six-year athlete graduation rate	62.00%	79.00%	60.00%	80.00%	80.00%
Output	Total public television local broadcast production hours	17,240.0	17,240.0	17,240.0	17,240.0	17,240.0
Outcome	External dollars supporting all programs from federal or nongovernmental sources, for the most recent fiscal year, excluding state governmental funding sources, in millions	\$92	\$246	\$95	\$225	\$225

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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Percent of a fall cohort of first-time, full-time students who have graduated, transferred, or who are still enrolled within one hundred fifty percent of standard graduation time	0.0%	NEW	NEW	36.8%	45.0%
* Output	Number of students enrolled, by headcount	0.0	3,313.0	2,793.0	2,570.0	3,000.0
Output	Number of degree-seeking undergraduate students enrolled, by headcount	0.0	2,301.0	1,485.0	1,242.0	2,400.0
Output	Number of first-time degree-seeking freshmen enrolled, by headcount	0.0	100.0	200.0	168.0	450.0
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	0.0	84.0	165.0	138.0	400.0
Output	Number of transfers enrolled, by headcount	0.0	147.0	134.0	123.0	215.0
Output	Number of dual credit students enrolled, by headcount	0.0	830.0	692.0	637.0	600.0
Output	Number of at-risk students enrolled, by headcount	0.0	893.0	1,093.0	1,006.0	1,500.0
Output	Percent of undergraduate students, enrolled in twelve or more credit hours, by headcount	0.00%	7.20%	4.80%	21.27%	55.00%
* Output	Number of credit hours delivered	0.0	34,711.0	35,542.0	32,699.0	50,000.0
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students	0.0	22,008.0	24,921.0	22,927.0	35,000.0
Output	Number of unrestricted, end-of-course student credit hours completed by dual credit students	0.0	10,998.0	9,998.0	9,198.0	9,198.0
* Output	Number of unduplicated awards conferred in the most recent academic year	0.0	246.0	217.0	200.0	340.0
Output	Number of unduplicated certificates under one year in length awarded	0.0	25.0	12.0	11.0	115.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Number of unduplicated certificates one year in length or more awarded	0.0	48.0	72.0	66.0	225.0
Output	Number of unduplicated associate's degrees awarded	0.0	185.0	155.0	143.0	155.0
Output	Number of awards conferred to students in high-demand fields in the most recent academic year	0.0	15.0	35.0	32.0	65.0
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	N/A	N/A	N/A	N/A
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators	0.0	7.0	12.0	11.0	15.0
Output	Number of associate's of nursing degrees conferred	0.0	8.0	16.0	15.0	24.0
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year	0.0	173.0	166.0	153.0	225.0
Output	Number of unduplicated certificates one year in length or more awarded to financially at-risk students	0.0	40.0	66.0	61.0	65.0
Output	Number of unduplicated certificates one year in length awarded to financially at-risk students	0.0	15.0	8.0	7.0	100.0
Output	Number of unduplicated associate's degrees awarded to financially at-risk students	0.0	129.0	114.0	105.0	150.0
Outcome	Average number of years taken by degree-seeking first-time, full-time students to earn an associate degree	4.4	3.3	5.0	5.4	3.0
Output	Average number of credits taken by degree-seeking undergraduate students to complete an associate's degree	0.0	126.3	101.0	109.1	65.0
* 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	0.00%	12.90%	Discontinued	Discontinued	25.00%
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	0.00%	NEW	30.00%	4.12%	15.00%
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	0.00%	9.58%	Discontinued	Discontinued	20.00%
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.	0.00%	NEW	30.00%	6.44%	15.00%

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	51.40%	51.40%	42.80%	39.38%	65.00%
Efficiency	Amount of education and related expenditures in the most recent fiscal year per full-time-equivalent student	\$0	\$11,535	\$10,598	\$11,446	\$5,500
Efficiency	Amount of education and related expenditures in the most recent fiscal year per associate's degree recipient	\$0	\$91,483	\$86,692	\$93,627	\$50,000
Explanatory	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	\$1	N/A	N/A	N/A
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	18.20%	18.33%	35.00%	16.86%	45.00%

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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Percent of a fall cohort of first-time, full-time students who have graduated, transferred, or who are still enrolled within one hundred fifty percent of standard graduation time	0.0%	NEW	NEW	0.0%	20.0%
* Output	Number of students enrolled, by headcount	0.0	932.0	1,000.0	950.0	850.0
Output	Number of degree-seeking undergraduate students enrolled, by headcount	0.0	427.0	528.0	450.0	650.0
Output	Number of first-time degree-seeking freshmen enrolled, by headcount	0.0	126.0	116.0	105.0	215.0
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	0.0	117.0	182.0	120.0	165.0
Output	Number of transfers enrolled, by headcount	0.0	50.0	175.0	75.0	150.0
Output	Number of dual credit students enrolled reported by headcount and full-time equivalency	0.0	372.0	460.0	400.0	100.0
Output	Number of at-risk students enrolled, by headcount	0.0	118.0	125.0	125.0	175.0
Output	Percent of undergraduate students, enrolled in twelve or more credit hours, by headcount	0.0	48.0	56.0	50.0	55.0
* Output	Number of credit hours delivered	0.0	13,570.0	12,850.0	13,000.0	26,000.0
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students	0.0	13,570.0	10,350.0	12,000.0	24,000.0
Output	Number of unrestricted, end-of-course student credit hours completed by dual credit students	0.0	2,634.0	2,380.0	2,400.0	1,500.0
* Output	Number of unduplicated awards conferred in the most recent academic year	0.0	81.0	100.0	100.0	150.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Number of unduplicated certificates under one year in length awarded to financially at-risk students	0.0	7.0	10.0	10.0	10.0
Output	Number of unduplicated certificates one year in length or more awarded	0.0	2.0	5.0	5.0	5.0
Output	Number of unduplicated associate's degrees awarded	0.0	51.0	45.0	50.0	50.0
Output	Number of awards conferred to students in high-demand fields in the most recent academic year	0.0	0.0	5.0	5.0	25.0
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	N/A	N/A	N/A	N/A
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators	0.0	N/A	N/A	N/A	N/A
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year	0.0	39.0	15.0	25.0	40.0
Output	Number of unduplicated certificates under one year in length awarded	0.0	28.0	60.0	30.0	30.0
Output	Number of unduplicated certificates one year in length or more awarded to financially at-risk students	0.0	0.0	2.0	2.0	35.0
Output	Number of unduplicated associate's degrees awarded to financially at-risk students	0.0	32.0	10.0	30.0	50.0
Output	Average number of years taken by degree-seeking first-time, full-time students to earn an associate's degree	3.9	3.5	3.8	3.5	3.0
Output	Average number of credits taken by degree-seeking undergraduate students to complete an associate's degree	0.0	71.4	80.0	75.0	65.0
* 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	19.00%	19.00%	Discontinued	Discontinued	25.00%
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	0.00%	NEW	35.00%	15.00%	25.00%
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	0.00%	NEW	30.00%	10.00%	25.00%
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	0.00%	27.10%	Discontinued	Discontinued	15.00%
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	0.00%	16.00%	Discontinued	Discontinued	25.00%

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
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	0.00%	NEW	30.00%	1.00%	25.00%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	58.00%	60.00%	58.00%	59.00%	65.00%
Efficiency	Amount of education and related expenditures in the most recent fiscal year per full-time-equivalent student	\$0	\$4,140	\$2,500	\$4,200	\$4,200
Efficiency	Amount of education and related expenditures in the most recent fiscal year per associate's degree recipient	\$0	\$43,483	\$60,000	\$50,000	\$50,000
Explanatory	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	\$5	\$5	N/A	N/A	N/A
Output	Number of certificates and associate's degrees awarded within the most recent academic year	101.0	81.0	Discontinued	Discontinued	150.0

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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Percent of a fall cohort of first-time, full-time students who have graduated, transferred, or who are still enrolled within one hundred fifty percent of standard graduation time.	0.0	NEW	NEW	47.0	47.0
* Output	Number of students enrolled, by headcount	0.0	3,267.0	3,251.0	3,700.0	2,750.0
Output	Number of degree-seeking undergraduate students enrolled, by headcount	0.0	688.0	1,990.0	850.0	2,250.0
Output	Number of first-time degree-seeking freshmen enrolled, by headcount	0.0	189.0	282.0	225.0	350.0
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	0.0	172.0	254.0	200.0	300.0
Output	Number of transfers enrolled, by headcount	0.0	22.0	94.0	25.0	100.0
Output	Number of dual credit students enrolled, by headcount	0.0	1,186.0	1,138.0	2,260.0	500.0
Output	Number of at-risk students enrolled, by headcount	0.0	406.0	895.0	510.0	1,267.0
Output	Percent of undergraduate students, enrolled in twelve or more credit hours, by headcount	0.00%	16.60%	5.00%	45.00%	55.00%
* Output	Number of credit hours delivered	0.0	22,542.0	24,089.0	30,000.0	35,000.0
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students	0.0	17,538.0	16,683.0	22,100.0	25,000.0
Output	Number of unrestricted, end-of-course student credit hours completed by dual credit students	0.0	5,004.0	6,022.0	7,900.0	2,500.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Number of unduplicated awards conferred in the most recent academic year	0.0	120.0	189.0	160.0	190.0
Output	Number of unduplicated certificates under one year in length awarded	0.0	27.0	72.0	70.0	50.0
Output	Number of unduplicated certificates one year in length or more awarded	0.0	1.0	4.0	9.0	25.0
Output	Number of unduplicated associate's degrees awarded	0.0	94.0	113.0	130.0	145.0
* Output	Number of awards conferred to students in high-demand fields in the most recent academic year	0.0	19.0	10.0	22.0	25.0
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	1.0	4.0	4.0	10.0
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators	0.0	10.0	4.0	6.0	10.0
Output	Number of associate's degrees of nursing conferred	0.0	8.0	7.0	16.0	24.0
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year	0.0	54.0	90.0	80.0	90.0
Output	Number of unduplicated certificates under one year in length awarded to financially at-risk students	0.0	10.0	27.0	26.0	30.0
Output	Number of unduplicated certificates one year in length or more awarded to financially at-risk students	0.0	4.0	2.0	5.0	55.0
Output	Number of unduplicated associate's degrees awarded to financially at-risk students	0.0	44.0	61.0	61.0	65.0
Output	Average number of years taken by degree-seeking first-time, full-time students to earn an associate's degree	3.5	3.6	3.4	3.3	3.0
Output	Average number of credits taken by degree-seeking undergraduate students to complete an associate's degree	0.0	87.2	82.0	82.0	65.0
* 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	14.20%	13.40%	Discontinued	Discontinued	1,000,008.40%
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	0.00%	19.40%	35.00%	23.00%	25.00%
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	0.00%	6.50%	Discontinued	Discontinued	1,000,007.40%
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	0.00%	10.00%	30.00%	12.00%	15.00%

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
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	0.00%	6.30%	Discontinued	Discontinued	1,000,017.40%
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	0.00%	7.90%	30.00%	11.00%	25.00%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	54.60%	54.60%	60.00%	64.00%	64.00%
Efficiency	Amount of education and related expenditures in the most recent fiscal year per full-time equivalent student	\$0	\$14,199	\$12,660	\$14,160	\$9,075
Efficiency	Amount of education and related expenditures in the most recent fiscal year per associate's degree recipient	\$0	\$119,951	\$100,780	\$90,713	\$86,000
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	\$3	\$3	\$3	\$3	\$3
* Output	Number of certificates and associate degrees awarded within the most recent academic year	197.0	120.0	Discontinued	Discontinued	1,000,089.0

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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Percent of a fall cohort of first-time, full-time students who have graduated, transferred, or who are still enrolled within one hundred fifty percent of standard graduation time	0.0%	NEW	NEW	40.0%	40.0%
* Output	Number of students enrolled, by headcount	0.0	23,403.0	27,811.0	28,051.0	32,200.0
Output	Number of degree-seeking undergraduate students enrolled, by headcount	0.0	1,216.0	872.0	1,333.0	1,500.0
Output	Number of first-time degree-seeking freshmen enrolled, by headcount	0.0	123.0	100.0	205.0	225.0
Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	0.0	115.0	100.0	133.0	155.0
Output	Number of transfers enrolled, by headcount	0.0	111.0	126.0	129.0	129.0
Output	Number of at-risk students enrolled, by headcount	0.0	352.0	419.0	513.0	513.0
Output	Percent of undergraduate students, enrolled in twelve or more credit hours, by headcount	0.00%	4.00%	12.00%	12.00%	55.00%
* Output	Number of credit hours delivered	0.0	12,818.0	14,992.0	15,382.0	175,000.0
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students	0.0	10,541.0	9,605.0	12,613.0	15,000.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Number of unduplicated awards conferred in the most recent academic year	0.0	153.0	138.0	165.0	165.0
Output	Number of unduplicated certificates under one year in length awarded	0.0	26.0	28.0	30.0	15.0
Output	Number of unduplicated certificates one year in length or more awarded	0.0	39.0	26.0	42.0	42.0
Output	Number of unduplicated associate's degrees awarded	0.0	88.0	86.0	93.0	93.0
Output	Number of awards conferred to students in high-demand fields in the most recent academic year	0.0	2.0	17.0	17.0	75.0
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	N/A	N/A	N/A	N/A
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators	0.0	2.0	2.0	4.0	10.0
Output	Number of associate's of nursing degrees conferred	0.0	13.0	13.0	16.0	24.0
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year	0.0	86.0	76.0	93.0	93.0
Output	Number of unduplicated certificates under one year in length awarded to financially at-risk students	0.0	10.0	41.0	11.0	41.0
Output	Number of unduplicated associate's degrees awarded to financially at-risk students	0.0	47.0	8.0	55.0	55.0
Outcome	Average number of years taken by degree-seeking first-time, full-time students to earn an associate's degree	0.0	2.0	4.0	4.0	3.0
Output	Average number of credits taken by degree-seeking undergraduate students to complete an associate's degree	0.0	76.0	76.0	76.0	65.0
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	0.00%	9.40%	Discontinued	Discontinued	15.00%
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	0.00%	NEW	30.00%	15.00%	25.00%
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	0.00%	4.80%	Discontinued	Discontinued	35.00%
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	0.00%	NEW	30.00%	7.00%	25.00%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	46.00%	51.00%	50.00%	55.00%	60.00%

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Efficiency	Amount of education and related expenditures in the most recent fiscal year per full-time equivalent student	\$0	\$23,903	\$30,073	\$30,073	\$6,336
Efficiency	Amount of education and related expenditures in the most recent fiscal year per associate's degree recipient	\$0	\$211,198	\$190,344	\$190,344	\$79,560
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	\$3	\$4	\$4	\$4
* 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	20.00%	32.70%	35.00%	35.00%	35.00%
Output	Number of unduplicated certificates one year in length or more awarded to financially at-risk students	0.0	NEW	NEW	10.0	0.0

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.

Recommended Language

The other state funds appropriation to the health sciences center of the university of New Mexico in the instruction and general purposes category includes five hundred eighty-one thousand five hundred dollars (\$581,500) from the tobacco settlement program fund.

The other state funds appropriations to the health sciences center research and public service projects of the university of New Mexico include two million two hundred seventy-seven thousand six hundred dollars (2,277,600) from the tobacco settlement program fund.

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
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	14.50%	12.26%	14.00%	14.00%	14.00%
Outcome	External revenue for research from federal or non-governmental sources, in millions	\$88.00	\$177.00	\$88.00	\$88.00	\$88.00
* Output	Pass rate of medical school students on United States medical licensing examination, step two clinical skills exam, on first attempt	99.00%	N/A	N/A	N/A	96.00%
* Outcome	Percent of nursing graduates passing the requisite licensure exam on first attempt	93.16%	96.70%	80.00%	80.00%	80.00%
Output	Turnaround time for autopsy reports at the office of the medical investigator	59.0	67.0	60.0	60.0	60.0
Outcome	Number of days to the next available appointment for orthopedic patients at Carrie Tingley hospital	1.0	1.0	1.0	1.0	1.0
Outcome	Average length of stay in newborn intensive care	10.0	23.0	25.0	25.0	25.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Percent of eligible patients entered on national cancer institute-approved therapeutic clinical trials in pediatric oncology	0.00%	88.00%	95.00%	95.00%	95.00%
Output	Percent of university of New Mexico-trained primary care residents practicing in New Mexico three years after completing residency	38.00%	42.00%	39.00%	39.00%	39.00%
Output	Number of university of New Mexico cancer center clinical trials	206.0	192.0	225.0	225.0	225.0
Output	American nurses credentialing center family nurse practitioner certification exam first attempt pass rate	100.00%	100.00%	85.00%	85.00%	85.00%
Output	First-time pass rate on the North American pharmacist licensure examination by doctor of pharmacy graduates	94.00%	93.00%	90.00%	90.00%	90.00%

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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Number of associate degrees awarded to at-risk students	0.0	NEW	NEW	10.0	0.0
* Output	Number of students enrolled, by headcount	0.0	16,089.0	16,250.0	16,250.0	18,250.0
Output	Number of degree-seeking undergraduate students enrolled, by headcount	0.0	12,166.0	12,898.0	12,400.0	14,400.0
Output	Number of first-time degree-seeking freshmen enrolled, by headcount	0.0	2,218.0	2,750.0	2,500.0	3,000.0
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	0.0	1,550.0	1,760.0	1,600.0	2,100.0
Output	Number of transfers enrolled, by headcount	0.0	642.0	900.0	900.0	1,100.0
Output	Number of dual credit students enrolled, by headcount	0.0	272.0	325.0	300.0	300.0
Output	Number of at-risk students enrolled, by headcount	0.0	8,111.0	7,250.0	7,500.0	8,200.0
Output	Number of graduate students enrolled, by headcount	0.0	3,173.0	2,827.0	3,250.0	3,500.0
Explanatory	Percent of undergraduate students, enrolled in at least fifteen credit hours, by headcount	0.00%	64.30%	N/A	N/A	N/A
* Output	Number of credit hours delivered	0.0	354,193.0	350,000.0	357,000.0	425,000.0
Output	Number of upper-level unrestricted, end-of-course student credit hours completed by undergraduate students	0.0	152,734.0	148,000.0	154,000.0	195,000.0
Output	Number of graduate-level unrestricted, end-of-course student credit hours completed by graduate students	0.0	41,007.0	40,000.0	42,000.0	48,000.0
Output	Number of unrestricted, end-of-course student credit hours completed by dual credit students	0.0	1,871.0	2,000.0	2,000.0	1,500.0
* Output	Number of unduplicated degree awards in the most recent academic year	3,064.0	3,041.0	3,300.0	3,300.0	3,800.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Number of unduplicated associate's degrees awarded	0.0	3.0	15.0	15.0	15.0
Output	Number of unduplicated baccalaureate degrees awarded	0.0	2,234.0	2,500.0	2,500.0	2,800.0
Output	Number of unduplicated master's degrees awarded	0.0	640.0	750.0	750.0	800.0
Output	Number of unduplicated doctoral or professional degrees awarded	0.0	120.0	150.0	150.0	200.0
Output	Number of unduplicated post-baccalaureate certificates awarded	0.0	61.0	70.0	70.0	150.0
Output	Number of awards conferred to students in high-demand fields in the most recent academic year	0.0	286.0	352.0	300.0	200.0
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators	0.0	N/A	N/A	N/A	N/A
Output	Number of baccalaureate degrees with classification and instructional program code 44.07 for social workers	0.0	40.0	50.0	50.0	150.0
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	0.0	41.0	60.0	50.0	150.0
Output	Number of baccalaureate degrees with classification and instructional program code 51.38 for nurses	0.0	119.0	145.0	130.0	150.0
Output	Number of master's degrees with classification and instructional program code 51.38 for nurses	0.0	4.0	7.0	7.0	20.0
Output	Number of master's degrees with classification and instructional program code 44.07 and 51.1503 for social workers	0.0	65.0	55.0	67.0	75.0
Output	Number of master's degrees with classification and instructional program code 13.04 for education administrators	0.0	17.0	35.0	25.0	50.0
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year	0.0	1,919.0	1,945.0	1,945.0	2,000.0
Output	Number of unduplicated baccalaureate degrees awarded to financially at-risk students	0.0	1,503.0	1,550.0	1,525.0	1,525.0
Output	Number of unduplicated master's degrees awarded to financially at-risk students	0.0	336.0	325.0	350.0	350.0
Output	Number of unduplicated doctoral or professional degrees awarded to financially at-risk students	0.0	63.0	40.0	60.0	75.0
Output	Number of unduplicated, post-baccalaureate certificates awarded to financially at-risk students	0.0	17.0	30.0	25.0	25.0
Output	Average number of years taken by degree-seeking first-time, full-time undergraduate students to complete a baccalaureate degree	4.4	4.2	4.2	4.1	4.1
Output	Average number of credits taken by degree-seeking undergraduate students to complete a baccalaureate degree	0.0	145.0	145.0	140.0	135.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
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)	0.0	341.0	500.0	400.0	500.0
Explanatory	Average number of credits transferred from New Mexico public two-year colleges by bachelor's degree recipients	0.0	69.0	N/A	N/A	N/A
* Outcome	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete a baccalaureate program within one hundred fifty percent of standard graduation time	51.10%	51.10%	60.00%	51.50%	65.00%
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	0.00%	27.30%	40.00%	28.00%	40.00%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	75.50%	75.50%	76.00%	76.00%	85.00%
Explanatory	Average institutional net price submitted to integrated postsecondary education data system in the student financial aid survey in February	\$0	\$11,467	N/A	N/A	N/A
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	0.00%	86.40%	N/A	N/A	N/A
Efficiency	Amount of education and related expenditures in the most recent fiscal year per full-time equivalent student	\$0	\$22,504	\$25,000	\$25,000	\$25,000
Efficiency	Amount of education and related expenditures in the most recent fiscal year per baccalaureate degree recipient	\$0	\$119,889	\$130,000	\$130,000	\$130,000
Outcome	External dollars supporting all programs from federal and non-governmental sources, for the most recent fiscal year, in millions, excluding state governmental funding sources	91.00%	93.90%	91.00%	91.00%	150.00%
Outcome	Six-year athlete graduation rate	84.0	84.0	85.0	85.0	85.0
Output	Total public television local broadcast production hours	\$223	\$179	\$230	\$200	Discontinued
Outcome	Total dollars of grants and contracts leveraged by agricultural experiment station faculty and researchers, in millions	\$19	\$19	\$20	\$20	\$50
Output	Number of clientele contacts with the public by the cooperative extension service	25,581,103.0	22,400,348.0	550,000.0	550,000.0	Discontinued
Output	Number of inspections completed by the standards and consumer services division of the New Mexico department of agriculture	88,314.0	55,259.0	100,000.0	60,000.0	Discontinued
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students	0.0	140,100.0	145,000.0	145,000.0	210,000.0

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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Percent of a fall cohort of first-time, full-time students who have graduated, transferred, or who are still enrolled within one hundred fifty percent of standard graduation time	0.0%	NEW	NEW	70.0%	Discontinued
* Output	Number of students enrolled reported, by headcount	0.0	1,673.0	2,000.0	2,000.0	2,200.0
Output	Number of degree-seeking undergraduate students enrolled, by headcount	0.0	928.0	880.0	800.0	1,500.0
Output	Number of first-time degree-seeking freshmen enrolled, by headcount	0.0	77.0	110.0	125.0	350.0
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	0.0	58.0	100.0	100.0	300.0
Output	Number of transfers enrolled reported, by headcount	0.0	110.0	110.0	120.0	120.0
Output	Number of dual credit students enrolled, by headcount	0.0	191.0	220.0	250.0	150.0
Output	Number of at-risk students enrolled, by headcount	0.0	378.0	300.0	400.0	400.0
Output	Percent of undergraduate students, enrolled in twelve or more credit hours, by headcount	0.00%	16.00%	4.00%	18.00%	18.00%
* Output	Number of credit hours delivered	0.0	14,069.0	14,300.0	14,500.0	25,000.0
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students	0.0	10,792.0	9,600.0	11,000.0	18,000.0
Output	Number of unrestricted, end-of-course student credit hours completed by dual credit students	0.0	1,178.0	650.0	1,500.0	1,500.0
Output	Number of unduplicated awards conferred in the most recent academic year	0.0	115.0	110.0	130.0	130.0
* Output	Number of certificates and associate degrees awarded within the most recent academic year	207.0	120.0	115.0	135.0	135.0
Output	Number of unduplicated certificates under one year in length awarded	0.0	36.0	20.0	40.0	40.0
Output	Number of unduplicated certificates one year in length or more awarded	0.0	9.0	3.0	15.0	15.0
Output	Number of awards conferred to students in high-demand fields in the most recent academic year	0.0	4.0	3.0	6.0	6.0
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	N/A	N/A	N/A	N/A
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators	0.0	3.0	4.0	6.0	6.0
Output	Number of associate's degrees of nursing conferred	0.0	N/A	N/A	N/A	Discontinued
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year	0.0	52.0	70.0	70.0	70.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Number of unduplicated certificates under one year in length awarded to financially at-risk students	0.0	17.0	20.0	25.0	25.0
Output	Number of unduplicated certificates one year in length or more awarded to financially at-risk students	0.0	7.0	5.0	10.0	10.0
Output	Number of unduplicated associate's degrees awarded to financially at-risk students	0.0	31.0	55.0	55.0	55.0
Output	Average number of years taken by degree-seeking first-time, full-time students to earn an associate's degree	3.5	3.3	3.5	3.2	3.2
Output	Average number of credits taken by degree-seeking undergraduate students to complete an associate's degree	0.0	79.8	95.0	75.0	65.0
* 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	11.00%	13.60%	Discontinued	Discontinued	14.40%
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	0.00%	NEW	35.00%	25.00%	35.00%
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	0.00%	3.40%	Discontinued	Discontinued	9.40%
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	0.00%	NEW	30.00%	15.00%	15.00%
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	0.00%	7.90%	Discontinued	Discontinued	9.40%
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.	0.00%	NEW	30.00%	15.00%	25.00%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	51.00%	54.80%	55.00%	60.00%	60.00%
Efficiency	Amount of education and related expenditures in the most recent fiscal year per full-time equivalent student	\$0	\$16,921	\$18,000	\$17,000	\$17,000
Efficiency	Amount of education and related expenditures in the most recent fiscal year per associate's degree recipient	\$0	\$125,627	\$75,000	\$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	\$1	\$60	\$1	\$1

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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Output	Number of students enrolled, by headcount	0.0	1,364.0	3,272.0	1,360.0	2,500.0
Output	Number of degree-seeking undergraduate students enrolled, by headcount	0.0	665.0	845.0	595.0	1,500.0
Output	Number of first-time degree-seeking freshmen enrolled, by headcount	0.0	170.0	179.0	160.0	350.0
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	0.0	137.0	197.0	125.0	300.0
Output	Number of transfers enrolled, by headcount	0.0	89.0	127.0	75.0	75.0
Output	Number of dual credit students enrolled, by headcount	0.0	709.0	1,277.0	650.0	250.0
Output	Number of at-risk students enrolled, by headcount	0.0	490.0	916.0	450.0	450.0
Output	Percent of undergraduate students, enrolled in twelve or more credit hours, by headcount	0.00%	2.00%	2.00%	1.00%	55.00%
* Output	Number of credit hours delivered	0.0	17,308.0	26,332.0	16,500.0	30,000.0
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students	0.0	12,371.0	24,867.0	11,700.0	18,000.0
Output	Number of unrestricted, end-of-course student credit hours completed by dual credit students	0.0	6,094.0	9,252.0	5,600.0	1,500.0
* Output	Number of awards conferred within the most recent academic year	123.0	145.0	135.0	135.0	180.0
Output	Number of unduplicated certificates under one year in length awarded	0.0	11.0	10.0	10.0	20.0
Output	Number of unduplicated certificates one year in length or more awarded	0.0	16.0	5.0	8.0	50.0
Output	Number of unduplicated associate's degrees awarded	0.0	122.0	118.0	118.0	150.0
Output	Number of awards conferred to students in high-demand fields in the most recent academic year	0.0	17.0	18.0	18.0	38.0
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators	0.0	4.0	1.0	1.0	10.0
Output	Number of associate's degrees of nursing conferred	0.0	13.0	13.0	13.0	24.0
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year	0.0	29.0	135.0	29.0	29.0
Output	Number of unduplicated certificates under one year in length awarded to financially at-risk students	0.0	1.0	1.0	1.0	29.0
Output	Number of unduplicated certificates one year in length or more awarded to financially at-risk students	0.0	4.0	2.0	2.0	45.0
Output	Number of unduplicated associate's degrees awarded to financially at-risk students	0.0	24.0	42.0	20.0	150.0
Outcome	Average number of years taken by degree-seeking first-time, full-time students to earn an associate's degree	3.3	4.0	4.0	4.0	3.2
Output	Average number of credits taken by degree-seeking undergraduate students to complete an associate's degree	0.0	82.0	99.0	70.0	65.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* 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	14.00%	14.00%	Discontinued	Discontinued	35.00%
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	0.00%	NEW	35.00%	10.00%	35.00%
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	0.00%	10.00%	Discontinued	Discontinued	15.00%
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	0.00%	NEW	30.00%	18.00%	20.00%
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	0.00%	19.00%	Discontinued	Discontinued	25.00%
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.	0.00%	NEW	30.00%	10.00%	25.00%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	54.00%	64.00%	55.00%	55.00%	55.00%
Efficiency	Amount of education and related expenditures in the most recent fiscal year per full-time equivalent student	\$0	\$14,436	\$15,761	\$15,761	\$15,761
Efficiency	Amount of education and related expenditures in the most recent fiscal year per associate's degree recipient	\$0	\$107,412	\$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	\$0	\$1	\$8	\$8	\$8
Outcome	Percent of a fall cohort of first-time, full-time students who have graduated, transferred, or who are still enrolled within one hundred fifty percent of standard graduation time.	0.0%	NEW	NEW	34.0%	Discontinued

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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Percent of a fall cohort of first-time, full-time students who have graduated, transferred, or who are still enrolled within one hundred fifty percent of standard graduation time.	0.0%	NEW	NEW	45.0%	Discontinued
* Output	Number of students enrolled, by headcount	0.0	9,107.0	9,600.0	8,900.0	9,600.0
Output	Number of degree-seeking undergraduate students enrolled, by headcount	0.0	6,312.0	7,040.0	6,100.0	7,000.0
Output	Number of first-time degree-seeking freshmen enrolled, by headcount	0.0	1,364.0	1,540.0	1,320.0	1,800.0
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	0.0	1,155.0	1,595.0	1,120.0	1,350.0
Output	Number of transfers enrolled, by headcount	0.0	428.0	450.0	420.0	420.0
Output	Number of dual credit students enrolled, by headcount	0.0	1,021.0	1,100.0	1,100.0	500.0
Output	Number of at-risk students enrolled, by headcount	0.0	3,507.0	5,400.0	4,000.0	4,500.0
Output	Percent of undergraduate students, enrolled in twelve or more credit hours, by headcount	0.00%	5.00%	5.00%	23.00%	55.00%
* Output	Number of credit hours delivered	0.0	118,354.0	130,000.0	115,000.0	195,000.0
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students	0.0	105,618.0	120,000.0	105,000.0	165,000.0
Output	Number of unrestricted, end-of-course student credit hours completed by dual credit students	0.0	12,372.0	12,000.0	12,400.0	5,000.0
Output	Number of unduplicated awards conferred in the most recent academic year	0.0	1,092.0	1,160.0	1,200.0	1,200.0
Output	Number of unduplicated certificates under one year in length awarded	0.0	74.0	70.0	80.0	80.0
Output	Number of unduplicated certificates one year in length or more awarded	0.0	312.0	280.0	350.0	350.0
Output	Number of unduplicated associate's degrees awarded	0.0	811.0	900.0	950.0	950.0
Output	Number of awards conferred to students in high-demand fields in the most recent academic year	0.0	61.0	45.0	65.0	85.0
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	N/A	N/A	N/A	N/A
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators	0.0	25.0	25.0	25.0	35.0
Output	Number of associate's degrees of nursing conferred	0.0	N/A	N/A	N/A	N/A
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year	0.0	487.0	575.0	500.0	500.0
Output	Number of unduplicated certificates under one year in length awarded to financially at-risk students	0.0	23.0	35.0	30.0	35.0
Output	Number of unduplicated certificates one year in length or more awarded to financially at-risk students	0.0	121.0	135.0	130.0	135.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Number of unduplicated associate's degrees awarded to financially at-risk students	0.0	343.0	475.0	350.0	475.0
Outcome	Average number of years taken by degree-seeking first-time, full-time students to earn an associate's degree	3.9	3.8	4.0	3.8	3.2
Output	Average number of credits taken by degree-seeking undergraduate students to complete an associate's degree	0.0	80.2	90.0	78.0	65.0
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	0.00%	NEW	35.00%	4.00%	35.00%
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	0.00%	3.00%	Discontinued	Discontinued	20.00%
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	0.00%	NEW	30.00%	8.00%	20.00%
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	0.00%	9.00%	Discontinued	Discontinued	25.00%
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	0.00%	NEW	30.00%	11.00%	20.00%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	61.00%	64.00%	62.00%	66.00%	65.00%
Efficiency	Amount of education and related expenditures in the most recent fiscal year per full-time equivalent student	\$0	\$11,662	\$13,000	\$12,000	\$12,000
Efficiency	Amount of education and related expenditures in the most recent fiscal year per associate's degree recipient	\$0	\$60,166	\$65,000	\$60,000	\$60,000
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	\$2	\$2	\$3	\$3

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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Percent of a fall cohort of first-time, full-time students who have graduated, transferred, or who are still enrolled within one hundred fifty percent of standard graduation time	0.0%	NEW	NEW	50.0%	50.0%
Output	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.	0.0	N/A	N/A	20.0	20.0
* Output	Number of students enrolled, by headcount	0.0	1,363.0	1,159.0	1,200.0	2,400.0
Output	Number of degree-seeking undergraduate students enrolled, by headcount	0.0	336.0	350.0	330.0	880.0
Output	Number of first-time degree-seeking freshmen enrolled, by headcount	0.0	93.0	88.0	80.0	330.0
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	0.0	77.0	110.0	75.0	250.0
Output	Number of transfers enrolled, by headcount	0.0	36.0	37.0	30.0	60.0
Output	Number of dual credit students enrolled, by headcount	0.0	252.0	290.0	300.0	600.0
Output	Number of at-risk students enrolled, by headcount	0.0	344.0	517.0	300.0	600.0
Explanatory	Percent of undergraduate students, enrolled in twelve or more credit hours, by headcount	0.00%	2.00%	N/A	N/A	N/A
* Output	Number of credit hours delivered	0.0	7,197.0	8,390.0	8,500.0	25,500.0
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students	0.0	5,733.0	7,525.0	6,500.0	20,000.0
Output	Number of unrestricted, end-of-course student credit hours completed by dual credit students	0.0	1,313.0	1,460.0	1,000.0	2,000.0
* Output	Number of unduplicated awards conferred in the most recent academic year	0.0	66.0	60.0	50.0	100.0
Output	Number of certificates and associate degrees awarded within the most recent academic year	80.0	0.0	68.0	68.0	136.0
Output	Number of unduplicated certificates under one year in length awarded	0.0	0.0	2.0	2.0	12.0
Output	Number of unduplicated certificates one year in length or more awarded	0.0	35.0	25.0	20.0	40.0
Output	Number of unduplicated associate's degrees awarded	0.0	32.0	40.0	35.0	85.0
Output	Number of awards conferred to students in high-demand fields in the most recent academic year	0.0	0.0	3.0	3.0	38.0
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	N/A	N/A	N/A	1,999,998.0
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators	0.0	1.0	2.0	2.0	17.0
Output	Number of associate's degrees of nursing conferred	0.0	Discontinued	Discontinued	Discontinued	Discontinued
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year	0.0	28.0	27.0	25.0	50.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Number of unduplicated certificates under one year in length awarded to financially at-risk students	0.0	0.0	1.0	1.0	11.0
Output	Number of unduplicated certificates one year in length or more awarded to financially at-risk students	0.0	14.0	10.0	10.0	25.0
Output	Number of unduplicated associate's degrees awarded to financially at-risk students	0.0	14.0	20.0	20.0	35.0
Output	Average number of years taken by degree-seeking first-time, full-time students to earn an associate's degree	3.8	3.6	3.2	3.2	6.4
Output	Average number of credits taken by degree-seeking undergraduate students to complete an associate's degree	0.0	77.7	85.0	85.0	150.0
* 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	18.00%	28.00%	Discontinued	Discontinued	1,000,034.40%
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.	0.00%	NEW	35.00%	20.00%	55.00%
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	0.00%	14.00%	Discontinued	Discontinued	1,000,019.40%
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	0.00%	NEW	30.00%	4.00%	24.00%
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	0.00%	4.00%	Discontinued	Discontinued	1,000,024.40%
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	0.00%	NEW	30.00%	4.00%	29.00%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	54.00%	60.00%	53.00%	53.00%	113.00%
Efficiency	Amount of education and related expenditures in the most recent fiscal year per full-time equivalent student	\$0	\$21,025	\$9,075	\$8,075	\$16,150
Efficiency	Amount of education and related expenditures in the most recent fiscal year per associate's degree recipient	\$0	\$153,718	\$42,253	\$42,253	\$84,506
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	\$0.6	\$0.3	\$50.0	\$0.3	\$2.3

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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Output	Number of students enrolled, by headcount	0.0	6,460.0	4,100.0	4,100.0	4,800.0
Output	Number of degree-seeking undergraduate students enrolled, by headcount	0.0	3,720.0	3,960.0	3,600.0	4,000.0
Output	Number of first-time degree-seeking freshmen enrolled, by headcount	0.0	211.0	330.0	200.0	550.0
* Output	Number of first-time freshmen enrolled, who graduated from a New Mexico high school, by headcount	0.0	165.0	231.0	150.0	400.0
Output	Number of transfers enrolled, by headcount	0.0	499.0	425.0	450.0	450.0
Output	Number of dual credit students enrolled, by headcount	0.0	51.0	110.0	50.0	50.0
Output	Number of at-risk students enrolled, by headcount	0.0	3,096.0	1,000.0	1,000.0	1,000.0
Output	Number of graduate students enrolled, by headcount	0.0	2,740.0	3,000.0	2,000.0	2,000.0
Output	Percent of undergraduate students, enrolled in at least fifteen credit hours, by headcount	0.00%	45.50%	42.00%	45.00%	65.00%
* Output	Number of credit hours delivered	0.0	67,211.0	60,000.0	60,000.0	125,000.0
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students	0.0	17,982.0	15,000.0	15,000.0	35,000.0
Output	Number of upper-level unrestricted, end-of-course student credit hours completed by undergraduate students	0.0	28,187.0	22,500.0	22,500.0	50,000.0
Output	Number of graduate-level unrestricted, end-of-course student credit hours completed by graduate students	0.0	21,042.0	20,000.0	20,000.0	25,000.0
Output	Number of unrestricted, end-of-course student credit hours completed by dual credit students	0.0	220.0	750.0	200.0	200.0
* Output	Number of unduplicated degree awards in the most recent academic year, reported by baccalaureate, masters and doctorate degrees	803.0	751.0	800.0	750.0	825.0
Output	Number of unduplicated associate's degrees awarded	0.0	0.0	5.0	5.0	50.0
Output	Number of unduplicated baccalaureate degrees awarded	0.0	384.0	450.0	375.0	450.0
Output	Number of unduplicated master's degrees awarded	0.0	318.0	430.0	300.0	400.0
Output	Number of unduplicated post-baccalaureate certificates awarded	0.0	49.0	50.0	45.0	45.0
Output	Number of awards conferred to students in high-demand fields in the most recent academic year	0.0	203.0	300.0	200.0	370.0
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators	0.0	N/A	N/A	N/A	N/A
Output	Number of baccalaureate degrees with classification and instructional program code 51.1503 for social workers	0.0	81.0	110.0	80.0	110.0
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	0.0	37.0	25.0	25.0	50.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Number of baccalaureate degrees with classification and instructional program code 51.38 for nurses	0.0	35.0	60.0	35.0	60.0
Output	Number of master's degrees with classification and instructional program code 51.38 for nurses	0.0	N/A	N/A	N/A	N/A
Output	Number of master's degrees with classification and instructional program code 44.07 and 51.1503 for social workers	0.0	132.0	150.0	130.0	150.0
Output	Number of master's degrees with classification and instructional program code 13.04 for education administrators	0.0	12.0	20.0	10.0	25.0
Output	Number of unduplicated baccalaureate degrees awarded to financially at-risk students	0.0	193.0	275.0	180.0	310.0
Output	Average number of years taken by degree-seeking first-time, full-time undergraduate students to complete a baccalaureate degree	4.6	4.1	4.5	4.1	4.1
Output	Average number of credits taken by degree-seeking undergraduate students to complete a baccalaureate degree	0.0	137.0	140.0	140.0	125.0
Output	Number of bachelor's degrees awarded to transfer students who have earned at least thirty credit hours at a New Mexico public two-year college (including branches)	0.0	235.0	240.0	235.0	235.0
Explanatory	Average number of credits transferred from New Mexico public two-year colleges by bachelor's degree recipients	0.0	60.0	N/A	N/A	N/A
* Output	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete a baccalaureate program within one hundred fifty percent of standard graduation time	28.70%	28.70%	40.00%	22.00%	50.00%
Output	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete a baccalaureate program within one hundred percent of standard graduation time	0.00%	20.40%	35.00%	15.00%	25.00%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	53.00%	63.60%	55.00%	57.00%	65.00%
Efficiency	Amount of education and related expenditures in the most recent fiscal year per full-time equivalent student	\$0	\$45,780,679	\$8,500	\$8,500	\$8,500
Efficiency	Amount of education and related expenditures in the most recent fiscal year per baccalaureate degree recipient	\$0	\$45,780,679	\$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	\$11	\$11	\$15	\$11	\$11
Outcome	Six-year athlete graduation rate	31.00%	31.00%	29.00%	29.00%	85.00%

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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Output	Number of students enrolled, by headcount	0.0	3,598.0	4,000.0	3,700.0	4,500.0
Output	Number of degree-seeking undergraduate students enrolled, by headcount	0.0	1,808.0	2,750.0	2,000.0	2,500.0
* Output	Number of first-time degree-seeking freshmen enrolled, by headcount	0.0	262.0	220.0	250.0	500.0
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	0.0	193.0	330.0	200.0	400.0
Output	Number of transfers enrolled, by headcount	0.0	233.0	300.0	250.0	300.0
Output	Number of dual credit students enrolled, by headcount	0.0	524.0	100.0	500.0	100.0
Output	Number of at-risk students enrolled, by headcount	0.0	1,511.0	1,200.0	1,350.0	1,350.0
Output	Number of graduate students enrolled, by headcount	0.0	1,123.0	1,500.0	1,200.0	2,000.0
Explanatory	Percent of undergraduate students, enrolled in at least fifteen credit hours, by headcount	0.00%	39.20%	N/A	N/A	N/A
* Output	Number of credit hours delivered	0.0	56,861.0	43,000.0	45,000.0	90,000.0
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students	0.0	21,693.0	13,500.0	15,000.0	35,000.0
Output	Number of upper-level unrestricted, end-of-course student credit hours completed by undergraduate students	0.0	15,069.0	13,500.0	15,000.0	35,000.0
Output	Number of graduate-level unrestricted, end-of-course student credit hours completed by graduate students	0.0	15,538.0	5,000.0	7,500.0	20,000.0
Output	Number of unrestricted, end-of-course student credit hours completed by dual credit students	0.0	4,561.0	1,000.0	1,500.0	500.0
Output	Number of certificates and associate degree awarded within the most recent academic year	158.0	148.0	175.0	160.0	160.0
Output	Number of unduplicated baccalaureate degrees awarded	0.0	226.0	240.0	240.0	350.0
* Output	Number of unduplicated degree awards in the most recent academic year	767.0	635.0	600.0	600.0	800.0
Output	Number of unduplicated master's degrees awarded	0.0	253.0	250.0	250.0	250.0
Output	Number of unduplicated post-baccalaureate certificates awarded	0.0	114.0	55.0	75.0	75.0
Output	Number of awards conferred to students in high-demand fields in the most recent academic year.	0.0	255.0	230.0	250.0	250.0
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators	0.0	15.0	20.0	20.0	45.0
Output	Number of baccalaureate degrees with classification and instructional program code 44.07 for social workers	0.0	29.0	28.0	30.0	80.0
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	0.0	33.0	30.0	35.0	85.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Number of baccalaureate degrees with classification and instructional program code 51.38 for nurses	0.0	21.0	30.0	35.0	50.0
Output	Number of master's degrees with classification and instructional program code 51.38 for nurses	0.0	4.0	6.0	7.0	15.0
Output	Number of master's degrees with classification and instructional program code 44.07 and 51.1503 for social workers	0.0	138.0	120.0	130.0	150.0
Output	Number of master's degrees with classification and instructional program code 13.04 for education administrators	0.0	15.0	15.0	20.0	45.0
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year	0.0	259.0	350.0	300.0	300.0
Output	Number of unduplicated baccalaureate degrees awarded to financially at-risk students	0.0	117.0	200.0	200.0	200.0
Output	Number of unduplicated master's degrees awarded to financially at-risk students	0.0	60.0	30.0	30.0	90.0
Output	Number of unduplicated, post-baccalaureate certificates awarded to financially at-risk students	0.0	35.0	20.0	20.0	20.0
Output	Average number of years taken by degree-seeking first-time, full-time undergraduate students to complete a baccalaureate degree	6.1	4.4	5.5	4.5	4.1
Output	Average number of credits transferred from New Mexico public two-year colleges by bachelor's degree recipients	0.0	68.0	35.0	65.0	65.0
Output	Number of bachelor's degrees awarded to transfer students who have earned at least thirty credit hours at a New Mexico public two-year college (including branches)	0.0	41.0	150.0	50.0	150.0
Output	Average number of credits taken by degree-seeking undergraduate students to complete a baccalaureate degree	0.0	131.0	130.0	130.0	125.0
* 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	20.50%	25.00%	40.00%	25.00%	50.00%
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	0.00%	11.00%	35.00%	15.00%	50.00%

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	60.40%	66.00%	58.00%	60.00%	65.00%
Efficiency	Amount of education and related expenditures in the most recent fiscal year per full-time equivalent student	\$0	\$13,253	\$9,506	\$9,506	\$9,506
Efficiency	Amount of education and related expenditures in the most recent fiscal year per baccalaureate degree recipient	\$0	\$116,690	\$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	\$7	\$2	\$2	\$2
Outcome	Six-year athlete graduation rate	50.00%	32.00%	55.00%	35.00%	85.00%

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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Output	Number of students enrolled, by headcount	0.0	6,699.0	7,200.0	7,100.0	7,200.0
Output	Number of degree-seeking undergraduate students enrolled, by headcount	0.0	3,666.0	3,960.0	3,450.0	4,500.0
Output	Number of first-time degree-seeking freshmen enrolled, by headcount	0.0	461.0	440.0	425.0	650.0
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	0.0	355.0	385.0	350.0	450.0
Output	Number of transfers enrolled, by headcount	0.0	767.0	700.0	715.0	715.0
Output	Number of dual credit students enrolled, by headcount	0.0	925.0	1,100.0	1,000.0	500.0
Output	Number of at-risk students enrolled, by headcount	0.0	2,003.0	2,100.0	2,100.0	2,100.0
Output	Number of graduate students enrolled, by headcount	0.0	1,863.0	1,600.0	1,700.0	1,950.0
Explanatory	Percent of undergraduate students, enrolled in at least fifteen credit hours, by headcount	0.00%	31.00%	N/A	N/A	N/A
* Output	Number of credit hours delivered	0.0	100,361.0	102,000.0	103,000.0	153,000.0
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students	0.0	38,099.0	45,900.0	40,000.0	82,000.0
Output	Number of upper-level unrestricted, end-of-course student credit hours completed by undergraduate students	0.0	40,634.0	39,780.0	42,000.0	42,000.0
Output	Number of graduate-level unrestricted, end-of-course student credit hours completed by graduate students	0.0	16,182.0	16,320.0	17,000.0	17,000.0
Output	Number of unrestricted, end-of-course student credit hours completed by dual credit students	0.0	3,412.0	5,000.0	4,000.0	1,500.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Output	Number of unduplicated degree awards in the most recent academic year, reported by baccalaureate, masters and doctorate degrees	1,012.0	999.0	1,050.0	1,050.0	1,050.0
Output	Number of unduplicated associate's degrees awarded	0.0	266.0	230.0	250.0	250.0
Output	Number of unduplicated baccalaureate degrees awarded	0.0	687.0	690.0	700.0	700.0
Output	Number of unduplicated master's degrees awarded	0.0	292.0	289.0	315.0	315.0
Output	Number of unduplicated post-baccalaureate certificates awarded	0.0	21.0	5.0	15.0	15.0
Output	Number of awards conferred to students in high-demand fields in the most recent academic year	0.0	147.0	175.0	175.0	175.0
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators	0.0	N/A	N/A	N/A	N/A
Output	Number of baccalaureate degrees with classification and instructional program code 44.07 for social workers	0.0	36.0	35.0	40.0	120.0
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	0.0	47.0	26.0	50.0	125.0
Output	Number of baccalaureate degrees with classification and instructional program code 51.38 for nurses	0.0	21.0	25.0	25.0	50.0
Output	Number of master's degrees with classification and instructional program code 51.38 for nurses	0.0	17.0	14.0	20.0	25.0
Output	Number of master's degrees with classification and instructional program code 13.04 for education administrators	0.0	26.0	30.0	30.0	30.0
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year	0.0	529.0	590.0	550.0	550.0
Output	Number of unduplicated baccalaureate degrees awarded to financially at-risk students	0.0	323.0	385.0	350.0	350.0
Output	Number of unduplicated master's degrees awarded to financially at-risk students	0.0	81.0	45.0	85.0	85.0
Output	Number of unduplicated, post-baccalaureate certificates awarded to financially at-risk students	0.0	6.0	3.0	5.0	5.0
Output	Average number of years taken by degree-seeking first-time, full-time undergraduate students to complete a baccalaureate degree	4.0	4.2	4.8	4.0	4.0
Output	Average number of credits taken by degree-seeking undergraduate students to complete a baccalaureate degree	0.0	130.0	93.0	95.0	120.0
Output	Number of bachelor's degrees awarded to transfer students who have earned at least thirty credit hours at a New Mexico public two-year college (including branches)	0.0	135.0	230.0	145.0	145.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Explanatory	Average number of credits transferred from New Mexico public two-year colleges by bachelor's degree recipients	0.0	54.0	N/A	N/A	N/A
* Output	Percent of a cohort of first-time, full-time, degree-seeking freshmen who complete a baccalaureate program within one hundred fifty percent of standard graduation time	29.30%	29.29%	40.00%	34.00%	50.00%
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	0.00%	26.00%	35.00%	28.00%	28.00%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	61.10%	60.28%	64.00%	64.00%	65.00%
Explanatory	Average institutional net price submitted to integrated postsecondary education data system in the student financial aid survey in February	\$0	\$9,922	N/A	N/A	N/A
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	0.00%	82.00%	N/A	N/A	N/A
Efficiency	Amount of education and related expenditures in the most recent fiscal year per full-time equivalent student	\$0	\$14,889	\$13,000	\$13,000	\$13,000
Efficiency	Amount of education and related expenditures in the most recent fiscal year per baccalaureate degree recipient	\$0	\$83,830	\$80,000	\$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	\$5	\$5	\$5	\$5	\$5
Outcome	Six-year athlete graduation rate	29.60%	28.84%	37.00%	37.00%	85.00%
Output	Number of broadcast production hours for public television	837.0	934.0	340.0	1,000.0	Discontinued

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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Percent of a fall cohort of first-time, full-time students who have graduated, transferred, or who are still enrolled within one hundred fifty percent of standard graduation time	0.0%	NEW	NEW	35.0%	Discontinued
* Output	Number of students enrolled, by headcount	0.0	2,417.0	2,250.0	2,450.0	2,750.0
Output	Number of degree-seeking undergraduate students enrolled, by headcount	0.0	1,504.0	1,925.0	1,500.0	1,950.0
Output	Number of first-time degree-seeking freshmen enrolled, by headcount	0.0	379.0	275.0	380.0	500.0
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	0.0	310.0	248.0	315.0	425.0
Output	Number of transfers enrolled, by headcount	0.0	140.0	65.0	65.0	65.0
Output	Number of dual credit students enrolled, by headcount	0.0	815.0	1,000.0	850.0	500.0
Output	Number of at-risk students enrolled, by headcount	0.0	763.0	700.0	780.0	780.0
Output	Percent of undergraduate students, enrolled in twelve or more credit hours, by headcount	0.00%	14.00%	15.00%	15.00%	50.00%
* Output	Number of credit hours delivered	0.0	31,812.0	32,000.0	34,000.0	55,000.0
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students	0.0	29,219.0	27,000.0	29,000.0	50,000.0
Output	Number of unrestricted, end-of-course student credit hours completed by dual credit students	0.0	5,750.0	9,000.0	7,000.0	5,000.0
Output	Number of unduplicated awards conferred in the most recent academic year	473.0	359.0	500.0	400.0	500.0
Output	Number of unduplicated certificates under one year in length awarded	0.0	50.0	186.0	150.0	150.0
Output	Number of unduplicated certificates one year in length or more awarded	0.0	113.0	100.0	120.0	120.0
Output	Number of unduplicated associate's degrees awarded	0.0	195.0	100.0	150.0	150.0
Output	Number of awards conferred to students in high-demand fields in the most recent academic year	0.0	44.0	11.0	16.0	50.0
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators	0.0	8.0	9.0	10.0	20.0
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year	0.0	197.0	350.0	250.0	350.0
Output	Number of unduplicated certificates under one year in length awarded to financially at-risk students	0.0	26.0	100.0	150.0	150.0
Output	Number of unduplicated certificates one year in length or more awarded to financially at-risk students	0.0	71.0	100.0	85.0	85.0
Output	Number of unduplicated associate's degrees awarded to financially at-risk students	0.0	99.0	80.0	110.0	110.0
Output	Average number of years taken by degree-seeking first-time, full-time students to earn an associate's degree	3.4	3.9	3.6	3.7	3.2

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Average number of credits taken by degree-seeking undergraduate students to complete an associate's degree	0.0	82.0	70.0	75.0	65.0
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	0.00%	NEW	35.00%	35.00%	35.00%
* 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	31.00%	34.50%	Discontinued	Discontinued	35.00%
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	0.00%	7.00%	Discontinued	Discontinued	15.00%
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	0.00%	NEW	30.00%	27.00%	15.00%
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	0.00%	17.00%	Discontinued	Discontinued	25.00%
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	0.00%	NEW	30.00%	22.00%	25.00%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	55.00%	44.00%	49.50%	55.00%	60.00%
Efficiency	Amount of education and related expenditures in the most recent fiscal year per full-time-equivalent student	\$0	\$14,211	\$13,250	\$14,500	\$14,500
Efficiency	Amount of education and related expenditures in the most recent fiscal year per associate's degree recipient	\$0	\$77,250	\$92,740	\$92,740	\$15,696
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	\$7	\$5	\$4	\$4

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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Percent of a fall cohort of first-time students who have graduated, transferred, or who are still enrolled within one hundred fifty percent of standard graduation time	0.0%	NEW	NEW	20.0%	0.0%
* Output	Number of students enrolled, by headcount	0.0	725.0	901.0	800.0	1,125.0
Output	Number of degree-seeking undergraduate students enrolled, reported by headcount	0.0	444.0	605.0	500.0	750.0
* Output	Number of first-time degree-seeking freshmen enrolled, by headcount	0.0	42.0	105.0	50.0	300.0
Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	0.0	29.0	83.0	30.0	300.0
Output	Number of transfers enrolled, by headcount	0.0	61.0	83.0	75.0	75.0
Output	Number of dual credit students enrolled, by headcount	0.0	246.0	305.0	305.0	150.0
Output	Number of at-risk students enrolled, by headcount	0.0	295.0	270.0	270.0	300.0
Output	Percent of undergraduate students, enrolled in twelve or more credit hours, by headcount	0.00%	7.45%	5.00%	Discontinued	55.00%
* Output	Number of credit hours delivered	0.0	8,122.0	8,361.0	8,361.0	20,000.0
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students	0.0	5,429.0	6,206.0	6,206.0	15,000.0
Output	Number of unrestricted, end-of-course student credit hours completed by dual credit students	0.0	2,533.0	2,965.0	2,965.0	2,000.0
* Output	Number of unduplicated awards conferred in the most recent academic year	53.0	69.0	75.0	75.0	75.0
Output	Number of unduplicated certificates under one year in length awarded	0.0	21.0	23.0	23.0	25.0
Output	Number of unduplicated certificates one year in length or more awarded	0.0	15.0	5.0	5.0	15.0
Output	Number of unduplicated associate's degrees awarded	0.0	44.0	41.0	41.0	45.0
Output	Number of awards conferred to students in high-demand fields in the most recent academic year	0.0	5.0	1.0	2.0	25.0
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators	0.0	N/A	N/A	N/A	N/A
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year	0.0	44.0	28.0	30.0	55.0
Output	Number of unduplicated certificates under one year in length awarded to financially at-risk students	0.0	11.0	7.0	8.0	25.0
Output	Number of unduplicated certificates one year in length or more awarded to financially at-risk students	0.0	11.0	2.0	3.0	25.0
Output	Number of unduplicated associate's degrees awarded to financially at-risk students	0.0	23.0	18.0	19.0	25.0
Output	Average number of years taken by degree-seeking first-time, full-time students to earn an associate's degree	3.1	3.3	3.0	3.0	3.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Average number of credits taken by degree-seeking undergraduate students to complete an associate's degree	0.0	77.7	90.0	85.0	65.0
* 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	0.00%	18.20%	Discontinued	Discontinued	35.00%
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	0.00%	NEW	35.00%	20.00%	35.00%
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	0.00%	4.00%	Discontinued	Discontinued	15.00%
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	0.00%	NEW	30.00%	15.00%	15.00%
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	0.00%	7.00%	Discontinued	Discontinued	25.00%
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.	0.00%	NEW	30.00%	25.00%	25.00%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	39.00%	34.00%	41.00%	41.00%	60.00%
Efficiency	Amount of education and related expenditures in the most recent fiscal year per full-time-equivalent student	\$0	\$14,211	\$14,984	\$14,984	\$14,984
Efficiency	Amount of education and related expenditures in the most recent fiscal year per associate's degree recipient	\$0	\$77,250	\$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	\$1	\$2	\$2	\$2

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.

Recommended Language

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.

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Output	Number of students enrolled, by headcount	0.0	1,659.0	1,900.0	1,900.0	2,350.0
Output	Number of degree-seeking undergraduate students enrolled, by headcount	0.0	2,519.0	1,430.0	1,300.0	1,900.0
Output	Number of first-time degree-seeking freshmen enrolled, by headcount	0.0	286.0	385.0	330.0	460.0
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	0.0	248.0	330.0	280.0	325.0
Output	Number of transfers enrolled, by headcount	0.0	75.0	90.0	75.0	150.0
Output	Number of dual credit students enrolled, by headcount	0.0	13.0	10.0	10.0	15.0
Output	Number of at-risk students enrolled, by headcount	0.0	911.0	550.0	800.0	800.0
Output	Number of graduate students enrolled, by headcount	0.0	859.0	480.0	450.0	450.0
Output	Percent of undergraduate students, enrolled in at least fifteen credit hours, by headcount	0.00%	78.10%	55.00%	70.00%	85.00%
* Output	Number of credit hours delivered	0.0	42,692.0	45,000.0	43,500.0	49,500.0
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students	0.0	18,512.0	22,000.0	20,000.0	25,000.0
Output	Number of upper-level unrestricted, end-of-course student credit hours completed by undergraduate students	0.0	15,510.0	17,500.0	17,000.0	17,000.0
Output	Number of graduate-level unrestricted, end-of-course student credit hours completed by graduate students	0.0	6,508.0	6,350.0	6,500.0	6,500.0
Output	Number of unrestricted, end-of-course student credit hours completed by dual credit students	0.0	38.0	77.0	40.0	500.0
* Output	Number of unduplicated awards conferred in the most recent academic year	0.0	335.0	335.0	300.0	450.0
Output	Number of unduplicated associate's degrees awarded	0.0	1.0	3.0	2.0	5.0
Output	Number of unduplicated baccalaureate degrees awarded	0.0	216.0	220.0	200.0	275.0
Output	Number of unduplicated master's degrees awarded	0.0	96.0	110.0	100.0	125.0
Output	Number of unduplicated doctoral or professional degrees awarded	0.0	16.0	11.0	12.0	45.0
Output	Number of unduplicated post-baccalaureate certificates awarded	0.0	6.0	1.0	5.0	5.0
Output	Number of awards conferred to students in high-demand fields in the most recent academic year	0.0	N/A	N/A	N/A	N/A
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year	0.0	139.0	130.0	130.0	130.0
Output	Number of unduplicated baccalaureate degrees awarded to financially at-risk students	0.0	154.0	114.0	100.0	100.0
Output	Number of unduplicated master's degrees awarded to financially at-risk students	0.0	28.0	14.0	20.0	20.0
Output	Number of unduplicated doctoral or professional degrees awarded to financially at-risk students	0.0	2.0	2.0	2.0	2.0
Output	Number of unduplicated, post-baccalaureate certificates awarded to financially at-risk students	0.0	4.0	2.0	2.0	2.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Average number of years taken by degree-seeking first-time, full-time undergraduate students to complete a baccalaureate degree	4.8	4.7	5.0	5.0	4.2
Output	Average number of credits taken by degree-seeking undergraduate students to complete a baccalaureate degree	0.0	152.0	150.0	150.0	130.0
Output	Number of bachelor's degrees awarded to transfer students who have earned at least thirty credit hours at a New Mexico public two-year college	0.0	25.0	24.0	25.0	50.0
* 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	54.40%	54.10%	60.00%	50.00%	65.00%
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	0.00%	38.30%	40.00%	35.00%	40.00%
Outcome	Percent of first-time, full-time freshmen retained to the third semester	0.00%	80.80%	80.00%	80.00%	85.00%
Efficiency	Amount of education and related expenditures in the most recent fiscal year per full-time equivalent student	\$0	\$27,663	\$25,000	\$25,000	\$25,000
Efficiency	Amount of education and related expenditures in the most recent fiscal year per baccalaureate degree recipient	\$0	\$122,043	\$160,000	\$140,000	\$140,000
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	\$42	\$51	\$90	\$60	\$60
Output	Return on investment for state funding received for the petroleum research recovery center	0/0	4/0	3/1	3/0	3/0
Outcome	Number of active research projects for the most recent fiscal year for the bureau of geology and mineral resources	0.0	87.0	65.0	87.0	87.0
Outcome	Geophysical research center: external research funding from non-state government sources, in millions	\$7,100,000.00	\$7.00	\$7.50	\$7.00	\$7.00

BUREAU OF MINE SAFETY**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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Output	Number of students enrolled, by headcount	0.0	1,509.0	1,400.0	1,510.0	1,510.0
Output	Number of degree-seeking undergraduate students enrolled, by headcount	0.0	2,947.0	1,243.0	2,950.0	2,950.0
Output	Number of first-time degree-seeking freshmen enrolled, by headcount	0.0	125.0	242.0	220.0	220.0
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	0.0	118.0	231.0	118.0	118.0
Output	Number of transfers enrolled, by headcount	0.0	166.0	135.0	165.0	165.0
Output	Number of dual credit students enrolled, by headcount	0.0	538.0	275.0	540.0	540.0
Output	Number of at-risk students enrolled, by headcount	0.0	965.0	650.0	965.0	965.0
Output	Percent of undergraduate students, enrolled in twelve or more credit hours, by headcount	0.00%	40.50%	46.00%	46.00%	46.00%
* Output	Number of credit hours delivered	0.0	26,352.0	23,700.0	23,700.0	23,700.0
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students	0.0	18,548.0	18,500.0	18,500.0	18,500.0
Output	Number of upper-level unrestricted, end-of-course student credit hours completed by undergraduate students	0.0	4,759.0	5,000.0	5,000.0	5,000.0
Output	Number of unrestricted, end-of-course student credit hours completed by dual credit students	0.0	3,045.0	2,700.0	3,050.0	3,050.0
* Output	Number of unduplicated degree awards in the most recent academic year, reported by baccalaureate, masters and doctorate degrees	62.0	77.0	80.0	80.0	80.0
Output	Number of unduplicated associate's degrees awarded	0.0	129.0	110.0	130.0	130.0
Output	Number of unduplicated baccalaureate degrees awarded	0.0	77.0	80.0	80.0	80.0
Output	Number of unduplicated post-baccalaureate certificates awarded	0.0	N/A	N/A	N/A	N/A
Output	Number of awards conferred to students in high-demand fields in the most recent academic year	0.0	63.0	60.0	65.0	65.0
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators	0.0	19.0	8.0	20.0	20.0
Output	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	0.0	31.0	25.0	32.0	32.0
Output	Number of baccalaureate degrees with classification and instructional program code 51.38 for nurses	0.0	19.0	20.0	20.0	20.0
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year	0.0	113.0	30.0	115.0	115.0
Output	Number of unduplicated baccalaureate degrees awarded to financially at-risk students	0.0	37.0	5.0	40.0	40.0
Output	Number of unduplicated, post-baccalaureate certificates awarded to financially at-risk students	0.0	N/A	15.0	15.0	15.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Average number of years taken by degree-seeking first-time, full-time undergraduate students to complete a baccalaureate degree	4.8	4.8	6.0	6.0	4.2
Output	Average number of credits taken by degree-seeking undergraduate students to complete a baccalaureate degree	0.0	143.0	120.0	120.0	120.0
Output	Number of bachelor's degrees awarded to transfer students who have earned at least thirty credit hours at a New Mexico public two-year college	0.00%	5.00%	15.00%	15.00%	15.00%
* 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	22.00%	20.00%	40.00%	30.00%	65.00%
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	0.00%	4.65%	35.00%	20.00%	35.00%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	48.00%	48.10%	55.00%	55.00%	75.00%
Efficiency	Amount of education and related expenditures in the most recent fiscal year per full-time equivalent student	\$0	\$3,849	\$8,700	\$8,700	\$8,700
Efficiency	Amount of education and related expenditures in the most recent fiscal year per baccalaureate degree recipient	\$0	\$43,840	\$100,000	\$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	\$8	\$18	\$8	\$18	\$18
Outcome	Six-year athlete graduation rate	30.00%	43.00%	30.00%	45.00%	85.00%

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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Percent of a fall cohort of first-time, full-time students who have graduated, transferred, or who are still enrolled within one hundred fifty percent of standard graduation time	0.0%	NEW	NEW	54.0%	Discontinued
* Output	Number of students enrolled, by headcount	0.0	5,430.0	5,381.0	5,430.0	7,240.0
Output	Number of degree-seeking undergraduate students enrolled, by headcount	0.0	3,433.0	3,255.0	2,959.0	4,320.0
Output	Number of first-time degree-seeking freshmen enrolled, by headcount	0.0	206.0	226.0	205.0	750.0
Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	0.0	169.0	186.0	169.0	650.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Number of transfers enrolled, by headcount	0.0	756.0	504.0	504.0	504.0
Output	Number of dual credit students enrolled, by headcount	0.0	1,087.0	765.0	765.0	250.0
Output	Number of at-risk students enrolled, by headcount	0.0	1,296.0	628.0	628.0	628.0
Output	Percent of undergraduate students, enrolled in twelve or more credit hours, by headcount	0.00%	5.60%	4.80%	4.80%	55.00%
* Output	Number of credit hours delivered	0.0	48,577.0	46,985.0	48,577.0	75,000.0
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students	0.0	41,621.0	40,717.0	40,717.0	65,000.0
Output	Number of unrestricted, end-of-course student credit hours completed by dual credit students	0.0	6,956.0	6,268.0	6,268.0	1,250.0
* Output	Number of unduplicated awards conferred in the most recent academic year	677.0	535.0	574.0	535.0	535.0
Output	Number of unduplicated certificates under one year in length awarded	0.0	62.0	125.0	62.0	62.0
Output	Number of unduplicated certificates one year in length or more awarded	0.0	236.0	240.0	236.0	236.0
Output	Number of unduplicated associate's degrees awarded	0.0	237.0	208.0	237.0	237.0
Output	Number of awards conferred to students in high-demand fields in the most recent academic year	0.0	65.0	134.0	65.0	65.0
Output	Number of certificates with CIP code 13.12 for elementary and secondary school educators, conferred to students that completed an alternative teacher licensure program	0.0	58.0	49.0	49.0	75.0
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators	0.0	14.0	7.0	7.0	25.0
Outcome	Number of associate's degrees of nursing conferred	0.0	NEW	24.0	24.0	Discontinued
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year	0.0	196.0	164.0	164.0	164.0
Output	Number of unduplicated certificates under one year in length awarded to financially at-risk students	0.0	13.0	19.0	19.0	19.0
Output	Number of unduplicated certificates one year in length or more awarded to financially at-risk students	0.0	65.0	43.0	43.0	43.0
Output	Number of unduplicated associate's degrees awarded to financially at-risk students	0.0	118.0	101.0	101.0	101.0
Output	Average number of years taken by degree-seeking first-time, full-time students to earn an associate's degree	4.4	4.3	5.0	5.0	3.2
Output	Average number of credits taken by degree-seeking undergraduate students to complete an associate's degree	0.0	95.1	95.0	95.0	65.0
* 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	25.00%	8.10%	Discontinued	Discontinued	Discontinued

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	0.00%	NEW	35.00%	19.00%	35.00%
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	0.00%	2.30%	Discontinued	Discontinued	15.00%
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	0.00%	NEW	30.00%	10.00%	15.00%
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	0.00%	5.90%	Discontinued	Discontinued	25.00%
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	0.00%	NEW	30.00%	15.00%	15.00%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	68.00%	53.00%	50.00%	50.00%	60.00%
Efficiency	Amount of education and related expenditures in the most recent fiscal year per full-time-equivalent student	\$0	\$18,001	\$20,152	\$18,001	\$18,001
Efficiency	Amount of education and related expenditures in the most recent fiscal year per associate's degree recipient	\$0	\$171,374	\$187,195	\$171,374	\$171,374
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	\$5	\$5	\$4	\$4	\$4
Output	Cost per job created or saved at small business development centers	\$1,827	\$644	\$5,000	\$5,000	\$2,300

SFCC RESEARCH AND PUBLIC SERVICE PROJECTS**Recommended Language**

The general fund appropriation to the small business development centers over the small business development centers' general fund appropriation from fiscal year 2022 includes one hundred thousand dollars (\$100,000) for the international business accelerator.

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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Percent of a fall cohort of first-time, full-time students who have graduated, transferred, or who are still enrolled within one hundred fifty percent of standard graduation time	0.0%	NEW	NEW	57.5%	Discontinued
* Output	Number of students enrolled, by headcount	0.0	31,141.0	32,500.0	32,500.0	32,500.0
Output	Number of degree-seeking undergraduate students enrolled, by headcount	0.0	29,182.0	28,408.0	29,300.0	29,300.0
Output	Number of first-time degree-seeking freshmen enrolled, by headcount	0.0	1,893.0	2,640.0	2,400.0	2,400.0
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	0.0	1,565.0	2,283.0	2,075.0	2,075.0
Output	Number of transfers enrolled, by headcount	0.0	1,913.0	2,150.0	2,150.0	2,150.0
Output	Number of dual credit students enrolled, by headcount	0.0	4,473.0	4,850.0	4,850.0	4,850.0
Output	Number of at-risk students enrolled, by headcount	0.0	11,306.0	12,395.0	12,395.0	12,395.0
Output	Percent of undergraduate students, enrolled in twelve or more credit hours, by headcount	0.00%	4.20%	6.00%	27.00%	27.00%
* Output	Number of credit hours delivered	0.0	323,984.0	355,215.0	355,215.0	355,215.0
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students	0.0	313,249.0	326,725.0	326,725.0	326,725.0
Output	Number of unrestricted, end-of-course student credit hours completed by dual credit students	0.0	29,229.0	33,000.0	33,000.0	33,000.0
* Output	Number of unduplicated awards conferred in the most recent academic year	6,765.0	6,235.0	8,000.0	8,000.0	8,000.0
Output	Number of unduplicated certificates under one year in length awarded	0.0	906.0	1,200.0	1,200.0	1,200.0
Output	Number of unduplicated certificates one year in length or more awarded	0.0	3,855.0	3,200.0	3,500.0	3,500.0
Output	Number of unduplicated associate's degrees awarded	0.0	3,387.0	3,800.0	3,800.0	3,800.0
Output	Number of awards conferred to students in high-demand fields in the most recent academic year	0.0	412.0	410.0	415.0	415.0
Output	Number of certificates with CIP code 13.12 for elementary and secondary school educators, conferred to students that completed an alternative teacher licensure program	0.0	86.0	75.0	80.0	80.0
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators	0.0	58.0	90.0	90.0	90.0
Output	Number of associate's degrees of nursing conferred	0.0	35.0	45.0	45.0	45.0
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year	0.0	2,137.0	2,450.0	2,450.0	2,450.0
Output	Number of unduplicated certificates under one year in length awarded to financially at-risk students	0.0	360.0	500.0	500.0	500.0
Output	Number of unduplicated certificates one year in length or more awarded to financially at-risk students	0.0	1,624.0	1,590.0	1,600.0	1,600.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Number of unduplicated associate's degrees awarded to financially at-risk students	0.0	1,568.0	1,990.0	1,990.0	1,990.0
Output	Average number of years taken by degree-seeking first-time, full-time students to earn an associate's degree	3.3	3.5	3.3	3.3	3.2
Output	Average number of credits taken by degree-seeking undergraduate students to complete an associate's degree	0.0	68.0	70.0	70.0	65.0
* Outcome	Percent of a cohort of first-time, full-time, degree- or certificate-seeking community college students who complete an academic program within one hundred fifty percent of standard graduation time	29.30%	30.60%	35.00%	30.00%	35.00%
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	0.00%	12.10%	Discontinued	Discontinued	17.00%
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	0.00%	NEW	30.00%	17.00%	17.00%
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	0.00%	7.50%	Discontinued	Discontinued	25.00%
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	0.00%	NEW	30.00%	15.30%	25.00%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	65.10%	63.00%	65.00%	65.00%	65.00%
Efficiency	Amount of education and related expenditures in the most recent fiscal year per full-time equivalent student	\$0	\$12,747	\$9,385	\$9,385	\$9,385
Efficiency	Amount of education and related expenditures in the most recent fiscal year per associate's degree recipient	\$0	\$45,694	\$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	\$5	\$4	\$4	\$4

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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Percent of a fall cohort of first-time, full-time students who have graduated, transferred, or who are still enrolled within one hundred fifty percent of standard graduation time	0.0%	NEW	NEW	20.0%	20.0%
* Output	Number of students enrolled, by headcount	0.0	1,415.0	1,536.0	1,400.0	1,807.0
Output	Number of degree-seeking undergraduate students enrolled, by headcount	0.0	1,320.0	550.0	1,350.0	1,350.0
Output	Number of first-time degree-seeking freshmen enrolled, by headcount	0.0	145.0	165.0	150.0	300.0
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	0.0	102.0	165.0	120.0	300.0
Output	Number of transfers enrolled, by headcount	0.0	3.0	25.0	21.0	50.0
Output	Number of dual credit students enrolled, by headcount	0.0	422.0	200.0	178.0	178.0
Output	Number of at-risk students enrolled, by headcount	0.0	622.0	222.0	222.0	222.0
Output	Percent of undergraduate students, enrolled in twelve or more credit hours, by headcount	0.00%	45.35%	10.00%	12.00%	55.00%
* Output	Number of credit hours delivered	0.0	13,724.0	18,122.0	13,800.0	13,800.0
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students	0.0	11,069.0	525.0	8,000.0	8,000.0
Output	Number of unrestricted, end-of-course student credit hours completed by dual credit students	0.0	2,090.0	2,343.0	2,343.0	2,343.0
* Output	Number of certificates and associate degrees awarded within the most recent academic year	72.0	84.0	154.0	154.0	154.0
Output	Number of unduplicated certificates under one year in length awarded	0.0	0.0	10.0	10.0	10.0
Output	Number of unduplicated certificates one year in length or more awarded	0.0	51.0	67.0	67.0	67.0
Output	Number of unduplicated associate's degrees awarded	0.0	53.0	85.0	85.0	85.0
Output	Number of awards conferred to students in high-demand fields in the most recent academic year	0.0	16.0	33.0	33.0	33.0
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators	0.0	8.0	11.0	11.0	11.0
Output	Number of associate's degrees of nursing conferred	0.0	N/A	N/A	N/A	N/A
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year	0.0	57.0	90.0	90.0	90.0
Output	Number of unduplicated certificates under one year in length awarded to financially at-risk students	0.0	0.0	2.0	2.0	2.0
Output	Number of unduplicated certificates one year in length or more awarded to financially at-risk students	0.0	32.0	50.0	50.0	50.0
Output	Number of unduplicated associate's degrees awarded to financially at-risk students	0.0	41.0	38.0	45.0	45.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Average number of years taken by degree-seeking first-time, full-time students to earn an associate's degree	4.0	3.2	3.5	3.5	3.2
Output	Average number of credits taken by degree-seeking undergraduate students to complete an associate's degree	0.0	88.0	70.0	81.0	65.0
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	0.00%	NEW	30.00%	20.00%	35.00%
* 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	20.00%	N/A	Discontinued	Discontinued	Discontinued
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	0.00%	N/A	Discontinued	Discontinued	Discontinued
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	0.00%	NEW	35.00%	20.00%	20.00%
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	0.00%	N/A	Discontinued	Discontinued	24.40%
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	0.00%	NEW	65.00%	65.00%	65.00%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	41.00%	41.00%	50.00%	50.00%	55.00%
Efficiency	Amount of education and related expenditures in the most recent fiscal year per full-time equivalent student	\$0	\$14,877	\$32,202	\$14,877	\$14,877
Efficiency	Amount of education and related expenditures in the most recent fiscal year per associate's degree recipient	\$0	\$167,761	\$165,209	\$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	\$879,818	\$1	\$1	\$1
Output	Three-year athlete graduation rate	25.00%	30.00%	25.00%	28.00%	85.00%

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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Percent of a fall cohort of first-time, full-time students who have graduated, transferred, or who are still enrolled within one hundred fifty percent of standard graduation time	0.0%	NEW	NEW	55.0%	Discontinued
* Output	Number of students enrolled, by headcount	0.0	1,222.0	1,000.0	1,100.0	1,100.0
Output	Number of degree-seeking undergraduate students enrolled, by headcount	0.0	429.0	330.0	400.0	550.0
Output	Number of first-time degree-seeking freshmen enrolled, by headcount	0.0	91.0	100.0	50.0	150.0
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	0.0	84.0	10.0	40.0	150.0
Output	Number of transfers enrolled, by headcount	0.0	80.0	75.0	75.0	75.0
Output	Number of dual credit students enrolled, by headcount	0.0	268.0	250.0	250.0	100.0
Output	Number of at-risk students enrolled, by headcount	0.0	67.0	100.0	60.0	60.0
Output	Percent of undergraduate students, enrolled in twelve or more credit hours, by headcount	0.00%	8.56%	8.00%	12.00%	12.00%
* Output	Number of credit hours delivered	0.0	9,874.0	6,500.0	8,500.0	15,000.0
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students	0.0	4,533.0	30.0	4,000.0	12,000.0
Outcome	Number of unrestricted, end-of-course student credit hours completed by dual credit students	0.0	1,157.0	15.0	900.0	900.0
* Output	Number of certificates and associate degrees awarded within the most recent academic year	268.0	333.0	150.0	250.0	250.0
Output	Number of unduplicated certificates under one year in length awarded	0.0	282.0	175.0	200.0	200.0
Output	Number of unduplicated certificates one year in length or more awarded	0.0	4.0	5.0	5.0	5.0
Output	Number of unduplicated associate's degrees awarded	0.0	47.0	30.0	40.0	40.0
Output	Number of awards conferred to students in high-demand fields in the most recent academic year	0.0	8.0	150.0	5.0	5.0
Output	Number of certificates with CIP code 13.12 for elementary and secondary school educators, conferred to students that completed an alternative teacher licensure program	0.0	N/A	30.0	30.0	30.0
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators	0.0	8.0	3.0	5.0	5.0
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year	0.0	29.0	30.0	25.0	25.0
Output	Number of unduplicated certificates under one year in length awarded to financially at-risk students	0.0	13.0	10.0	10.0	10.0
Output	Number of unduplicated certificates one year in length or more awarded to financially at-risk students	0.0	3.0	5.0	5.0	5.0
Output	Number of unduplicated associate's degrees awarded to financially at-risk students	0.0	13.0	10.0	10.0	10.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Average number of years taken by degree-seeking first-time, full-time students to earn an associate's degree	2.5	3.2	4.0	4.0	3.2
Output	Average number of credits taken by degree-seeking undergraduate students to complete an associate's degree	0.0	84.2	75.0	75.0	65.0
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	0.00%	NEW	35.00%	35.00%	35.00%
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	0.00%	NEW	30.00%	20.00%	15.00%
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	0.00%	17.70%	Discontinued	Discontinued	24.40%
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.	0.00%	NEW	30.00%	35.00%	35.00%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	46.30%	67.60%	60.00%	60.00%	60.00%
Efficiency	Amount of education and related expenditures in the most recent fiscal year per full-time equivalent student	\$0	\$15,514	\$13,000	\$15,000	\$15,000
Efficiency	Amount of education and related expenditures in the most recent fiscal year per associate's degree recipient	\$0	\$110,684	\$150,000	\$150,000	\$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	\$0.07	\$0.05	\$0.10	\$0.05	\$2.00
Outcome	Three-year athlete graduation rate	50.00%	69.00%	50.00%	50.00%	85.00%

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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Percent of a fall cohort of first-time, full-time students who have graduated, transferred, or who are still enrolled within one hundred fifty percent of standard graduation time	0.0%	NEW	NEW	65.0%	Discontinued
* Output	Number of students enrolled, by headcount	0.0	2,643.0	3,250.0	2,721.0	3,500.0
Output	Number of degree-seeking undergraduate students enrolled, by headcount	0.0	1,799.0	2,200.0	1,853.0	2,050.0
Output	Number of first-time degree-seeking freshmen enrolled, by headcount	0.0	622.0	578.0	628.0	700.0
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	0.0	492.0	440.0	497.0	600.0
Output	Number of transfers enrolled, by headcount	0.0	124.0	200.0	126.0	126.0
Output	Number of dual credit students enrolled, by headcount	0.0	485.0	575.0	500.0	250.0
Output	Number of at-risk students enrolled, by headcount	0.0	548.0	725.0	565.0	565.0
Output	Percent of undergraduate students, enrolled in twelve or more credit hours, by headcount	0.00%	17.00%	20.00%	20.00%	55.00%
* Output	Number of credit hours delivered	0.0	40,548.0	45,000.0	41,748.0	41,748.0
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students	0.0	37,079.0	43,000.0	39,500.0	39,500.0
Output	Number of unrestricted, end-of-course student credit hours completed by dual credit students	0.0	8,023.0	7,000.0	8,400.0	8,400.0
* Output	Number of certificates and associate degrees awarded within the most recent academic year	406.0	298.0	350.0	313.0	313.0
Output	Number of unduplicated certificates under one year in length awarded	0.0	76.0	40.0	80.0	80.0
Output	Number of unduplicated certificates one year in length or more awarded	0.0	48.0	75.0	50.0	50.0
Output	Number of unduplicated associate's degrees awarded	0.0	222.0	325.0	230.0	230.0
Output	Number of awards conferred to students in high-demand fields in the most recent academic year	0.0	63.0	70.0	66.0	66.0
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	8.0	15.0	10.0	10.0
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators	0.0	3.0	15.0	5.0	5.0
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year	0.0	75.0	175.0	82.0	82.0
Output	Number of unduplicated certificates under one year in length awarded to financially at-risk students	0.0	4.0	15.0	6.0	6.0
Output	Number of unduplicated certificates one year in length or more awarded to financially at-risk students	0.0	7.0	30.0	15.0	15.0
Output	Number of unduplicated associate's degrees awarded to financially at-risk students	0.0	63.0	130.0	70.0	70.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Average number of years taken by degree-seeking first-time, full-time students to earn an associate's degree	3.0	3.0	3.0	3.0	3.0
Output	Average number of credits taken by degree-seeking undergraduate students to complete an associate's degree	0.0	73.0	75.0	71.0	65.0
* 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	33.00%	52.00%	Discontinued	Discontinued	Discontinued
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	0.00%	NEW	35.00%	60.00%	60.00%
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	0.00%	38.00%	Discontinued	Discontinued	Discontinued
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	0.00%	NEW	20.00%	48.00%	48.00%
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	0.00%	5.00%	Discontinued	Discontinued	16.40%
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.	0.00%	NEW	50.00%	11.00%	25.00%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	59.00%	49.00%	60.00%	60.00%	60.00%
Efficiency	Amount of education and related expenditures in the most recent fiscal year per full-time equivalent student	\$0	\$9,907	\$11,125	\$9,900	\$9,900
Efficiency	Amount of education and related expenditures in the most recent fiscal year per associate's degree recipient	\$0	\$120,638	\$51,000	\$65,000	\$65,000
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	\$1	\$1	\$1	\$1
Output	Three-year athlete graduation rate	81.00%	75.00%	75.00%	75.00%	85.00%

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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Percent of a fall cohort of first-time, full-time students who have graduated, transferred, or who are still enrolled within one hundred fifty percent of standard graduation time.	0.00%	NEW	NEW	50.00%	Discontinued
* Output	Number of students enrolled, by headcount	0.0	8,001.0	8,100.0	8,400.0	9,500.0
Output	Number of degree-seeking undergraduate students enrolled, by headcount	0.0	5,532.0	5,533.0	5,800.0	6,500.0
Output	Number of first-time degree-seeking freshmen enrolled, by headcount	0.0	398.0	596.0	550.0	950.0
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	0.0	271.0	431.0	400.0	750.0
Output	Number of transfers enrolled, by headcount	0.0	549.0	580.0	580.0	580.0
Output	Number of dual credit students enrolled, by headcount	0.0	1,372.0	1,562.0	1,570.0	750.0
Output	Number of at-risk students enrolled, by headcount	0.0	3,183.0	2,914.0	3,300.0	3,300.0
Output	Percent of undergraduate students, enrolled in twelve or more credit hours, by headcount	0.00%	10.90%	10.00%	12.00%	55.00%
* Output	Number of credit hours delivered	0.0	106,020.0	103,800.0	112,000.0	112,000.0
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students	0.0	96,147.0	95,700.0	98,550.0	98,550.0
Output	Number of unrestricted, end-of-course student credit hours completed by dual credit students	0.0	11,157.0	6,172.0	11,700.0	11,700.0
* Output	Number of unduplicated awards conferred in the most recent academic year	1,212.0	959.0	970.0	1,000.0	1,000.0
Output	Number of unduplicated certificates under one year in length awarded	0.0	222.0	104.0	250.0	250.0
Output	Number of unduplicated certificates one year in length or more awarded	0.0	286.0	475.0	300.0	300.0
Output	Number of unduplicated associate's degrees awarded	0.0	676.0	517.0	700.0	700.0
Output	Number of awards conferred to students in high-demand fields in the most recent academic year	0.0	109.0	94.0	115.0	115.0
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	30.0	31.0	33.0	33.0
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators	0.0	20.0	8.0	22.0	22.0
Output	Number of associate's degrees of nursing conferred	0.0	19.0	3.0	21.0	21.0
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year	0.0	549.0	528.0	575.0	575.0
Output	Number of unduplicated certificates under one year in length awarded to financially at-risk students	0.0	50.0	44.0	55.0	55.0
Output	Number of unduplicated certificates one year in length or more awarded to financially at-risk students	0.0	148.0	233.0	155.0	155.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Number of unduplicated associate's degrees awarded to financially at-risk students	0.0	383.0	294.0	400.0	400.0
Output	Average number of years taken by degree-seeking first-time, full-time students to earn an associate's degree	3.7	2.9	3.6	2.8	2.8
Output	Average number of credits taken by degree-seeking undergraduate students to complete an associate's degree	0.0	90.4	90.0	87.0	65.0
* 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	17.10%	21.80%	Discontinued	Discontinued	12.40%
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	0.00%	NEW	35.00%	30.00%	35.00%
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	0.00%	8.60%	Discontinued	Discontinued	14.40%
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	0.00%	NEW	30.00%	16.00%	16.00%
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	0.00%	9.60%	Discontinued	Discontinued	24.40%
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	0.00%	NEW	30.00%	22.00%	25.00%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	59.00%	53.00%	61.00%	61.00%	61.00%
Efficiency	Amount of education and related expenditures in the most recent fiscal year per full-time equivalent student	\$0	\$15,079	\$14,713	\$15,000	\$15,000
Efficiency	Amount of education and related expenditures in the most recent fiscal year per associate's degree recipient	\$0	\$99,510	\$96,953	\$97,000	\$97,000
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	\$4	\$4	\$4	\$4

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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Percent of a fall cohort of first-time, full-time students who have graduated, transferred, or who are still enrolled within one hundred fifty percent of standard graduation time	0.0%	NEW	NEW	55.0%	Discontinued
* Output	Number of students enrolled, by headcount	0.0	3,457.0	4,200.0	3,670.0	4,250.0
Output	Number of degree-seeking undergraduate students enrolled, by headcount	0.0	2,186.0	2,530.0	2,320.0	2,700.0
Output	Number of first-time degree-seeking freshmen enrolled, by headcount	0.0	134.0	484.0	145.0	350.0
* Output	Number of first-time freshmen enrolled who graduated from a New Mexico high school, by headcount	0.0	101.0	253.0	105.0	325.0
Output	Number of transfers enrolled, by headcount	0.0	512.0	660.0	540.0	540.0
Output	Number of dual credit students enrolled, by headcount	0.0	713.0	795.0	755.0	500.0
Output	Number of at-risk students enrolled, by headcount	0.0	1,117.0	980.0	1,230.0	1,230.0
Output	Percent of undergraduate students, enrolled in twelve or more credit hours, by headcount	0.00%	6.00%	3.00%	3.00%	58.00%
* Output	Number of credit hours delivered	0.0	36,561.0	39,460.0	38,790.0	38,790.0
Output	Number of lower-level unrestricted, end-of-course student credit hours completed by undergraduate students	0.0	26,513.0	28,000.0	28,130.0	28,130.0
Output	Number of unrestricted, end-of-course student credit hours completed by dual credit students	0.0	7,613.0	6,780.0	8,080.0	8,080.0
* Output	Number of unduplicated awards conferred in the most recent academic year	529.0	494.0	475.0	450.0	450.0
Output	Number of unduplicated certificates under one year in length awarded	0.0	335.0	250.0	300.0	300.0
Output	Number of unduplicated certificates one year in length or more awarded	0.0	95.0	110.0	110.0	110.0
Output	Number of unduplicated associate's degrees awarded	0.0	217.0	218.0	225.0	225.0
Output	Number of awards conferred to students in high-demand fields in the most recent academic year	0.0	102.0	102.0	110.0	110.0
Output	Number of associate's degrees with classification and instructional program codes 13.1209 and 13.1210 awarded for preschool educators	0.0	24.0	3.0	15.0	15.0
Output	Number of associate's degrees of nursing conferred	0.0	N/A	N/A	N/A	N/A
Output	Number of unduplicated awards conferred to financially at-risk students in the most recent academic year	0.0	254.0	270.0	270.0	270.0
Output	Number of unduplicated certificates under one year in length awarded to financially at-risk students	0.0	172.0	135.0	150.0	150.0
Output	Number of unduplicated certificates one year in length or more awarded to financially at-risk students	0.0	41.0	63.0	65.0	65.0
Output	Number of unduplicated associate's degrees awarded to financially at-risk students	0.0	132.0	135.0	140.0	140.0
Output	Average number of years taken by degree-seeking first-time, full-time students to earn an associate's degree	3.6	3.0	4.5	4.3	3.2

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Average number of credits taken by degree-seeking undergraduate students to complete an associate's degree	0.0	80.0	85.0	85.0	65.0
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	29.00%	25.00%	Discontinued	Discontinued	14.40%
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	0.00%	NEW	45.00%	41.00%	41.00%
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	0.00%	10.00%	Discontinued	Discontinued	4.40%
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	0.00%	NEW	30.00%	32.00%	32.00%
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	0.00%	6.00%	Discontinued	Discontinued	20.90%
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	0.00%	NEW	30.00%	10.00%	25.00%
* Outcome	Percent of first-time, full-time freshmen retained to the third semester	64.00%	61.07%	63.00%	63.00%	63.00%
Explanatory	Average institutional net price submitted to integrated postsecondary education data system in the student financial aid survey in February	\$0	\$5,735	N/A	N/A	N/A
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	0.00%	47.00%	N/A	N/A	N/A
Efficiency	Amount of education and related expenditures in the most recent fiscal year per full-time equivalent student	\$0	\$8,711	\$16,500	\$16,000	\$16,000
Efficiency	Amount of education and related expenditures in the most recent fiscal year per associate's degree recipient	\$0	\$61,821	\$110,000	\$100,000	\$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	\$3	\$3	\$3	\$3	\$3

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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Output	Percent of full-time-equivalent capacity enrolled each fall term	90.98%	83.00%	95.00%	95.00%	90.00%
* Outcome	Average American college testing composite score for graduating high school seniors	0.0	22.0	22.0	22.0	22.0
* Outcome	Proficiency profile reading scores for graduating college sophomores	0.0	0.0	115.0	115.0	115.0
Outcome	Proficiency profile mathematics scores for graduating college sophomores	0.0	0.0	111.0	111.0	111.0
Outcome	Percent of a cohort of first-time, full-time junior college freshmen who graduated within one hundred percent of standard graduation time	38.43%	49.00%	29.00%	40.00%	50.00%
Output	Percent of third Friday high school seniors and junior college sophomore students graduating with a high school diploma and/or associate degree	77.80%	81.40%	75.00%	75.00%	89.00%
Output	Junior college three-year athlete graduation rate	51.39%	47.31%	51.00%	51.00%	85.00%

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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Output	Number of New Mexico teachers who complete a personnel preparation program to become a teacher of the visually impaired	6.0	3.0	12.0	12.0	20.0
Outcome	Rate of graduate transition to postsecondary education, vocational-technical training schools, junior colleges, work training or employment	0.00%	100.00%	100.00%	100.00%	95.00%
Outcome	Percent of individualized education program meetings that address special factors of language and communication	100.00%	100.00%	95.00%	95.00%	95.00%
Outcome	Percent of students in kindergarten through twelfth grade demonstrating academic improvement across curriculum domains and/ or meeting 90% of Individualized Education Program goals.	0.00%	0.00%	Discontinued	Discontinued	Discontinued
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.	0.0	NEW	50.0	53.0	53.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Outcome	Percent of first-year signers who demonstrate improvement in American sign language based on fall or spring assessments	N/A	N/A	100.00%	100.00%	100.00%
Outcome	Percent of NMSBVI programs that have met 90% of their student achievement related goals.	0.00%	NEW	80.00%	85.00%	90.00%
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	98.00%	94.00%	90.00%	90.00%	95.00%
Outcome	Number of school districts that have established a memorandum of understanding requesting mentorship support services for visually impaired professionals entering the field	0.0	50.0	Discontinued	Discontinued	Discontinued
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)	100.00%	100.00%	95.00%	95.00%	95.00%

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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* 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	77.00%	88.00%	100.00%	100.00%	95.00%
Outcome	Percent of local education agency staff satisfied with educational services from the center for educational consultation and training (statewide outreach)	97.00%	93.00%	90.00%	90.00%	95.00%

Public School Support

Public School Support

	FY22 OpBud	FY23 PED Request	FY23 LFC Staff Recommendation	
PROGRAM COST				
Prior Year Program Cost OpBud	3,069,463.4	3,295,448.6	3,295,448.6	
Base Changes (Less: FY22 ERB 1% Contribution Increase)		(21,858.9)		
Impact Aid Hold Harmless	35,000.0			
Remove Half Mill Levy and Federal Forest Reserve Credit	(16,667.5)			
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, LFC: 0.32)			19,347.5	
Other Projected Net Unit Changes	(112,260.3)		(15,863.6)	
Enrollment Hold Harmless	97,396.2			
Enrollment Growth Units		34,803.1		
Universal Extended Learning Time Programs	38,773.9		51,604.3	
Extended Learning Time Program Size Adjustment Factors			26,095.7	
K-5 Plus Schools	40,000.0			
Elementary P.E. and Student Wellness Programs			8,000.0	
UNIT VALUE CHANGES				
Compensation Increase for School Personnel (FY22: 1.5%, PED: 7%, LFC: 7%)	35,119.0	76,953.4	176,813.0	
Three-Tier Minimum Salary Increase (PED: \$50k, \$60k, \$70k, LFC: \$48.5k, \$57.5k, \$67.5k)		200,467.2	34,690.5	
Targeted Compensation for Instructional and Social Service Personnel (LFC: 2.5%)			10,092.3	
Employer Retirement Contribution Increase (FY22: 1%, PED: 0%, LFC: 2%)	21,858.9	21,353.9	40,157.0	
Instructional Materials and Educational Technology	5,000.0	5,000.0	10,000.0	
Insurance	13,755.4	21,726.9	12,000.0	
Fixed Costs	4,681.5	10,650.1	5,638.7	
Minimum Wage Increase (FY22: \$11.50, LFC: \$13.50)	1,999.6		3,505.1	
Mentorship and Professional Development			10,000.0	
Nonrecurring Education Stimulus Swap (HB1: 41% Credit)	44,661.0	-	-	
Subtotal Current Year Program Cost Base	3,295,448.6	3,644,544.3	3,687,529.1	
\$ Change from OpBud	225,985.2	349,095.7	392,080.5	
% Change from OpBud	7.4%	10.6%	11.9%	
STATE EQUALIZATION GUARANTEE (SEG)				
Less: Other State Funds	(7,000.0)	(7,000.0)	(7,000.0)	
Subtotal Current Year SEG Base	3,288,448.6	3,637,544.3	3,680,529.1	
\$ Change from OpBud	241,985.2	349,095.7	392,080.5	
% Change from OpBud	7.9%	10.6%	11.9%	
CATEGORICAL APPROPRIATIONS				
TRANSPORTATION DISTRIBUTION				
Maintenance and Operations	83,624.6	87,889.5	87,455.9	
Fuel	11,191.0	11,572.1	11,750.6	
Rental Fees	8,327.9	7,841.6	7,841.6	
Transportation for Extended Learning Time	2,409.7	4,675.6	4,675.6	
Transportation for K-5 Plus ¹	899.2	3,933.9	899.2	
Compensation Increase for Transportation Personnel (FY22: 1.5%, PED: 7%, LFC: 7%) ³	603.8	3,182.1	3,548.3	
Subtotal Current Year Transportation Base	107,056.2	119,094.8	116,171.2	
OUT-OF-STATE TUITION	315.0	315.0	315.0	
EMERGENCY SUPPLEMENTAL	3,000.0	3,000.0	2,000.0	
STANDARDS-BASED ASSESSMENTS	7,236.0	8,000.0	7,236.0	
INDIAN EDUCATION FUND	5,250.0	9,750.0	14,988.6	
NATIVE AMERICAN STUDENT EDUCATION		10,250.0		
BLACK EDUCATION ACT AND NO DISCRIMINATION FOR HAIR		4,000.0		
EDUCATIONAL TECHNOLOGY		10,000.0		
COMMUNITY SCHOOLS SUSTAINABILITY	-	2,000.0	-	
SUBTOTAL PUBLIC SCHOOL SUPPORT	3,411,305.8	3,803,954.1	3,821,239.9	
\$ Change from OpBud	240,665.8	392,648.3	409,934.1	
% Change from OpBud	7.6%	11.5%	12.0%	

		FY22 Opbud	FY23 PED Request	FY23 LFC Staff Recommendation	
55	RELATED REQUESTS: RECURRING				55
56	Regional Education Cooperatives ³	1,034.0	1,192.4	1,100.0	56
57	Indigenous, Multilingual, Multicultural, and Special Education Initiatives	5,067.8			57
58	Early Literacy and Reading Support ¹	1,661.0	11,490.0	8,000.0	58
59	School Leader Professional Development	2,491.5	3,000.0	2,500.0	59
60	Teacher Professional Development	2,869.5	3,730.4	3,000.0	60
61	Student Nutrition and Wellness	2,342.0	2,342.0	2,400.0	61
62	GRADS – Teen Parent Interventions ²	415.3	415.3	650.0	62
63	STEAM (Science, Technology, Engineering, Arts, and Math) Initiatives	3,025.9	3,525.9	3,000.0	63
64	Advanced Placement Test Fee Waivers and Training	1,000.0	1,000.0	1,000.0	64
65	Martinez-Yazzie Student and Program Supports		8,000.0	5,100.0	65
66	Culturally and Linguistically Relevant Curriculum and Instruction		2,350.0		66
67	Identity, Equity, and Transformation		5,000.0		67
68	EdPlan/NMDASH		400.0		68
69	Educator Recruitment		1,500.0		69
70	Parity for 520 Certificate Holders		1,250.0		70
71	National Board Certification Scholarship Fund		500.0		71
72	Statewide Hunger Initiative	-	1,500.0	-	72
73	Subtotal Current Year Base	19,907.0	47,196.0	26,750.0	73
74	\$ Change from OpBud	(7,039.1)	27,289.0	6,843.0	74
75	% Change from OpBud	-26.1%	137.1%	34.4%	75
76	PUBLIC EDUCATION DEPARTMENT				76
77	Prior Year OpBud	14,364.5	14,531.9	14,531.9	77
78	Base Changes	167.4	6,742.0	4,931.5	78
79	Subtotal Current Year Base	14,531.9	21,273.9	19,463.4	79
80	% Change from OpBud	1.2%	46.4%	33.9%	80
81	Total				81
82	Prior Year OpBud	3,211,950.6	3,445,744.7	3,445,744.7	82
83	Base Changes	233,794.1	426,679.3	421,708.6	83
84	Total	3,445,744.7	3,872,424.0	3,867,453.3	84
85	% Change from OpBud	7.3%	12.4%	12.2%	85

Footnotes

1. LFC recommendation includes appropriations from the public education reform fund.
2. PED request includes appropriations from the Temporary Assistance for Needy Families (TANF) grant.
3. Transportation personnel compensation includes an ERB employer contribution increase for PED of 1% and LFC of 2%. PED request includes a 1% employer contribution increase for RECs.

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 FY23 general fund request for public schools totaled \$3.872 billion, a \$426.7 million, or 12.4 percent, increase from FY22 appropriations. The committee's general fund recommendation for public schools totaled \$3.867 billion, an overall increase of \$421.7 million, or 12.2 percent. The department's request mainly increased the state equalization guarantee (SEG) distribution by \$349.1 million to provide compensation increases and expand agency initiatives. The committee's recommendation primarily increased the SEG distribution by \$392.1 million to also provide compensation increases and require statewide participation in Extended Learning Time (ELT).

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. In the *Martinez-Yazzie* education sufficiency lawsuit, the court did not order specific 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 motions by the state to dismiss the case and plaintiffs to mandate a statewide remedy plan. Instead, the court ordered parties to begin the process of evaluating the state's progress since the initial ruling and order.

Program Cost and SEG. Over 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. Other funds, such as drivers' license fees and energy efficiency credits, are deducted from the program cost to complete the funding formula, also known as the SEG. School districts and charter schools may spend SEG dollars according to local priorities; however, they must comply with statutory requirements and PED educational directives.

For FY23, PED requested \$3.64 billion for the SEG distribution, a \$349.1 million, or 10.6 percent, increase. The LFC recommendation for SEG totaled \$3.68 billion, a \$392.1 million, or 11.9 percent, increase. Like PED's request, the committee recommendation raises minimum teacher salary levels, provides across-the-board raises for school personnel, and addresses growth in insurance, instructional materials, and fixed costs. Differences included the department's request for enrollment growth unit costs and the committee's recommendations for at-risk, ELT, mentorship, and elementary physical education funding.

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.

In FY21, enrollment fell by over 13 thousand students, a decrease of 4 percent, due to school closures and remote learning. Despite a return to in-person schooling in FY22, the state has not certified FY22 enrollment data to date. Preliminary surveys of district enrollments indicate student enrollment has not yet recovered from the pandemic. As more school-age children become vaccinated, enrollments may increase in FY22 and provide additional growth units. However, declining enrollment trends in recent years suggest overall student counts will continue to fall at an average rate of 0.5 percent each year, regardless of Covid-19 impacts.

Given substantial enrollment losses from the Covid-19 pandemic, enrollment growth units in FY23 will likely be due to students returning to school rather than actual growth in the total student population statewide. Changes in other program units, like the staffing cost multiplier, suggest the formula will yield a net loss of total units in FY23. Despite projected declines in total formula units, the department request included a \$34.8 million base SEG increase for enrollment growth units.

In FY22, the Legislature appropriated \$97.4 million to hold schools harmless from enrollment losses, effectively inflating the unit value and SEG base. Accounting for the inflated unit value and adjusting for long-term trends of overall shrinking enrollment, the committee recommendation included a net decrease to the SEG base of \$15.9 million—equivalent to an average loss of 1,578 students, or 0.5 percent. (See "Public Education Funding Formula: Student Membership and Program Unit History and Budget Assumptions," Volume III.)

The committee recommendation includes \$8 million for elementary physical education program units and concludes the phase-in of these units, given substantial growth in the unit value and precipitous declines in student enrollment. Ending the moratorium on new elementary physical education program units would permit all schools providing the program to generate additional funding and allow the formula to naturally right-size the unit value.

At-Risk Index. Since FY20, investments in the at-risk index of the funding formula have tripled, bringing total funding for at-risk students to nearly \$300 million in FY22. Despite the substantial infusion of resources, expert witnesses for the plaintiffs in the *Martinez-Yazzie* case note schools use at-risk funding as general operating revenue rather than supplemental, or add-on, funding for at-risk students. Although the number of specialized staff serving at-risk students, such as counselors and social workers, has increased in recent years, reporting on at-risk expenditures remains inconsistent, and schools have not reported the impact of at-risk services on student outcomes.

To promote oversight and accountability for at-risk funding, the committee recommendation includes a \$19.3 million appropriation and language to increase the at-risk index factor in the formula from 0.30 to 0.32 for schools that provide an evidence-based, supplemental at-risk service or intervention to only at-risk students. Schools not reporting the provision of supplemental at-risk services would maintain the current at-risk factor of 0.30 and any unused funding from the appropriation would revert to the public education reform fund (PERF) at the end of FY23.

K-5 Plus and Extended Learning Time. The court acknowledged high-quality extended school year programs, like K-5 Plus and Extended Learning Time (ELT), could help close the achievement gap. Despite appropriating funds to serve over 83.7 thousand students in K-5 Plus for FY22, overall participation fell, and only 8,699 students generated formula funds for K-5 Plus—about \$12 million of the \$119.9 million appropriation. In contrast, ELT participation increased to 142.6 thousand students in FY22, with more than half of all districts and charters participating. As such, schools are on track to spend \$75 million of the \$110 million general fund appropriation for ELT in FY22. By the end of FY22, unspent K-5 Plus and ELT funding will automatically revert to PERF, and balances are projected to reach \$215 million.

PED's FY23 request for K-5 Plus and ELT was flat with the prior year. The committee recommendation maintains flat funding levels for K-5 Plus and increases the general fund appropriation for ELT by \$77.7 million, which includes \$51.6 million to replace nonrecurring ELT funds and \$26.1 million to scale up formula weights for smaller districts. Similar to the supplemental at-risk index factor, the recommendation would allow PED to increase the ELT factor for small districts from 0.11 up to 0.22. Unspent funding would revert to PERF at the end of FY23.

For FY22, the moratorium on schools transitioning from a five-day school week to a four-day school week ended. In response, some school districts shortened the school calendar to a four-day school week and applied for K-5 Plus to add back a similar number of days. Effectively, these districts generated more formula funding to provide the same number of school days previously offered. Court findings in the *Martinez-Yazzie* case indicated the state needed to tighten up formula loopholes that could divert resources away from at-risk students and potentially create inequities.

To address potential funding loopholes and ensure schools provide additional instruction to recover unfinished learning time, the committee recommendation reinstates the previous moratorium on new four-day school week calendars and requires all school districts to provide ELT programs in FY23. School districts meeting academic performance targets set by PED, LFC, and the Legislative Education Study Committee (LESC) could opt out of the ELT requirement or provide the additional days in the form of 60 additional hours. Requiring ELT programs would also ensure schools provide afterschool programming and 80 hours of teacher professional development. Additionally, the recommendation allows up to 30 hours of instruction from New Mexico tribes, pueblos, and nations through formal agreements with schools to count toward instructional time.

Compensation. The PED request included \$277.4 million to raise minimum salary levels and provide a 7 percent salary increase for school personnel. PED's request would provide sufficient funding to raise the minimum salaries for level 1, 2, and 3-A teachers from \$41 thousand, \$50 thousand, and \$60 thousand to \$50 thousand, \$60 thousand, and \$70 thousand, respectively. Similarly, the committee recommendation raises the three minimum salary levels to \$48.5 thousand, \$57.5 thousand, and \$67.5 thousand and includes \$180 million to provide a 7 percent base salary increase for all personnel. The committee's recommendation further includes \$10 million to provide an average 2.5 percent targeted salary increase for hard-to-staff personnel providing instructional or social services and \$3.5 million to raise the minimum hourly wage for all employees to \$13.50 per hour. Like the PED request, the committee recommendation provides targeted pay to high-priority positions, increases take-home pay, and gives schools flexibility to address salary compaction issues.

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.

Insurance. The Public School Insurance Authority (NMPSIA) request for an increase in the employer share of insurance premiums from public school funding was \$17.4 million for FY23—\$14.1 million for healthcare benefits and \$3.3 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 (APS), and all charter schools, including those in Albuquerque. For FY23, PED requested \$21.4 million for insurance, effectively supporting NMPSIA's request for healthcare and risk premiums and providing a similar rate for APS. The committee recommendation for insurance is \$12 million, which covers a 6 percent increase in health-

care 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. The recommendation further caps group health insurance premium increases at 6 percent for FY23.

Retirement Benefits. Laws 2021, Chapter 44, (Senate Bill 42) increased the employer contribution for retirement benefits by 1 percent for FY22 and another 1 percent in FY23. Although the PED request maintained the 1 percent increase in the SEG base for FY22, the request did not include additional funding for the scheduled 1 percent contribution increase for FY23. The committee recommendation includes \$40.8 million beyond the FY22 SEG base to cover a 2 percent contribution increase in FY23, effectively bringing the total increase to 3 percent over the past two years. The extra 1 percent contribution would be contingent on legislation.

Previous LFC reports have highlighted disparities in insurance premium costs and established contribution rates; however, neither NMPSIA nor PED have requested additional funding to change the contribution rate structure. Moreover, school districts and charter schools currently have the authority to increase contributions beyond the minimums set by statute in accordance with the priorities of respective school boards.

Instructional Materials. In FY20, the Legislature moved instructional material funding from categorical appropriations to the SEG so schools could have full flexibility over purchasing and developing culturally and linguistically relevant materials. In FY21, budgeted expenditures for other textbooks was \$38.6 million from SEG distributions, likely due to increased demand for online textbooks and digital platforms. In FY22, budgeted expenditures for other textbooks increased to \$48.9 million. For FY23, the PED request increased the SEG appropriation for instructional materials to \$40 million, a \$5 million increase from the prior year. The committee recommendation boosted funding for instructional materials to \$45 million, a \$10 million increase.

Mentorship and Professional Development. For FY23, the committee recommendation nearly doubles the SEG appropriation for mentorship and professional development to \$21 million, a \$10 million increase from the prior year. Although the mentorship and professional development appropriation in the SEG is not restrictive, the committee recommendation includes language requiring PED to prioritize special program grants to schools that demonstrate spending from SEG funds on new teacher mentorship and evidence-based interventions, like tutoring.

Categorical Public School Support. Categorical expenditures, distributed to public schools formulaically but restricted to specific uses, include funding for transportation, supplemental distributions, Native American education, and standards-based assessments. PED's FY23 categorical request totaled \$166.4 million, an increase of \$43.6 million or 35.4 percent. The committee recommendation for categorical appropriations totals \$140.7 million—an increase of \$17.9 million, or 14.5 percent.

Transportation. The largest categorical appropriation, the transportation distribution, covers the costs of transporting students to and from school. For FY23, PED's request for transportation totaled \$119.1 million, an increase of 12 million, or 11.2 percent. The committee's general fund recommendation is \$116.2 million, a \$9.1 million increase, or 8.5 percent. Additionally, the committee recommendation provides a nonrecurring \$3 million PERF appropriation for K-5 Plus transportation to support program growth beyond FY22 participation levels. Similar to the SEG appropriations for K-5 Plus and ELT, the committee recommendation earmarks portions of the transportation distribution for schools participating in K-5 Plus and ELT.

School closures in FY20 and FY21 virtually stopped student ridership on school buses, a variable used to determine transportation distributions. PED notes FY20 and FY21 transportation expenditures will be lower than prior years, given the reduced need for transportation services. As such, the PED requested and committee recommends including language reverting all unexpended transportation allocations to the transportation emergency fund. Given the state's inability to accurately use FY21 data for transportation formula allocations, the committee recommendation further includes language authorizing PED to use FY19 and FY20 data for FY23 transportation allocations.

Indian Education Fund. The preliminary court ruling drew attention to the low 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. 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 remains unstudied. For FY23, PED's request included \$9.7 million for the Indian education fund, a \$4.5 million, or 86 percent, increase from the prior year. The committee recommendation includes \$15 million for the Indian education fund, tripling funding levels and providing operating support for tribal education departments, tribal libraries, and Native American language programs. (See "Tribal Remedy Framework," Volume III.) The committee recommendation includes language requiring the assistant secretary of Indian education to allocate funding equitably and evaluate how funding will meet the goals of the Indian Education Act.

Emergency Supplemental Appropriation. For FY22, PED requested \$3 million for recurring emergency supplemental funding to support school district operational shortfalls, flat with the prior year. 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 a recurring funding source for some school districts. For FY23 and FY24, New Mexico school districts have access to over \$881 million in federal emergency relief aid due to the pandemic. As such, the committee recommendation decreases recurring emergency supplemental funding to \$2 million for FY23.

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 was originally priced at \$38.92 per student (about \$6 million statewide) and the SAT cost about \$1.2 million. For FY23, PED requested \$8 million for standards-based assessments, an increase of 764 thousand, or 10.6 percent, from the prior year. The committee recommended \$7.2 million for assessments, flat with FY22 funding levels.

New Recurring Initiatives. For FY23, the PED request included four new categorical appropriations: \$10.3 million for Native American student education, \$10 million for educational technology, \$4 million for the Black Education Act and anti-discrimination training, and \$2 million for community schools. The committee recommendation provided funding for similar purposes through other sources, such as the Indian education fund or community schools fund, to reduce duplicative appropriations and minimize administrative workload for the department.

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 educator professional development programs. However, the court noted the appropriations had limited impact and were subject to volatile budget adjustments each year, creating uncertainty for districts and inconsistency in measuring program effectiveness. Special programs divert potential resources away from the SEG; however, the initiatives may also more effectively target funds to improve performance. Additionally, special programs provide a testing ground for the department to pilot initiatives that could be scaled statewide over time, like K-5 Plus (formerly K-3 Plus).

PED's FY23 request for special programs totaled \$47.2 million, an increase of \$27.3 million, or 137 percent, from FY22 general fund levels. The committee recommendation for special programs is \$26.8 million, an increase of \$6 million, or 34 percent. Both the request and the recommendation transfer \$980.3 thousand of special program funding to PED's operating budget, which the agency has historically used to cover personnel and other operating costs. The committee's recommendation largely maintains flat funding levels for existing special programs but increases appropriations for early literacy and reading supports by \$11.5 million, which includes a \$3.5 million PERF appropriation.

New Recurring Initiatives. For FY23, the PED request grew the appropriation for early literacy and reading support sevenfold to \$11.5 million. The department's FY23 request also added seven new initiatives, including \$5 million for identity, equity, and transformation; \$1.3 million to pay Native language (520 certification) teachers a level 1 teacher salary; \$1.5 million for a statewide hunger initiative; and \$2.4 million for culturally and linguistically relevant curriculum and instruction. The committee recommendation provides funding for similar purposes through other sources and leverages PERF appropriations for new program or pilot funding.

Federal Funds. For FY23, PED requested and committee recommendation includes authority to budget \$486.3 million for federal flow-through grants, flat with FY22 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 2023.

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 2022-2023 school year and then, on verification of the number of units statewide for fiscal year 2023 but no later than January 31, 2023, 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, legislative finance committee and legislative education study committee.

The state equalization guarantee distribution includes nineteen million three hundred forty-seven thousand five hundred dollars (\$19,347,500) from the general fund for at-risk student services pursuant to Subparagraph D of Section 22-8-23.3 NMSA 1978. The secretary of public education may change the at-risk multiplier for a school district or charter school to thirty-two hundredths, approve additional program units for the school district or charter school and provide a distribution from this appropriation if the school district or charter school provides a supplemental at-risk service or intervention only to at-risk students that shows evidence of improving academic proficiency, graduation or attendance rates. Any amount of the nineteen million three hundred forty-seven thousand five hundred dollar (\$19,347,500) general fund appropriation that is not distributed through an increased at-risk multiplier of thirty-two hundredths, calculated by multiplying the final program unit value set for the 2022-2023 school year by the number of additional at-risk program units generated beyond the amount required pursuant to Section 22-8-23.3 NMSA 1978 and subtracting that product from nineteen million three hundred forty-seven thousand five hundred dollars (\$19,347,500), shall revert to the public education reform fund.

The secretary of public education shall ensure that during fiscal year 2023 no full-time level one teacher receives a base salary less than forty-eight thousand five hundred dollars (\$48,500), no full-time level two teacher receives a base salary less than fifty-seven thousand five hundred dollars (\$57,500), no full-time level three-A teacher receives a base salary less than sixty-seven thousand five hundred dollars (\$67,500) and no full-time level three-B school principal or level three-B assistant school principal receives a base salary less than sixty-seven thousand five hundred dollars (\$67,500) multiplied by the applicable responsibility factor as defined in Subsection B of Section 22-10A-2 NMSA 1978.

The secretary of public education shall ensure that during fiscal year 2023 no full-time level one teacher in a K-5 plus school receives a salary less than fifty-five thousand two hundred thirty-six dollars (\$55,236), no full-time level two teacher in a K-5 plus school receives a salary less than sixty-five thousand four hundred eighty-six dollars (\$65,486) and no full-time level three-A teacher in a K-5 plus school receives a salary less than seventy-six thousand eight hundred seventy-five dollars (\$76,875).

The secretary of public education shall ensure that during fiscal year 2023 no full-time level one teacher in an extended learning time program receives a salary less than fifty-one thousand one hundred ninety-four dollars (\$51,194), no full-time level two teacher in an extended learning time program receives a salary less than sixty thousand six hundred ninety-four dollars (\$60,694) and no full-time level three-A teacher in an extended learning time program receives a salary less than seventy-one thousand two hundred fifty dollars (\$71,250).

The secretary of public education shall ensure that during fiscal year 2023 no employee of a public school receives a minimum wage rate less than thirteen dollars fifty cents (\$13.50) an hour.

The state equalization guarantee distribution includes ten million ninety-two thousand three hundred dollars (\$10,092,300) from the general fund to provide targeted salary increases for hard-to-staff positions that provide instructional support or social services to students.

A school district or charter school shall not pay an increase of more than six percent for group health insurance premium increases that take effect in fiscal year 2023.

It is the intent of the legislature that all eligible students will be in a K-5 plus school and extended learning time program by fiscal year 2025. On or before November 30, 2022, the public education department shall report to the legislature a two-year plan, covering a period beginning in fiscal year 2024, to address the instructional time lost during school closures in fiscal years 2020 and 2021, ensure all eligible students are participating in a K-5 plus school and extended learning time program and measure the effect of additional instructional time on student outcomes.

The state equalization guarantee distribution includes one hundred sixty-one million seven hundred seventy-two thousand three hundred dollars (\$161,772,300) from the general fund for in-person extended learning time programs pursuant to Section 22-8-

23.10 NMSA 1978. Any amount of the one hundred sixty-one million seven hundred seventy-two thousand three hundred dollar (\$161,772,300) 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 2022-2023 school year by the total extended learning time program units and subtracting that product from one hundred sixty-one million seven hundred seventy-two thousand three hundred dollars (\$161,772,300), shall revert to the public education reform fund.

The general fund appropriation to the state equalization guarantee distribution includes twenty-six million ninety-five thousand seven hundred dollars (\$26,095,700) for extended learning time programs in school districts operating a four-day school week that provide a minimum of one hundred fifty-eight instructional days per year and extended learning time programs in school districts operating a five-day school week that provide a minimum of one hundred ninety instructional days per year pursuant to Section 22-8-23.10 NMSA 1978. Using the average of the number of students enrolled on the second and third reporting date of the 2021-2022 school year, the secretary of public education may change the extended learning time program factor up to twenty-two hundredths for a school district with less than two hundred students, up to fifteen hundredths for a school district with less than one thousand students, up to thirteen hundredths for a school district with less than five thousand students and up to twelve hundredths for any school district that provides the minimum instructional days in this subsection, approve the school district for additional program units and provide a distribution from this appropriation. Any amount of the twenty-six million ninety-five thousand seven hundred dollar (\$26,095,700) general fund appropriation that is not distributed through an increased extended learning time program unit multiplier, calculated by multiplying the final program unit value set for the 2022-2023 school year by the number of additional extended learning time program units generated beyond the amount required pursuant to Section 22-8-23.10 NMSA 1978 and subtracting that product from twenty-six million ninety-five thousand seven hundred dollars (\$26,095,700), shall revert to the public education reform fund.

For fiscal year 2023, the public education department shall ensure the operating budget of any school district or charter school that does not meet academic performance targets pursuant to Subparagraph E of Section 22-8-6 NMSA 1978 includes an extended learning time program pursuant to Section 22-8-23.10 NMSA 1978 for all students in kindergarten through twelfth grade. If the secretary of public education finds a school district or charter school does not meet academic performance targets and has not provided an extended learning time program, the secretary of public education shall direct the school district or charter school to revise its submitted operating budget or shall make such revisions as required to meet the requirements of this paragraph.

Provided students participate in the academic assessment program pursuant to Section 22-2C-4 NMSA 1978 and with department approval, up to thirty hours of instruction provided to students by a tribal government office that oversees education programs within a federally recognized Indian nation, tribe or pueblo located wholly or partially in New Mexico and has entered into a formal agreement with the school shall be deemed to be time in a school-directed program and is part of the instructional day for those students.

For fiscal year 2023, with department approval, a school that did not provide an extended learning time program during the 2021-2022 school year may be eligible for additional program units pursuant to Subparagraph G of Section 22-8-23.10 NMSA 1978 by structuring the school year to provide a minimum of eighty noninstructional hours for professional development for instructional staff, after-school program opportunities for students that do not supplant federally funded programs and thirty additional instructional hours and four additional instructional days for a school district operating a four-day school week or thirty additional instructional hours and five additional instructional days for a school district operating a five-day school week. A school district or charter school may convert in-service days to instructional days to meet the instructional time requirements.

For fiscal year 2023, with department approval, a school district that meets academic performance targets pursuant to Subparagraph E of Section 22-8-6 NMSA 1978 or a school district with less than two hundred students may structure the school year to provide the additional instructional days required for an extended learning time program pursuant to Section 22-8-23.10 NMSA 1978 by extending the total number of instructional hours by no fewer than sixty additional instructional hours.

The state equalization guarantee distribution includes one hundred nineteen million eight hundred ninety-five thousand nine hundred dollars (\$119,895,900) from the general fund for in-person K-5 plus programs pursuant to the K-5 Plus Act. Any amount of the one hundred nineteen million eight hundred ninety-five thousand nine hundred dollar (\$119,895,900) 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 one hundred nineteen million eight hundred ninety-five thousand nine hundred dollars (\$119,895,900), shall revert to the public education reform fund.

For fiscal year 2023, with department approval, a school that was not a department-approved K-5 plus school during the 2021-2022 school year may be eligible for additional program units pursuant to Section 22-8-23.11 NMSA 1978 by structuring the school

year to provide no fewer than sixty additional instructional hours and twelve additional instructional days for a school district operating a four-day school week or no fewer than sixty additional instructional hours and fifteen additional instructional days for a school district operating a five-day school week.

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 2022-2023 school year that did not provide a four-day school week during the 2018-2019 school year.

For fiscal year 2023, 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 2023. 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 2023.

The general fund appropriation to the state equalization guarantee distribution includes forty-five million dollars (\$45,000,000) for school districts and charter schools to purchase culturally and linguistically appropriate instructional materials for eligible students, including dual-credit instructional materials and educational technology.

The general fund appropriation to the state equalization guarantee distribution includes twenty-one million dollars (\$21,000,000) 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 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 general fund appropriation to the state equalization guarantee distribution includes twenty million seventy-eight thousand five hundred dollars (\$20,078,500) to provide incumbents in positions covered by a pension plan created under the Educational Retirement Act a one percent employer-paid pension contribution increase contingent on enactment of legislation in the second session of the fifty-fifth legislature increasing employer-paid pension contributions.

The public education department shall monitor and review the operating budgets of school districts and charter schools to ensure the school district or charter school is prioritizing available funds to those functions most likely to improve student outcomes. If a school district or charter school submits a fiscal year 2023 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 2023 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 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 2023 from appropriations made from the general fund shall revert to the general fund.

Categorical Distributions. The transportation distribution includes four million six hundred seventy-five thousand six hundred dollars (\$4,675,600) from the general 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 four million six hundred seventy-five thousand six hundred dollar (\$4,675,600) general fund appropriation to the transportation distribution for extended learning time programs shall revert 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 three million nine hundred thirty-three thousand nine hundred dollar (\$3,933,900) general fund and public education reform fund appropriation to the transportation distribution for K-5 plus programs shall revert to the public education reform fund.

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 2023 shall deposit one hundred percent of the remaining balances in the transportation emergency fund at the end of fiscal year 2023.

Notwithstanding the provisions of Section 22-8-29 NMSA 1978 and Section 22-8-29.1 NMSA 1978, for fiscal year 2023, 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 fiscal year 2020 and annual variables from fiscal year 2019.

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, 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 2023 from appropriations made from the general fund shall revert to the general fund.

The general fund appropriation to the Indian education fund includes fourteen million nine hundred eighty-eight thousand six hundred dollars (\$14,988,600) to meet requirements of the Indian Education Act. The assistant secretary for Indian education shall develop a methodology to allocate the fourteen million nine hundred eighty-eight thousand six hundred dollar (\$14,988,600) general fund appropriation to tribal education departments, tribal libraries, Native American language programs, school districts and charter schools based on operational needs and student enrollment.

Any unexpended balances in the standards-based assessments appropriation remaining at the end of fiscal year 2023 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 or extended learning time programs for all eligible students.

The other state funds appropriation to the public education department for early literacy and reading support is from the public education reform fund.

A school district or charter school may submit an application to the public education department for an allocation from the teachers 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 general fund appropriation to the public education department for student nutrition and wellness shall be used for grants to school districts and charter schools for nutrition and wellness programs, including grants pursuant to Sections 22-13-13.2 and 22-13C-8 NMSA 1978.

The other state funds appropriation to the public education department for national board certification assistance is from the national board certification scholarship fund.

Any unexpended balances in special appropriations to the public education department remaining at the end of fiscal year 2023 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

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Outcome	Eighth-grade math achievement gap between economically disadvantaged students and all other students, in percentage points	0.0%	NEW	0.0%	5.0%	9.0%
* Outcome	Fourth-grade reading achievement gap between economically disadvantaged students and all other students, in percentage points	0.0%	NEW	0.0%	5.0%	7.0%
Explanatory	Number of eligible children served in kindergarten-five-plus	0.0	15,225.0	N/A	N/A	N/A
Explanatory	Percent of eligible children served in kindergarten-five-plus	0.0%	11.5%	N/A	N/A	N/A
Explanatory	Percent of funds generated by the at-risk index budgeted to provide at-risk services	0.0%	NEW	N/A	N/A	N/A
Explanatory	Percent of students in K-5 plus meeting benchmark on early reading skills	0.0%	TBD	N/A	N/A	N/A
Outcome	Number of additional instructional hours generated per pupil through extended learning time programs	0.0	0.0	0.0	55.0	114.0
Outcome	Percent of economically disadvantaged eighth-grade students who achieve proficiency or above on the standards-based assessment in science	0.0%	NEW	0.0%	34.0%	68.0%
Outcome	Percent of economically disadvantaged fourth-grade students who achieve proficiency or above on the standards-based assessment in science	0.0%	NEW	0.0%	34.0%	68.0%
Outcome	Percent of eighth-grade students who achieve proficiency or above on the standards-based assessment in science	0.0%	NEW	0.0%	34.0%	68.0%
Outcome	Percent of elementary school English learners exiting English learner status	0.0%	NEW	0.0%	10.0%	59.0%
Outcome	Percent of fourth-grade Native American students who achieve proficiency or above on standards-based assessment in math	0.0%	NEW	0.0%	34.0%	68.0%
Outcome	Percent of fourth-grade Native American students who achieve proficiency or above on standards-based assessment in reading	0.0%	NEW	0.0%	34.0%	68.0%
Outcome	Percent of fourth-grade Native American students who achieve proficiency or above on standards-based assessment in science	0.0%	NEW	0.0%	34.0%	68.0%
Outcome	Percent of fourth-grade students who achieve proficiency or above on the standards-based assessment in science	0.0%	NEW	0.0%	34.0%	68.0%
Outcome	Eighth-grade reading achievement gap between economically disadvantaged students and all other students, in percentage points	0.0%	NEW	0.0%	5.0%	9.0%
Outcome	Eleventh-grade math achievement gap between economically disadvantaged students and all other students, in percentage points	0.0%	NEW	0.0%	5.0%	9.0%
Outcome	Percent of middle school English learners exiting English learner status	0.0%	1,999,998.2%	0.0%	20.0%	168.0%

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Percent of minor behavioral infractions resulting in expulsion	0.0%	NEW	0.0%	10.0%	10.0%
Outcome	Percent of minor behavioral infractions resulting in out-of-school suspension	0.0%	NEW	0.0%	10.0%	14.0%
Outcome	Percent of recent New Mexico high school graduates who graduate with a workforce certification or industry-recognized credential	0.0%	NEW	0.0%	10.0%	34.0%
* Outcome	Percent of fourth-grade students who achieve proficiency or above on the standards-based assessment in reading	TBD	63.30%	34.00%	34.00%	69.00%
* Outcome	Percent of fourth-grade students who achieve proficiency or above on the standards-based assessment in mathematics	TBD	13.70%	34.00%	34.00%	69.00%
* Outcome	Percent of eighth-grade students who achieve proficiency or above on the standards-based assessment in reading	TBD	42.60%	34.00%	34.00%	69.00%
* Outcome	Percent of eighth-grade students who achieve proficiency or above on the standards-based assessment in mathematics	TBD	12.10%	34.00%	34.00%	69.00%
Outcome	Percent of third-grade students who achieve proficiency or above on standard-based assessments in reading	TBD	73.50%	34.00%	34.00%	69.00%
Outcome	Percent of third-grade students who achieve proficiency or above on standard-based assessments in mathematics	TBD	16.70%	34.00%	34.00%	69.00%
Quality	Current five-year cohort graduation rate using shared accountability	TBD	78.30%	34.00%	80.00%	165.00%
* Quality	Current four-year cohort graduation rate using shared accountability	TBD	76.90%	75.00%	75.00%	155.00%
* Explanatory	Percent of dollars budgeted by districts with fewer than 750 members for instructional support, budget categories 1000, 2100 and 2200	TBD	63.15%	N/A	N/A	N/A
* Explanatory	Percent of dollars budgeted by districts with 750 members or greater for instructional support, budget categories 1000, 2100 and 2200	TBD	73.88%	N/A	N/A	N/A
* Explanatory	Percent of dollars budgeted by charter schools for instructional support, budget categories 1000, 2100 and 2200	TBD	67.83%	N/A	N/A	N/A
* Outcome	Percent of economically disadvantaged eighth-grade students who achieve proficiency or above on the standards-based assessment in mathematics	TBD	12.10%	34.00%	34.00%	69.00%
* Outcome	Percent of economically disadvantaged eighth-grade students who achieve proficiency or above on the standards-based assessment in reading	TBD	42.60%	34.00%	34.00%	69.00%
* Outcome	Percent of economically disadvantaged fourth-grade students who achieve proficiency or above on the standards-based assessment in reading	TBD	63.40%	34.00%	34.00%	69.00%
* Outcome	Percent of economically disadvantaged fourth-grade students who achieve proficiency or above on the standards-based assessment in mathematics	TBD	13.70%	34.00%	34.00%	69.00%

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
* Outcome	Percent of recent New Mexico high school graduates who take remedial courses in higher education at two-year and four-year schools	TBD	TBD	30.00%	30.00%	60.00%
Outcome	Change in percent of students on early reading benchmark at the beginning of year to end of year in kindergarten through third grade	TBD	TBD	20.0	20.0	30.0
Outcome	Percent of third-grade Native American students who achieve proficiency or above on standards-based assessment in reading	TBD	66.10%	45.00%	34.00%	69.00%
Outcome	Current four-year cohort graduation rate for Native American students using shared accountability	TBD	72.30%	75.00%	75.00%	155.00%
Explanatory	Number of certified teacher vacancies	572.0	TBD	N/A	N/A	N/A
* Explanatory	Percent of funds generated by the at-risk index associated with at-risk services	75.40%	81.35%	N/A	N/A	N/A
Outcome	Math achievement gap for third grade economically disadvantaged students	TBD	3.4	5.0	5.0	10.0
Outcome	Percentage of elementary school students exiting english language learner status	TBD	TBD	10.00%	10.00%	60.00%
Explanatory	Average state funded per pupil expenditures	TBD	\$12,212.97	N/A	N/A	N/A
Outcome	Reading achievement gap for third grade economically disadvantaged students	TBD	4.3	5.0	5.0	10.0
Explanatory	Average federally funded per pupil expenditures	TBD	\$3,861.03	N/A	N/A	N/A
Outcome	Percentage of middle school students exiting english language learner status	TBD	TBD	10.00%	10.00%	85.00%
Outcome	Math achievement gap for eleventh grade economically disadvantaged students	TBD	(8.7)	5.0	5.0	10.0
Outcome	Percent of New Mexico high school graduates who enroll in and complete a post-secondary pathway	TBD	61.86%	50.00%	50.00%	140.00%
Outcome	Math achievement gap for eighth grade economically disadvantaged students	TBD	(3.0)	5.0	5.0	10.0
Outcome	Percentage of high school students exiting english language learner status	TBD	TBD	10.00%	10.00%	100.00%
Outcome	Additional instructional hours generated per pupil through extended learning time programs	TBD	N/A	55.0	50.0	110.0
Explanatory	Average locally funded per pupil expenditures	TBD	\$6,581.08	N/A	N/A	N/A
Outcome	Reading achievement gap for eleventh grade economically disadvantaged students	TBD	(6.9)	5.0	5.0	10.0
Outcome	Reading achievement gap for eighth grade economically disadvantaged students	TBD	1.8	5.0	5.0	10.0
* Outcome	Chronic absenteeism rate among students in middle school	TBD	28.06%	10.00%	10.00%	20.00%
Outcome	Math achievement gap for fifth grade economically disadvantaged students	TBD	12.5	5.0	5.0	10.0

PERFORMANCE MEASURES

		FY20 Actual	FY21 Actual	FY22 Budget	FY23 Request	FY23 Recomm
Outcome	Percent of kindergarten-five plus students scoring at grade level or above on reading assessments	NEW	TBD	0.00%	34.00%	119.00%
Outcome	Reading achievement gap for fifth grade economically disadvantaged students	TBD	14.7	5.0	34.0	39.0
Outcome	Percent of kindergarten-five plus students scoring at grade level or above on math assessments	NEW	TBD	0.00%	34.00%	119.00%
* Outcome	Chronic absenteeism rate among students in high school	TBD	30.4%	10.0%	34.0%	44.0%
* Outcome	Chronic absenteeism rate among students in elementary school	TBD	30.27%	10.00%	34.00%	44.00%

Quasi

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: four executive department heads, the executive directors of New Mexico Counties and New Mexico Municipal League, and five members appointed by the governor. NMFA currently administers 14 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 legislatively authorized 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.

TOTAL ASSETS:

NMFA oversees approximately \$2.7 billion in total assets, consisting principally of invested cash and loans receivable. It also manages over \$339.7 million in funds for the Governor Richardson's Investment Partnership Program, or GRIP, for the Department of Transportation. Total assets increased by \$283.3 million between FY20 and FY21. 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 FY22 is approximately \$319.7 million. Budgeted nonoperational expenditures, which include bond and loan interest, bond issuance, and grants to others, total \$283 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 FY22 totals nearly \$14.4 million, a 10.6 percent increase from the FY21 operating budget due primarily to the start-up and operation of pandemic relief programs. Actual expenditures in FY21 totaled \$11.7 million, or 10 percent under the approved FY21 operating budget. Budgeted positions for FY22 increased to 59, with seven currently 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 three percent paid by the employee and a 15 percent match paid by NMFA. Approximately 39 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, was expected to complete and submit the annual audit to the State Auditor before the November 1 deadline. NMFA's governing board and staff continue to be actively engaged in strengthening the fiscal oversight and compliance with laws and rules governing their audits and financial activities.

PROGRAMS:

NMFA currently administers 12 regular finance programs plus two active special recovery and stimulus 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—\$32.97 million in FY21, of which 35 percent 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 broad financier for state and local government entities. This allows the PPRF to attain higher bond ratings, lower costs of issuance, and 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 issued three bonds in FY21 totaling \$167.7 million. As of June 30, 2021, PPRF bonds outstanding totaled \$1.1 billion in the senior lien and \$511.9 million in the subordinate lien. As of August 5, 2021, the PPRF senior lien bonds outstanding had an S&P Global Rating of AAA/stable, and the subordinate lien bonds outstanding were rated as AAA/stable. As of August 4, 2021, Moody's Investor Services rated senior lien bonds outstanding Aa1/stable and subordinate lien bonds outstanding Aa2/stable.

Pandemic Recovery Programs:

The Small Business Recovery Act, passed during the 2020 special legislative session, created the \$400 million small business recovery loan fund (SBRLF) from the severance tax permanent fund. Senate Bill 3 of the 2021 regular session increased the loan fund to \$500 million, extended the loan application deadline from December 31, 2020, to May 31, 2022, and expanded the eligibility criteria. The SBRLF provides loans to small businesses that experienced hardships due to the public health emergency. Qualifying

businesses must have an annual net revenue of less than \$5 million in 2019 or 2020 and demonstrate a substantial reduction in revenue or disruption of operation due to Covid-19 public health orders. NMFA has drawn \$140 million of the \$500 million authorization from the severance tax permanent fund for the program. To date, NMFA has funded \$100 million in loans, including \$42 million during the first round of applications and an additional \$58 million during the second round. Approximately \$22 million remains under review for 300 applications. To date, 83 applications, or 6 percent, have been determined ineligible. The loan application deadline is May 31, 2022, and the balances will revert to the severance tax permanent fund December 31, 2022.

The Local Economic Development Recovery Act, passed during the 2021 regular session, made a one-time \$200 million appropriation from the general fund to provide relief to businesses impacted by Covid-19. The Economic Development Department oversees the program, and NMFA is the program administrator. Grants cannot exceed \$100 thousand and are based on the number of jobs created, and prioritized based on the revenue decline of a business from 2019 to 2020. Program rules were changed to increase the base amount of grant per net new full-time employee from \$5,000 to \$10 thousand. The revised amount applies to grants previously awarded, and NMFA projects the average grant will increase to approximately \$50 thousand. To date, NMFA has approved and partially funded approximately 775 grants totaling approximately \$39 million and is currently reviewing an additional 425 applications totaling approximately \$20 million. To date, 215 applications totaling approximately \$7.2 million have been declined, representing a 15 percent decline rate. Remaining balances will revert to the general fund at the end of FY23.

The Small Business CARES Relief Grants Program passed during the 2020 second special session authorizing \$100 million in federal Coronavirus Aid, Relief, and Economic Security Act funds to provide grants of up to \$50 thousand to businesses with less than 100 employees. Priority was given to hospitality and leisure businesses or businesses that have experienced severe economic impact from public health orders. Grants averaging \$15 thousand were awarded to 6,747 businesses, 60 percent in urban areas and 40 percent in rural areas. Funds for this program are fully distributed.

The Small Business Recovery Act, passed during the 2020 special session, authorized the \$50 million Emergency Economic Relief Program (EERP). The EERP provides revenue replacement loans to cities and counties that experienced a decline of at least 10 percent in gross receipts tax (GRT) during the fourth quarter of FY20. Ultimately, NMFA determined there was no demand for the program and did not develop the program. No funds were drawn from the severance tax permanent fund.

New Mexico Finance Authority Budget for Fiscal Years 2020 thru 2022

	FY 2020		FY 2021			FY 2022	FY 2022 Budget to
	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Amended</u>	<u>Actual</u>	<u>Budget</u>	<u>FY 2021 Actual</u>
Revenues							
Interest income from loans	\$ 51,600,000	\$ 52,179,889	\$ 50,253,021	\$ 50,253,021	\$ 51,063,641	\$ 51,723,789	1%
Appropriation revenue	38,900,000	31,382,357	35,000,000	35,000,000	132,520,910	36,000,000	-73%
Grant Revenue	44,600,000	50,326,048	50,088,899	196,578,899	37,023,150	217,487,847	487%
Interest income from investments	2,850,000	5,983,503	4,600,000	4,620,057	3,106,691	2,302,000	-26%
Administrative fees revenue	3,500,000	2,621,383	2,083,671	5,646,062	6,092,514	12,207,753	100%
Reimbursement to/from Programs	-	7,691,220	166,483	-	-	-	
Total Revenues	\$ 141,450,000	\$ 150,184,400	\$ 142,192,074	\$ 292,098,039	\$ 229,806,906	\$ 319,721,389	39%
Transfers							
Transfers (to)/from Other Agencies		(313,372)	\$ (7,320,000)	\$ (7,320,000)	\$ (23,821,916)	\$ (6,900,000)	-71%
Total Transfers		\$ (313,372)	\$ (7,320,000)	\$ (7,320,000)	\$ (23,821,916)	\$ (6,900,000)	-71%
Operating Expenses							
Salaries and benefits	5,338,536	5,190,702	5,696,342	6,724,774	5,825,940	7,743,345	33%
Professional services	3,556,750	3,266,079	3,877,840	5,140,260	4,837,099	5,086,032	5%
Other operating costs	1,068,699	902,283	1,064,414	1,119,914	996,336	1,532,810	54%
Total Operating Expenses	\$ 9,963,985	\$ 9,359,064	\$ 10,638,596	\$ 12,984,948	\$ 11,659,375	\$ 14,362,187	23%
Non-operating Expenses							
Bond interest expense	47,000,000	57,953,540	59,301,541	59,301,541	59,007,337	56,507,712	-4%
Bond issuance costs	2,000,000	1,243,666	2,800,000	2,800,000	1,207,923	1,800,000	49%
Loan financing pass-through	7,000,000	10,640,130	15,000,000	15,000,000	3,488,596	20,000,000	473%
Grants to others	37,910,000	31,480,701	38,789,300	185,279,300	128,973,973	204,441,177	59%
Provision for loan losses	-	-	-	-	-	-	
Other Expense (Contract for Service)	180,000	74,568	75,000	75,000	883,567	-	-100%
Capital Expenditures	276,000	454,963	56,000	549,500	705,878	229,200	-68%
Interest expense	150,000	-	-	-	28,033	30,000	7%
Total Non-operating Expenses	\$ 94,516,000	\$ 101,847,568	\$ 116,021,841	\$ 263,005,341	\$ 194,295,307	\$ 283,008,089	46%
Total Expenses	\$ 104,479,985	\$ 111,206,632	\$ 126,660,437	\$ 275,990,289	\$ 205,954,682	\$ 297,370,276	44%
Revenue Over Expenses	\$ 36,970,015	\$ 38,977,768	\$ 15,531,637	\$ 16,107,750	\$ 23,852,224	\$ 22,351,113	-6%

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 is empowered to monitor and oversee the operations of MFA. The Land Title Trust Fund Advisory Committee advises MFA on the use of monies generated by the land title trust fund to address affordable housing. The New Mexico Housing Trust Fund Advisory Committee advises MFA on the use of state-appropriated housing trust fund monies. The Low-Income Housing Tax Credit Allocation Review Committee reviews staff tax credit award recommendations, hears appeals to the awards, and makes final recommendations to the MFA Board.

MISSION:

MFA provides innovative products, education, and services to strengthen families and communities.

MANAGED GROSS ASSETS:

MFA manages approximately \$5.3 billion in gross assets, consisting primarily of invested cash, mortgage-backed securities, a subserviced loan portfolio and related mortgage servicing rights, mortgage loans receivable, federal grant programs, low-income housing tax credit (LIHTC) properties, and 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 2 percent of the authority's program resources are funded by state nonrecurring special appropriations, grant awards, and state capital outlay allocations. MFA also awards state tax credits to qualified contributors for affordable housing through vouchers from the state Taxation and Revenue Department.

MFA operates on the federal fiscal year with FY22 ending September 30, 2022. MFA's operating budget for FY22 estimates revenue at \$30 million, a decrease of \$16.7 million, or 36 percent below projected FY21 actuals, and a decrease of \$700 thousand, or 2 percent under the prior-year budget. The expense budget is projected at \$24.9 million, an increase of \$2.6 million, or 12 percent over FY21 preliminary actuals with no increase over the prior-year budget. The FY22 budgeted excess revenue over expenses is \$5.1 million and will be used for MFA's internal revolving loan fund, to implement its strategic plan, and to meet authority reserve requirements. The decrease in excess revenues in comparison with FY21 projected actuals is primarily related to the estimated decrease in administrative fee income associated with secondary market mortgage loan sales, which provide upfront transaction fees and loan servicing income due to portfolio growth and a reduction in the administrative fees collected for management of pass-through grant funds. The capital budget is projected at \$4.5 million, a decrease of \$1.5 million, or 25 percent, under FY21 projected actuals and a decrease of \$314 thousand, or 7 percent, under the prior-year budget due to anticipated reductions in equipment, software, and building improvement costs.

MFA requested \$12 million through the Infrastructure Capital Improvements Plan process for the New Mexico housing trust fund.

New Mexico Mortgage Finance Authority

OPERATING BUDGET FY21, FY22 and FY23 Projected

	FY21 2020-2021 Budget	FY21 2020-2021 Projected Actuals (Unaudited)	FY22 2021-2022 Budget (Board Approved September 15)	FY23 2022-2023 Projected Budget
SOURCES:				
Interest on Loans	\$ 7,590,168	\$ 6,755,377	\$ 7,444,257	\$ 8,114,000
Housing Program Income	1,104,920	1,615,807	1,332,863	\$ 1,474,000
Administrative Fee Income	13,805,002	23,190,020	11,560,542	\$ 14,450,000
Interest on Cash/Investments	1,480,118	1,268,427	1,184,614	\$ 1,189,000
Loan Servicing Income	7,044,959	7,871,031	8,172,989	\$ 8,500,000
Other Operating Income	95,658	297,823	265,744	\$ 130,000
TOTAL OPERATING REVENUE	31,120,825	40,998,485	29,961,009	\$ 33,857,000
TOTAL NON-OPERATING REVENUE	(460,340)	5,687,858	100	\$ -
TOTAL REVENUE	\$ 30,660,485	\$ 46,686,343	\$ 29,961,109	\$ 33,857,000
USES:				
Compensation (Salaries & Benefits)	\$ 10,201,489	\$ 9,074,119	\$ 11,245,988	11,584,000
Travel & Public Information	687,852	337,162	691,991	713,000
Office Expenses	1,393,643	1,503,761	1,667,152	1,717,000
Other Operating Expenses	6,808,242	7,629,845	6,969,188	7,178,000
Interest Expense	353,809	305,455	417,824	430,000
TOTAL OPERATING EXPENSES	19,445,035	18,850,342	20,992,143	21,622,000
TOTAL NON-OPERATING EXPENSES	621,283	528,120	369,402	380,000
(T&TA, Program Development, Capacity Building)				
TOTAL NON-CASH EXPENSES	2,127,636	2,545,860	3,382,254	3,483,000
EXPENSED ASSETS	262,187	331,963	119,850	123,000
TOTAL EXPENSES	22,456,141	22,256,285	24,863,649	25,608,000
EXCESS REVENUE OVER EXPENSES	\$ 8,204,344	\$ 24,430,058	\$ 5,097,460	\$ 8,249,000
CAPITAL OUTLAY BUDGET	\$ 4,775,541	\$ 5,986,187	\$ 4,461,474	4,595,000
TOTAL FTE POSITIONS	111.5	111.5	116	120

PERFORMANCE MEASURES

	FY18 Actual	FY19 Actual	FY20 Actual	FY21 Projected	FY22 Budget
Average financial assets	\$ 1,017,743,000	\$1,235,608,000	\$ 1,444,048,000	\$ 1,549,462,000	\$ 1,650,625,000
Average assets under management	\$ 3,352,458,000	\$4,051,627,000	\$ 4,738,687,000	\$ 5,020,309,000	\$ 5,289,309,000
Funds disbursed through:					
Federal and state programs	\$ 44,686,000	\$48,481,000	\$ 50,593,000	\$ 95,913,000	136,913,000
MFA programs	\$ 16,721,000	\$15,779,000	\$ 20,410,000	\$ 25,370,000	14,550,000
General fund non-operating	\$ 701,000	\$179,000	\$ 567,000	\$ 528,000	369,000
Single-family first mortgage Loans:					
Number of units purchased	2,846	2,828	2,898	3,419	3,110
Dollar of loans purchased	\$ 419,845,000	\$432,383,000	\$ 470,591,000	\$ 482,813,000	\$ 544,244,000
Multi-family loans and bonds closed and tax credits allocated:					
Number of units	588	1,153	839	1,203	1,129
Dollar of loans and subsidies	\$ 11,746,000	\$34,765,000	\$ 22,442,000	\$ 24,669,000	\$ 23,344,000
Housing programs:					
Homeless persons served	8,680	7,826	5,808	2,775	5,500
Single family homeowner rehab (units)	782	725	687	525	650

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 for LFC 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 sell lottery games that 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 increased by 21.9 percent in FY21, an increase of nearly \$27.8 million compared with FY20 actuals, to \$154.9 million. The revenue to the legislative lottery scholarship fund increased by \$8.3 million, from \$38.2 million to nearly \$46.5 million. Looking forward, NMLA projects a revenue decline of \$18.6 million, to \$136.3 million for FY22, based on sluggish activity for national draw games, such as Mega Millions and Powerball. In FY21, Mega Millions' largest jackpot was \$1.05 billion and Powerball's largest jackpot was \$731.1 million. Due to these jackpots, sales for the two games were \$12.6 million higher than in FY20, though the NMLA reports revenue even at those high jackpot levels is lower than it had been in previous years at similar jackpot levels. The ongoing impact of Covid-19 pandemic conditions on lottery revenues is unknown.

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 promotion with 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 60 percent of revenues, and NMLA may need to develop new revenue opportunities in this area. In the past, the Lottery Authority reports that new offerings, such as a sports lottery game, could increase distributions to the legislative lottery scholarship fund by up to \$10 million annually.

Game expenses—which include prize payouts—are projected to decrease in FY22 with the decrease in sales but remain close to FY21 levels at 66.9 percent of gross revenues. The Lottery Act defines operating expenses as everything except prize expense. Operating expense, 17.1 percent in FY21, is budgeted at 16.6 percent of gross revenues in FY22. 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 3.1 percent of gross revenues in FY22, nearly the same as the prior year.

PERFORMANCE ISSUES:

In FY21, the Lottery Authority distributed \$46.5 million to the legislative lottery scholarship fund, the highest distribution since the lottery's inception. NMLA has distributed nearly \$906.7 million to the state of New Mexico for education since inception.

The Lottery Authority contends it 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. 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. 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 the authority to manage cash—using an annual distribution rather than a monthly distribution of gross revenues—could provide needed flexibility to offer higher value instant scratcher tickets. Constituting more than 60 percent of gross revenues, instant scratcher tickets could be the foundation for year-over-year sales growth.

New Mexico Lottery

	2021 Consolidated Original Annual Budget	2021 Consolidated Income Statement	**	2022 Consolidated Original Annual Budget
OPERATING REVENUES				
Instant ticket sales	\$ 70,903,500	\$ 95,472,037		\$ 84,203,500
Powerball sales	17,899,500	22,803,259		20,849,500
Mega Millions sales	10,499,500	18,083,921		13,749,500
Roadrunner Cash sales	7,999,500	5,810,006		5,999,500
Lotto America sales	3,799,500	3,767,239		3,399,500
Pick 3 and Pick 3 Plus sales	4,999,500	5,884,493		5,399,500
Pick 4 and Pick 4 Plus Sales	1,599,500	1,948,544		1,699,500
Fast Play sales	799,500	1,115,404		949,500
Net ticket sales	118,500,000	154,884,903		136,250,000
Retailer fees	8,000	8,055		8,000
Bad debts	(24,000)	-		(24,000)
Total operating revenues	118,484,000	154,892,958		136,234,000
NON-OPERATING REVENUES				
Interest income	16,000	16,806		16,000
Other income	-	25,665		-
Total non-operating revenues	16,000	42,471		16,000
GROSS REVENUES	118,500,000	154,935,429		136,250,000
GAME EXPENSES				
Prize expense	62,660,000	84,769,086		72,799,000
Retailer commissions	7,860,000	10,089,595		9,054,000
On-line vendor fees	4,350,000	5,376,587		4,790,000
Advertising	1,900,000	1,829,704		2,100,000
Ticket vendor fees	1,265,000	1,624,886		1,583,000
Promotions	114,000	34,472		118,000
Retailer equipment	148,000	67,906		198,000
Shipping and postage	381,000	291,509		343,000
Responsible gaming	73,000	72,250		73,000
Game membership	60,000	-		60,000
Total game expenses	78,811,000	104,155,995		91,118,000
OPERATING EXPENSES				
Salaries, wages and benefits	3,089,000	2,768,150		3,061,000
Leases and insurance	122,000	126,584		160,000
Utilities and maintenance	287,000	250,569		287,000
Depreciation and amortization	246,000	198,656		312,000
Professional fees	183,000	118,106		200,000
Other	124,000	47,812		138,000
Materials and supplies	46,000	32,690		49,000
Travel	42,000	972		48,000
Operational reserve fund	-	753,800		-
Total operating expenses	4,139,000	4,297,339		4,255,000
OPERATING INCOME	35,534,000	46,439,624		40,861,000
NON-OPERATING EXPENSE				
Interest expense	-	427		2,000
Total non-operating expenses	-	427		2,000
NET INCOME	35,550,000	46,481,668		40,875,000
Operational Reserve Fund Transfer	-	-		-
Total Transfer to Lottery Tuition fund	\$ 35,550,000	\$ 46,481,668		\$ 40,875,000
	30.00%	30.00%		30.00%

Source: NMLA

** FY 2021 Financial Audit not Final

HIGHLIGHTS:

State agencies, higher education institutions, and special and tribal schools requested \$1.2 billion for 140 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 on operating costs or savings.

The following summaries highlight certain projects within the framework listed in Volume III, including other proposed sources:

Aging and Long-Term Services Department. The Aging and Long Term-Services Department (ALTSD) received 70 capital outlay requests totaling \$32.1 million from senior programs statewide. ALTSD and area agencies on aging rated and recommended \$22.5 million to address code compliance, renovations, new construction, specialized vehicles, and other equipment for senior centers statewide. ALTSD requested an additional \$1 million in emergency funding for capital projects. *The LFC framework supports the \$22.5 million for 70 projects statewide and the \$1 million for emergency funding recommendations.* The recommended projects, by category and county, are listed in Volume III.

Higher Education Department and Special Schools. The Higher Education Department (HED) held virtual hearings attended by the Department of Finance and Administration and LFC staff. Secondary institutions, special schools, and tribal institutions requested \$286 million for 52 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 \$214.4 million for 35 projects; the LFC General Obligation Bond (GOB) framework supports \$206.9 million for 30 projects.*

Public Education Department. The department requested \$5.3 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 \$5.2 million to purchase and equip buses and \$132.5 thousand for school bus cameras authorized from the public school capital outlay fund.*

Corrections Department. The department requested \$42.8 million 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 \$10 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 \$6.9 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 \$4.3 million to address priority infrastructure needs identified by the department at museums and monuments statewide.*

Department of Health. The department requested \$59.6 million to build new facilities at the New Mexico State Veterans Home (NMSVH) and \$50.4 million to replace New Mexico Behavioral Health Institution (NMBHI) forensics building. Additionally, the department requested \$8.4 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 supports \$20 million for the NMSVH with an additional \$40 million from the General Fund Operating Reserve contingent on an application for federal funds and an agreement to reimburse the Operating Reserve upon receipt of federal funds; \$5 million for the NMBHI forensics building; and \$8.4 million for Department of Health facilities statewide.*

Department of Information Technology. The department requested \$9.2 million to renovate the Simms Building in Santa Fe and \$26.2 million to continue modernizing the public safety radio communications system statewide. DoIT estimates upgrading the New Mexico Digital Trunked Radio System to the P25 federal standard will cost a total of \$170 million. To date, the state has provided \$39.2 million in appropriations. *The LFC framework supports \$9.2 million for the Simms Building renovation and \$26 million for the public safety radio communications modernization.*

Capital Outlay

Department of Public Safety. The Department of Public Safety (DPS) requested \$8 million to improve its headquarters in Santa Fe County and for the renovation and maintenance of DPS facilities statewide. *The LFC framework supports \$3 million for the headquarters and \$5 million for district office upgrades statewide.*

General Services Department. The General Services Department (GSD) requested \$20 million to implement and 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. Additionally, GSD requested \$21 million for a DPS metro office in Albuquerque and \$220 million for an executive office building (EOB) in Santa Fe. *The LFC framework proposes \$10.4 million to address the most critical needs to preserve and restore state-owned facilities statewide, \$20 million for the DPS office, and \$15 million for the EOB. Additional funding for the EOB may be under consideration.*

