

GENERAL SERVICES DEPARTMENT FY20 APPROPRIATION REQUEST PRESENTATION

Ned Fuller, Acting Cabinet Secretary

November 13, 2018

State Capitol Room 307



"THE HEART AND SOUL OF STATE GOVERNMENT"

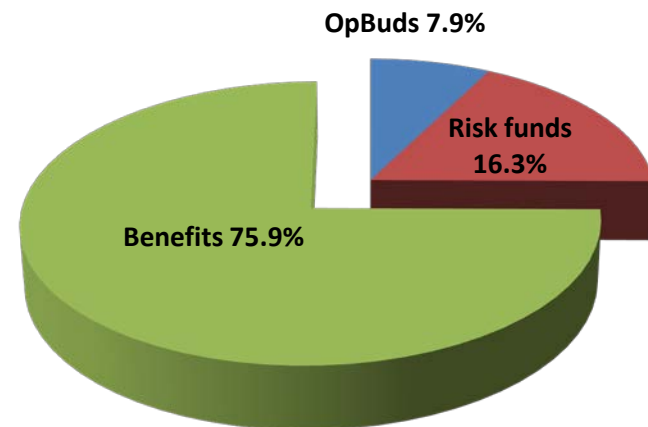
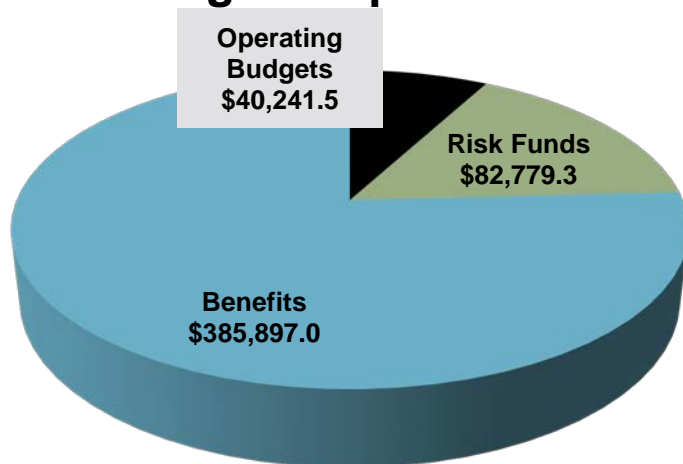
NEW MEXICO
GENERAL SERVICES DEPARTMENT

GSD FY20 Request High Level Breakdown

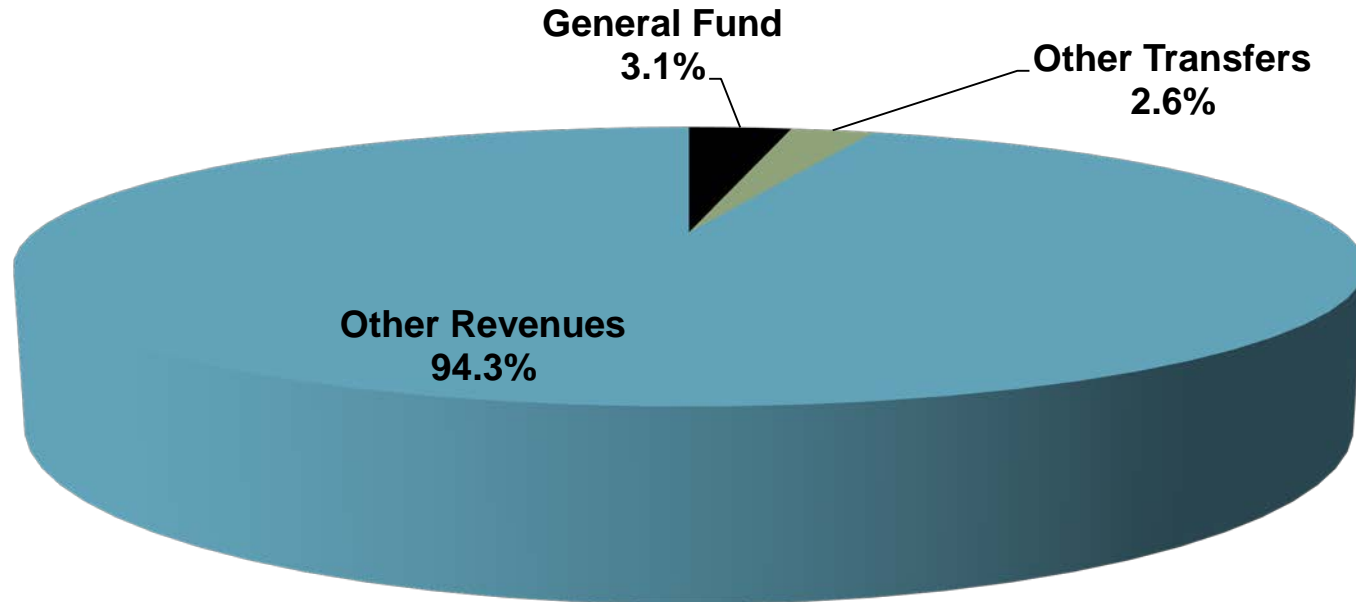
- GSD Appropriation Request consists of three budget components:

1. Program Operating Budgets	\$ 40.2 million
2. Risk & Liability Funds	\$ 82.8 million
3. Employee Health Benefits	\$ <u>385.9</u> million
Total FY20 GSD Request	\$508.9 million

FY20 Budget Request Dollar Value



Funding Sources by Percentage

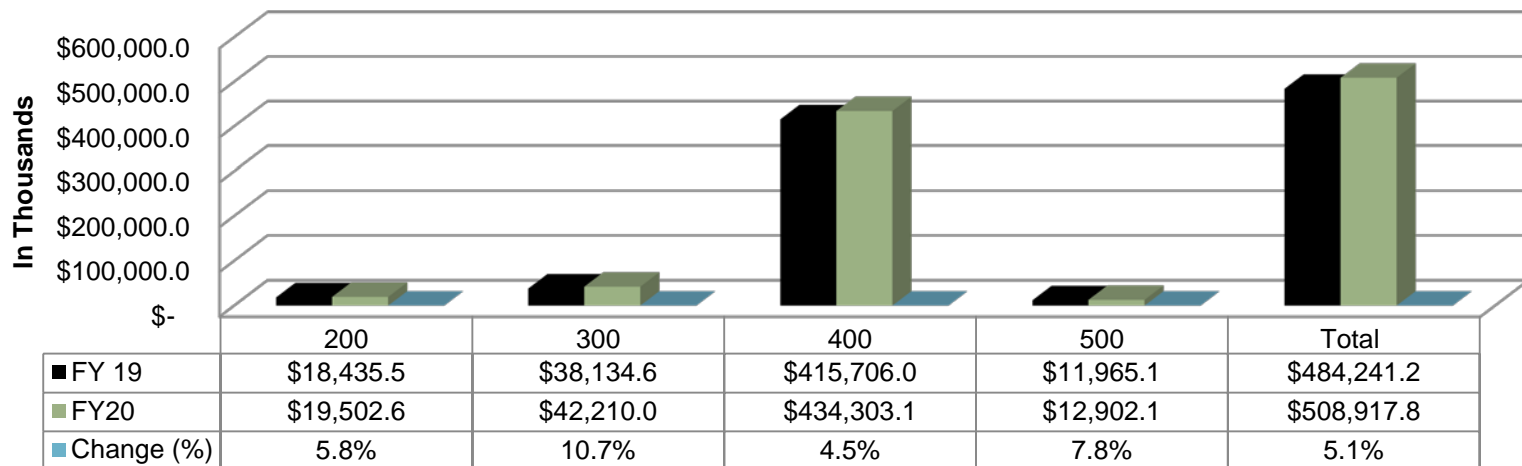


1. Other Revenues account for 94.3% or \$480.2 million of the FY20 GSD request (Health Benefits \$385.9, Risk Funds \$82.8 and Enterprise Funds \$11.5),
2. General Funds account for 3.1% or \$15.9 million of the request, and
3. Other Transfers (RMD Operating & Program Support) accounts for 2.6% or \$12.9 million of the FY20 GSD budget request.

Overall Costs Comparison by Category FY19 / FY20

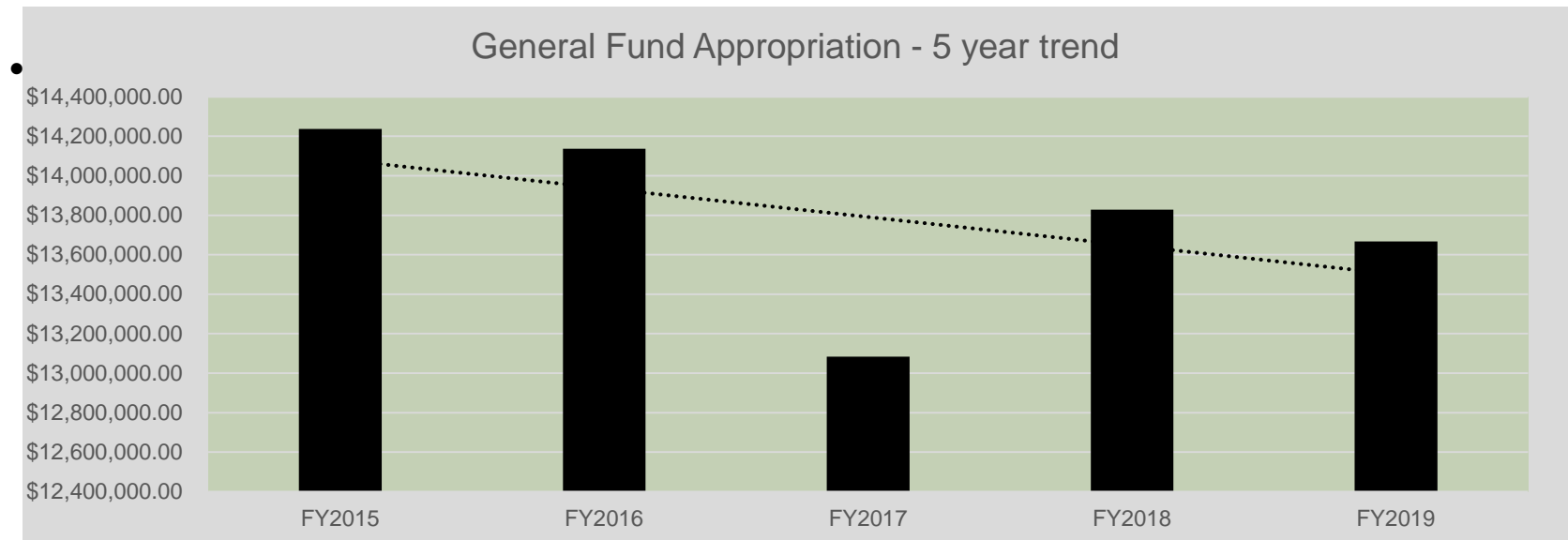
- In the 200s, the FY20 request increased almost six percent because in the past key positions in the Office of the Secretary were kept vacant. For FY20 these positions will be budgeted in full to allow the new administration the flexibility to achieve its core objectives. In addition, FMD is adding four Management Analyst positions to assist in Capital Outlay projects.
- Increases to the 300s are predominantly in Information Technology due to maintenance contracts to service IT equipment nearing end-of-life cycles and the Risk & Liability Funds due to an increase in legal defense contracts. The increase is also due to an increase in administrative service fees from the benefits services providers.
- In the 400s the request increased mainly due to the rising costs of risk fund claims, the increase in the health benefits premium, increases in utility costs and also to catch up on the back log of building repairs and maintenance long over due because of budget shortfalls in previous years.

Request by Expenditure Category



General Fund Appropriations to GSD

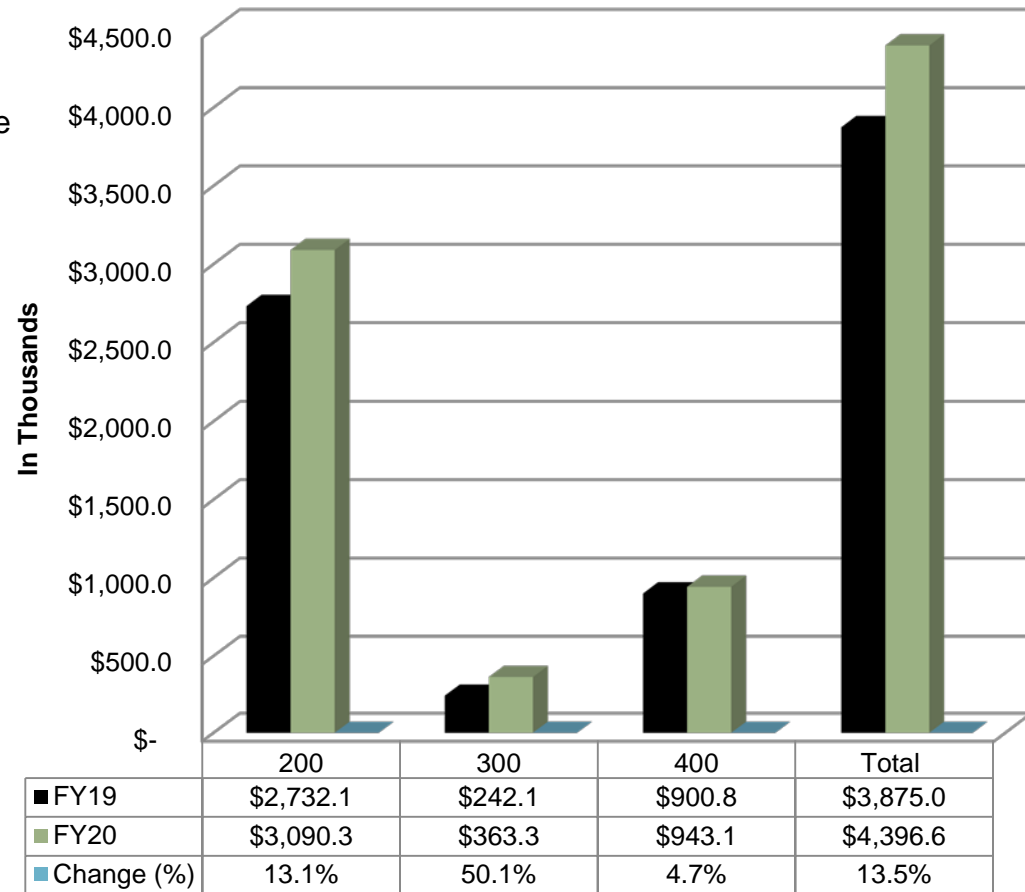
- From a General Fund appropriation high of \$14,237.4 in FY15, the GF appropriations to GSD have steadily declined while costs of GF programs have increased.
- This is clearly evident in the Facilities Management Division (FMD) where costs of utilities, property insurance premiums, repairs and landscaping materials have increased significantly. In addition, numerous positions have remained vacant due to underfunding hampering the divisions efforts to achieve its core mission. GSD requests a total GF appropriation of \$15.9 million for FY20 to meet program objectives in the new administration.
- The increase from FY17 to FY18 is due to the transfer of budget from DPS to FMD for building operations and maintenance.



P598 Program Support - Operating

- The total FY20 budget request of \$4,396.7 is \$521.6 more than the FY19 operating budget.
 - FY20 allows new administration to fill historically vacant positions in the Office of the Secretary (OoS).
 - TSSB also received a transferred FTE from an unused position in State Printing and Graphics.
- PS&EB vacancy rate factors range from 0.0% in OoS to 18% in Technology and Support Services Bureau (TSSB) for a total cost savings of \$328.8.
- Increase in the 300s higher annual audit costs, need for an IT audit and staff augmentation in TSSB until vacant positions are filled.
- The slight increase in the 400s is attributed mainly to an increase in IT maintenance costs and DoIT ISD rates.

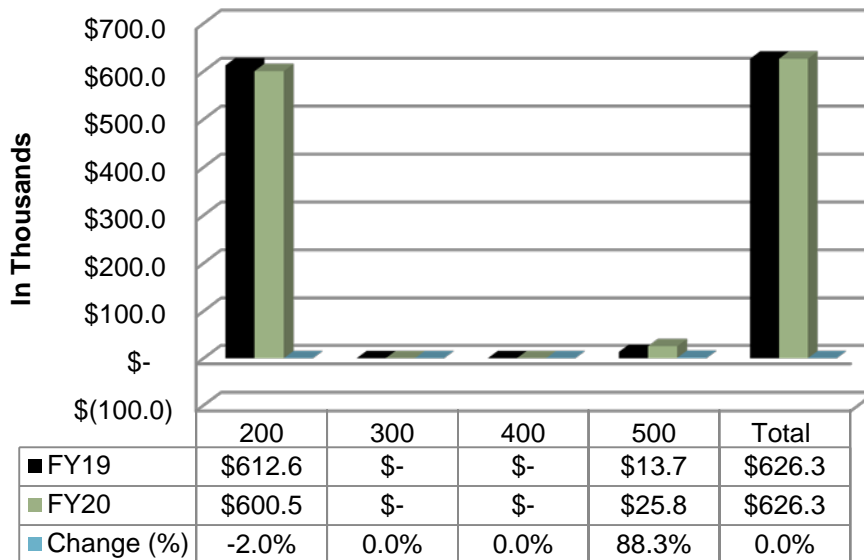
Program Support



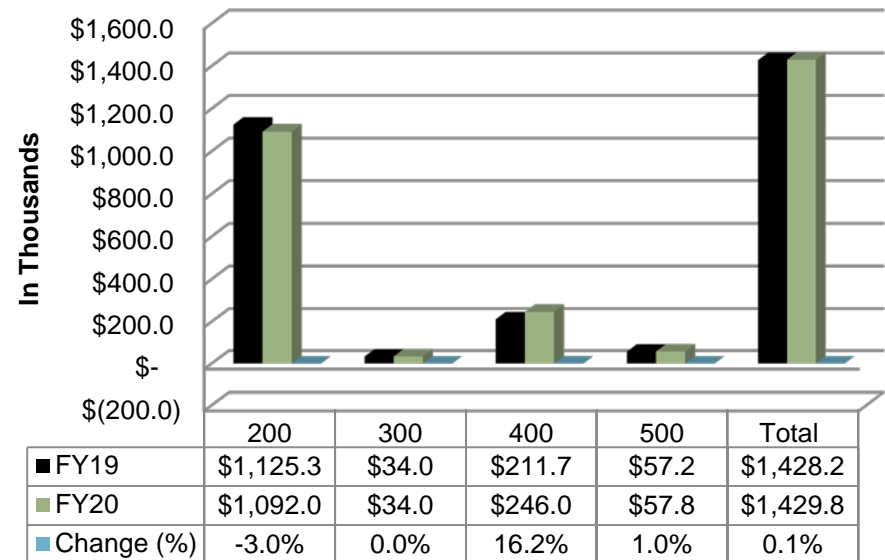
P604 - State Purchasing

- The total budget request for the State Purchasing Program (SPD) of \$2,056.1 is \$1.6 more overall than the FY19 operating budget.
- The SPD general fund (17400) budget (GF) is flat with the FY19 operating budget.
 - A 8.5% vacancy factor was applied to the 200s for 10 authorized FTE positions so that budget could remain flat with the FY19 GF appropriation.
- In the fees fund (28600), the budget bureau allocated savings from a 12.5% vacancy factor to address the increase in Other Costs category.
 - The increase is due to costs associated with the licenses for E-Procurement, Electronic Signature and Commodity Code.

SPD 174 General Fund



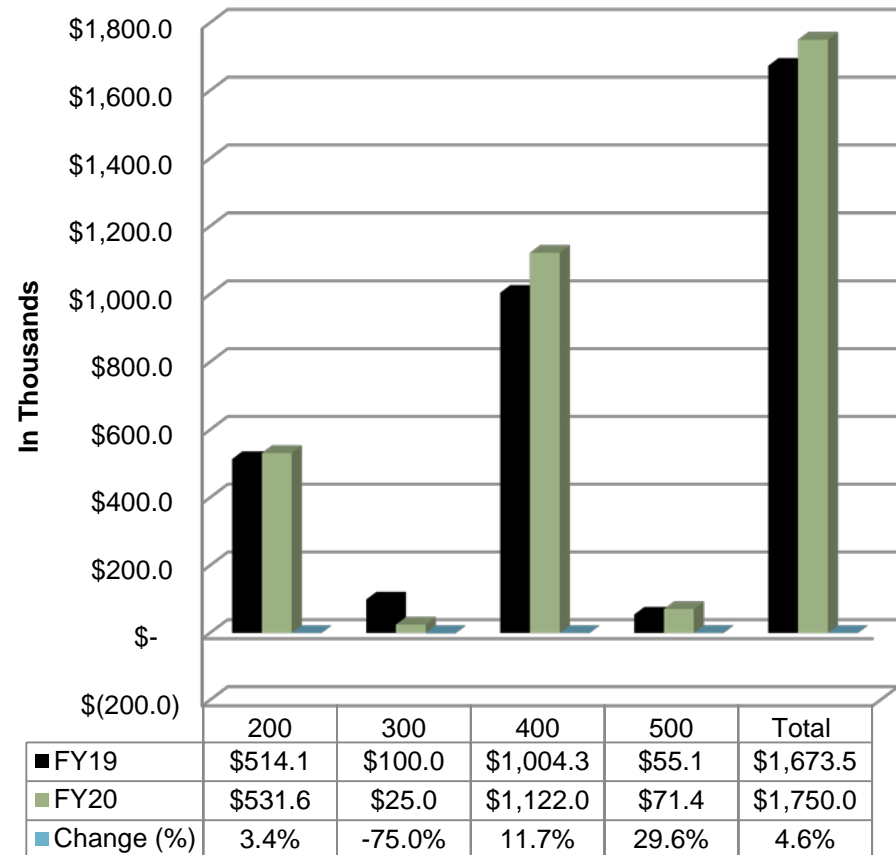
SPD 286 Fees Fund



P605 State Printing & Graphics

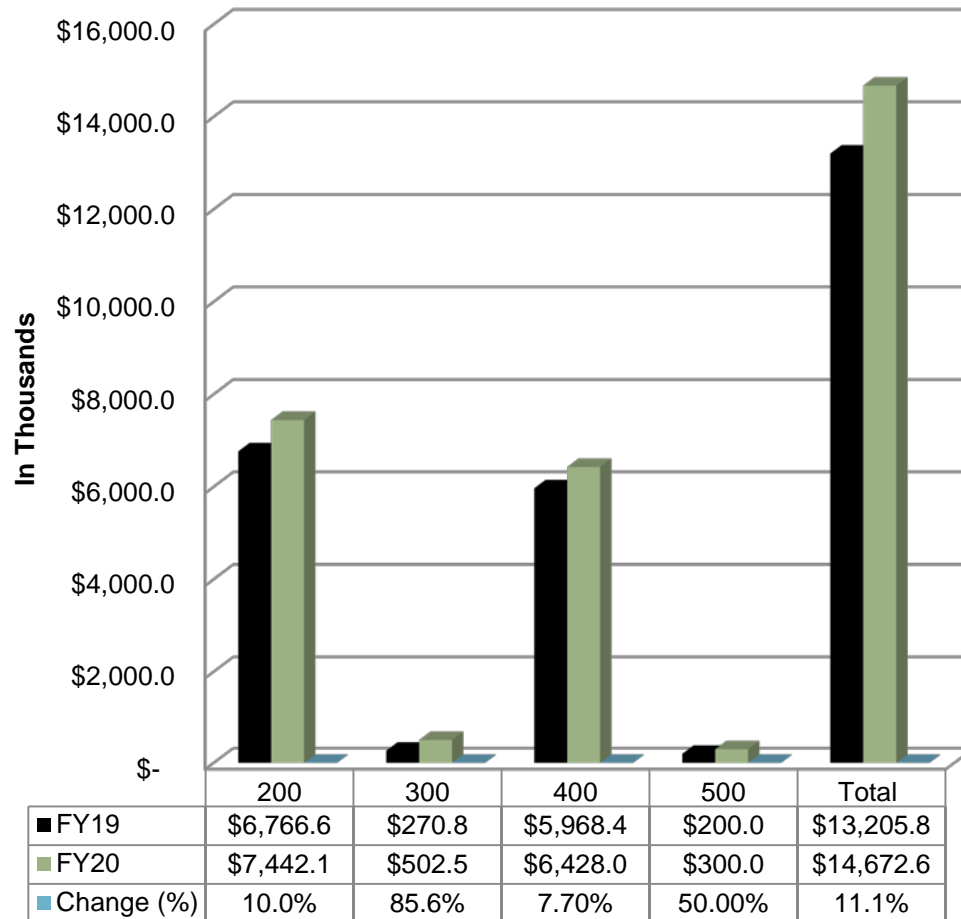
- The overall budget request of \$1,750.0 is an increase of \$590.0 over the FY18 operating budget.
 - The significance of using the FY18 budget is that FY18 was also a 60 day legislative session by which 30 to 40 percent of the programs annual revenue is derived which is used as the basis of the requested appropriation.
- A vacancy rate of 11.5% was applied to the 200s.
- State Printing continues to operate with minimal staff of 7 FTE.
- FY18 revenues exceeded expenses by \$232.3 as a result of the successful sales and marketing strategies of the SP&G's Director.

State Printing



P608 - Facilities Management

Facilities Management



- The total FY20 budget request of \$14.7 million is \$2.2 million more than the FY19 operating budget.
- The justification for increasing budget in the 200s is so FMD can add four management analyst position to assist project managers with capital outlay projects @ a cost of \$229.0. The balance of the increase is due to the division's plans to fill historically vacant positions so that the new administration can achieve its core mission.
- The increase of \$231.7 in the 300s is to create and develop a building security master plan and to conduct property appraisals and surveys.
- Increases to the 400s request can be attributed to the cost of addressing the backlog of building maintenance and repairs, increased utility costs and increases in DoIT charges.

P609 Transportation Services – Motor Pool / Surplus

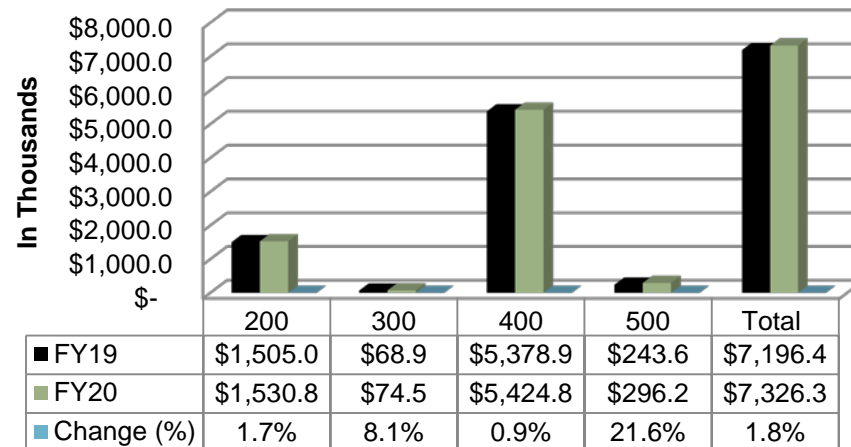
MOTOR POOL

- Total budget of \$7,326.3 is \$129.9 more than the FY19 operating budget but still \$3,141.4 less than the FY18 operating budget of \$10,467.7.
 - The fund balance normally used in years prior for aging vehicle replacement was swept in its entirety during the FY17 Special Session.
- The present vehicle lease rate schedule prohibits the bureau from replacing the aging vehicle fleet. Older vehicles cost more to repair and maintain. In spite of aging fleet, SAFETY is not compromised.

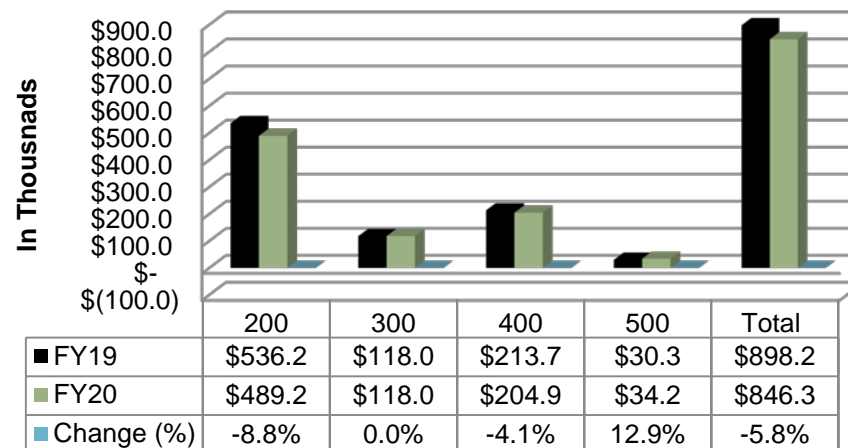
SURPLUS PROPERTY

- Total budget of \$846.3 is \$51.9 lower than the FY19 operating budget.
- The savings stems from a \$50.0 offset in the Employee Liability account code.
- Surplus Property continues to experience success through donations, store front sales and its operations of the GovDeals online auction site.

Motorpool

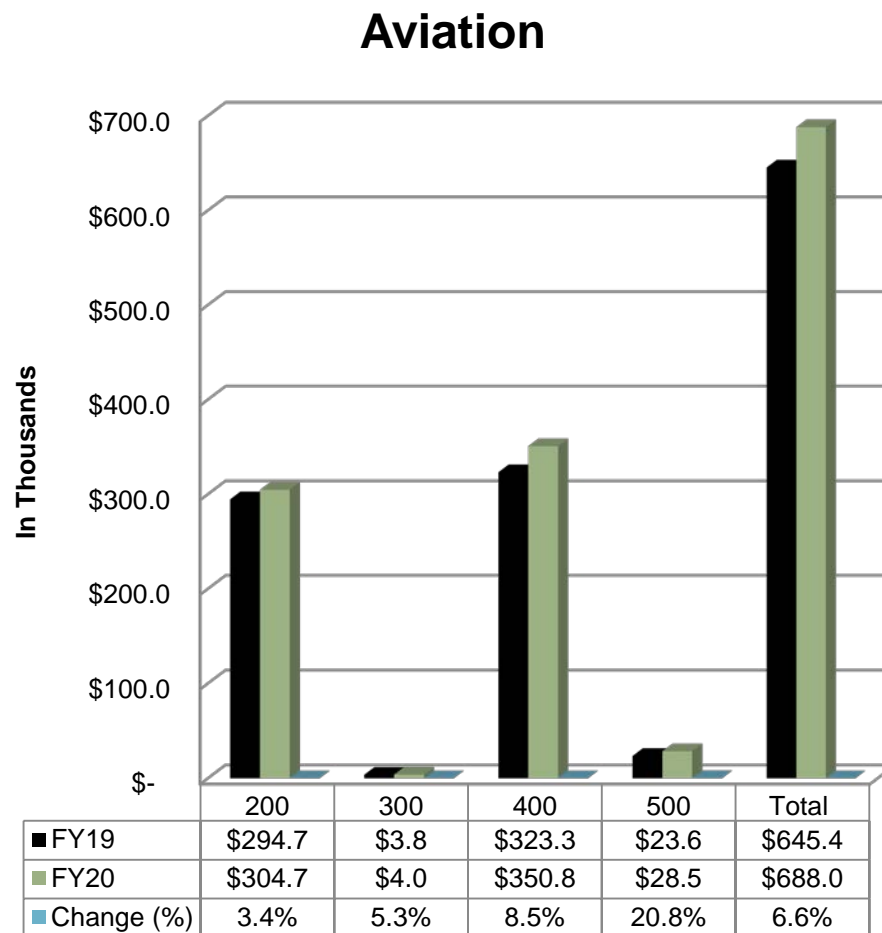


Surplus Property



P609 Transportation Services – Aviation

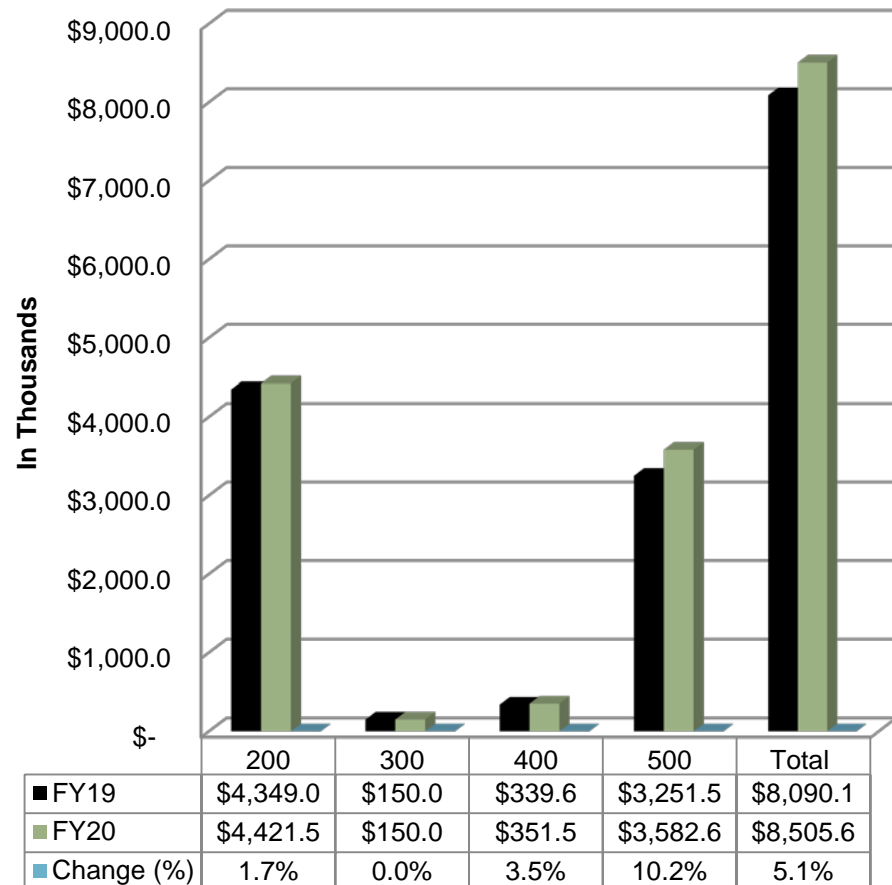
- Total budget request of \$688.0 is an increase of \$42.6 over the FY19 operating budget.
 - \$571.0 general funds.
 - \$117.0 enterprise funds.
- Increase to aircraft pilot and mechanic salaries account for the increase in the 200s.
- The increase in the 400s is a result of the need for additional maintenance and replacement of aircraft parts as mandated by the manufacturer and the Federal Aviation Administration.
- TSD continues to focus on both pilot and aircraft safety.
- Children's Medical Services continues to be the primary customer for the Aviation Services Bureau.



P606 Risk Management - Operating

- Total FY20 budget request of \$8,805.6 is \$415.5 more than the FY19 operating budget.
- The request also reflects a minimal 8% vacancy rate applied in the 200s to reflect efforts to fill vacancies.
- Increases are mainly in the 200s as stated above and the 500s as a result of the increase in the assessment transferred out to Program Support which RMD pays the lion's share.
 - RMD's share of program support accounts for 81.5% of Program Supports budget.
- RMD operating continues to focus on providing training through RMDs ADR and Loss Prevention and Control bureaus.

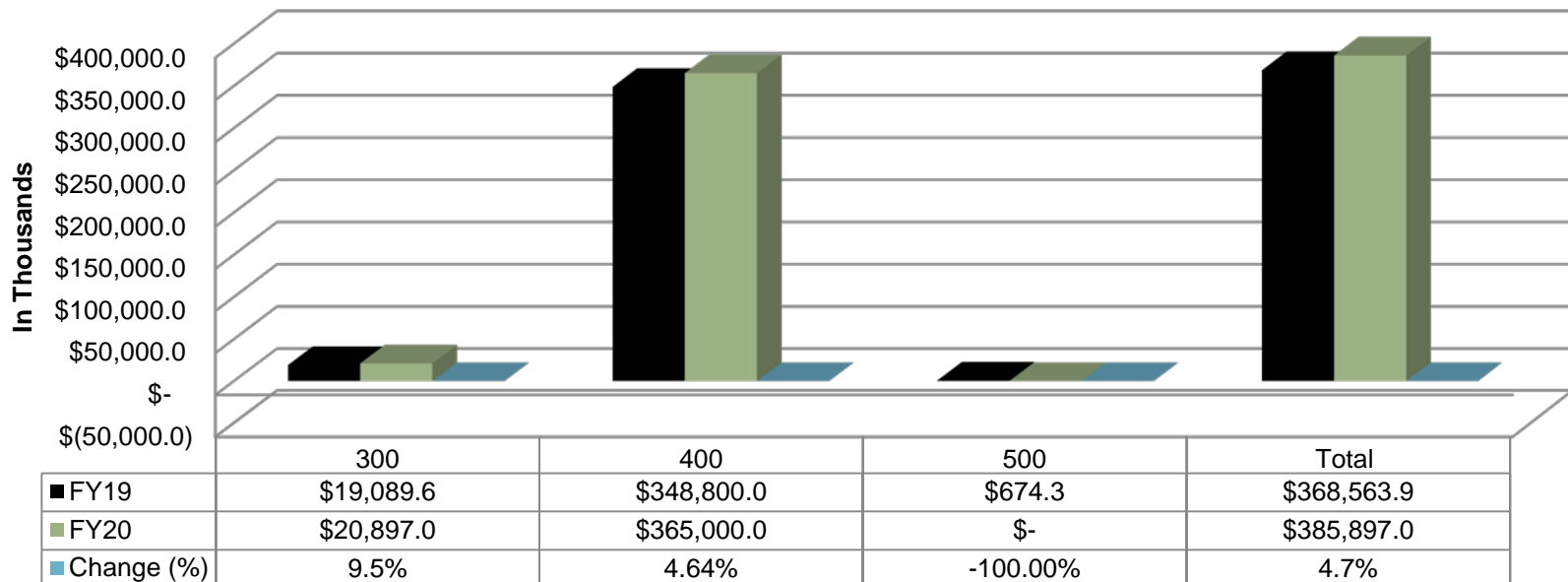
Risk Management Operating



P607 - Health Benefits

The most significant change in the FY20 request in the Health Benefits program is the reduction of Other Financing Uses 500s category for program support assessments. The increase in the 400s budget request for medical and prescription costs reflects projected cost increases mitigated by slow growth in plan population and continued implementation of cost containment measures such as wellness programs.

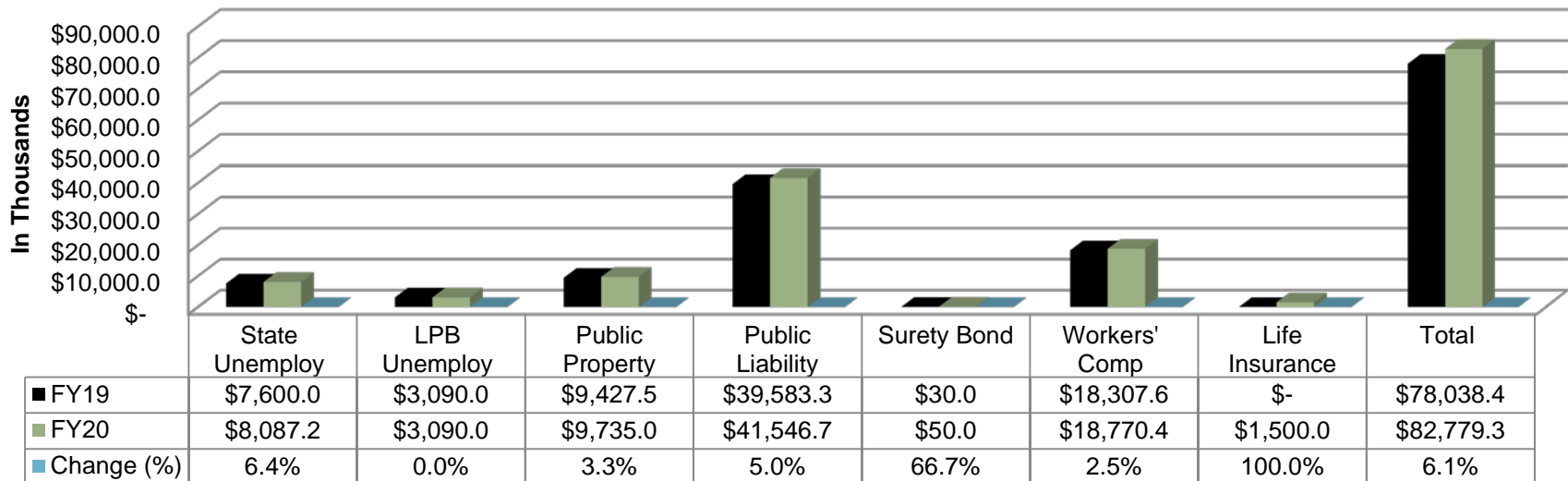
Health Benefits



P799 - Risk Funds

- The request for Unemployment funds have increased in order to meet anticipated claims expenses from anticipated claims associated with administrative transition and higher education entities that cut staff to meet deficiencies associated with downturn in revenue cause by those entities" drop in enrollment.
- The FY20 overall request for the Public Property Fund is slightly higher than the FY19 OPBUD. Excess property insurance rates for policy year 19-20 are expected to rise slightly in FY20 due to the combination of increased exposure (additional high value buildings being added to the property inventory which is presently \$8.8 billion) and hardening property insurance markets adversely impacted by global catastrophes (hurricanes/wild fires, etc.).
- The request for the Workers Compensation fund is again budgeted fairly flat as compared to the FY19 operating budget. The relatively small increase is necessary to accommodate a projected increase in prescription drug costs and the potential that the Workers Compensation Administration may increase the allowable fees charged by medical providers.

Risk Funds



RMD's FY20 C-2 Request

- The Risk Management Division is presently in Phase II of a C-2 IT Project to replace the Risk Management Information System.
- The FY20 overall request for the Public Property, Public Liability and Workers Compensation Retention Funds includes a total of \$1.019m in budget to fund consulting, project management, and business analyst support for software purchase, data conversion/implementation, required independent verification and validation and training.

Supplemental and Special Requests

- The Facilities Management Division has submitted for consideration from the general fund, a supplemental request in the amount of \$997.4 to address the budget shortfall as a result of unforeseen utility and maintenance costs resulting from the acquisition of the CYFD Wellness Center. Funding will be used for FY19 property maintenance contracts and utility expenses.
- The Transportation Services Division has submitted for consideration from the general fund, a SUPPLEMENTAL request in the amount of \$5,414.4 to purchase new vehicles for the SCFA Fleet to replace higher mileage vehicles in FY19.
- The Transportation Services Division has submitted for consideration from the general fund, a SPECIAL request in the amount of \$5,414.4 to purchase new vehicles for the SCFA Fleet to replace higher mileage vehicles in FY20.

QUESTIONS?

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