

# DFA FY25 Budget Request

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## Legislative Finance Committee

Senator George K. Muñoz, *Chair*

Representative Nathan P. Small, *Vice Chair*




New Mexico  
Department of Finance  
and Administration

November 15, 2023

## Expanded Duties & Responsibilities

Over the past several years, DFA has been tasked with administering historic funding levels while overseeing new programs and initiatives that fall beyond our traditional scope. Programs and funding range from **Hermit's Peak/Calf Canyon Fire Relief** to **Law Enforcement Recruitment Funds**, to **Felony Warrant Enforcement Funding**, to administering the funding for the **Intertribal Indian Ceremonial Office**, to name a few. We continue to evolve as we successfully implement funding initiatives, but ongoing budgetary support is crucial for sustaining our efforts.

 Our FY25 budget request includes funding to:

- increase staff capacity to meet the needs of our state;
- increase contract dollars to create digital systems to streamline processes and reduce backlogs;
- offset specials and federal funding that will sunset soon;
- fund and continue the transitions of SHARE and the SHARE team to DFA.



# Requested Update

## Current Vacancy

	Total	Filled	Vacant	Vacancy Rate
P541	33	26	7	21.21%
P542	21	18	3	14.29%
P543	47	41	6	12.77%
P544	53	46	7	13.21%
	154	131	23	14.94%

*As of October 2023*

## BAR Activity (Prior Year)

	Qty	200	300	400
P541	2*	(124,440.00)	21,420.00	103,020.00
P542	1*	(90,000.00)	50,000.00	40,000.00
P543	4*	(105,822.00)	90,822.00	15,000.00
P544	1*	(50,000.00)	50,000.00	-
Grand Total	8*	(370,262.00)	212,242.00	158,020.00

\*Count from 200-other categories

## Reversions (Prior Year)

	200	300	400	Total
P541	101,500	123,831	117,700	343,031
P542	85,783	48,300	66,200	200,283
P543	545,940	23,994	900	570,834
P544	358,600	238,109	3,912	600,621
P545*	17,560	550,400	26,183	594,143
	1,109,383	984,634	214,895	2,308,912
<b>01000 - General Fund Operations</b>				<b>2,308,912</b>

\*Dues and membership fees/special appropriations





## FY25 DFA Budget Request

Total	<b>\$221,559,200</b> FY24 Operating	<b>\$232,375,400</b> FY25 Request	<b>+4.9%</b> Change
GF	<b>\$54,237,600</b> FY24 Operating	<b>\$39,889,100</b> FY25 Request	<b>-26.5%</b> Change



## Policy Development, Fiscal Analysis, Budget Oversight and Education Accountability (P541)

*Program includes Office of the Secretary, State Budget Division, Board of Finance*

**\$28,454,200**  
FY24 Operating

**\$8,066,200**  
FY25 Request

**-71.7%**  
Change

**\$5,887,400\***  
FY24 Operating

**\$8,066,200\***  
FY25 Request

**+37.0%\***  
Change

*\*Without Food Initiative*

- **\$22,566,800** reduction of the Food Initiative; transferring SB4, Universal Free School Meals, to PED's Public School Support Request.
- **6 FTEs:** 1 FTE Legal, 1 FTE Econ, 1 FTE HR, 3 FTEs Federal Grants Bureau, includes salary alignment.
- **\$594,600** in contract dollars for technology support for federal funding dashboards development and ongoing maintenance.
- **\$80,000** in contract dollars for communication support for the agency.
- **\$60,000** in contract dollars for legal resource support.
- **\$2 million increase** in the BOF emergency loan fund for a total of **\$6 million**.
- Additional increase to cover costs of in-person trainings and travel related to federal grants awareness campaign.

## Program Support (P542)

*Program includes Administrative Services Division and the Human Resources and IT Bureaus*

**\$2,588,900**

**FY24 Operating**

**\$3,459,100**

**FY25 Request**

**+33.6%**

**Change**



*ASD's duties and responsibilities increases yearly, including payment processing, procurement, fund reconciliations, federal reporting compliance and tracking, IT software and reporting solutions, and human resources support. Moreover, ASD's duties and responsibilities also increase when other divisions at DFA increase. DFA can not grow without a capacity investment at ASD.*

- **3 FTEs:** 1 FTE Finance, 1 FTE IT, 1 FTE HR, includes salary alignment.
- **\$240,400** Increase funding for ad hoc reporting solutions.
- Increase funding for IT license renewals, computer replacements, travel and training, and process automation.



## Local Government Division (P543)

*Program includes the Local Government Division, E-911 Program, DWI Bureau, Community Development Bureau, and the Special Services Bureau, Budget and Finance Bureau*

**\$65,158,600**

**FY24 Operating**

**\$72,143,200**

**FY25 Request**

**+10.7%**

**Change**



*LGD has experienced a significant surge in legislative appropriations and programs, with funding increasing from **\$400M** to over **\$726M** between the **2022 and 2023 Legislative Sessions**. This influx has led to workload with program managers handling 200 to 400 projects each, requiring expertise in various subjects such as rental assistance, housing initiatives, fire recovery, and law enforcement.*

- **6 FTEs:** 2 FTEs for Community Development Bureau, 2 FTEs for Ombudsman unit, 1 FTE for Budget and Finance Bureau, and 1 FTE for a dedicated position to carry out the law enforcement funding.
- **\$1,400,000** increase of general fund dollars to support Civil Legal Services, the intent is to use GF and Fund balance to support the program, due to unpredictable court fee revenues.
- Budget revenue increases due to projected rise of DWI liquor excise tax and receipt of federal funds for Taylor Grazing.



## Financial Control Division (P544)

*Program includes the Statewide Financial Reporting and Accountability Bureau, Cash Control Bureau, Central Payroll Bureau, and the Audit & Vendor Relations Bureau*

**\$101,510,700**  
FY24 Operating

**\$110,922,800**  
FY25 Request

**+9.3%**  
Change



*The volume of oversight duties has increased in recent years due to increased funding around the state. The number of accountants needed to train and oversee the state adequately has increased, but FCD's FTE count has remained flat.*

- **1 FTE:** ACFR Bureau, includes salary alignment.
- **\$7,774,300 increase** pass through for Tobacco Settlement and County Supported Medicaid Fund.
- **\$500,000 increase** due to Payment Card Industry (PCI) data security standard contract due to new guidelines that take effect January 2024.
- **\$40,000 increase** due to ACFR preparation.







## Special Appropriation Requests (P545)

	<b>FY24 Budget</b>	<b>FY25 REQ</b>	<b>Difference</b>
National Association of State Budget Officers	24,000	24,000	-
Western Governors' Association	40,000	40,000	-
National Governors Association	84,000	84,000	-
Emergency Water Supply Fund	109,900	250,000	140,100
Fiscal Agent Contract	1,064,800	1,200,000	135,200
State Planning Districts	693,000	693,000	-
Statewide Teen Court	137,900	137,900	-
Law Enforcement Protection Fund	15,300,000	22,000,000	6,700,000
Leasehold Community Assistance	180,000	180,000	-
Acequia and Community Ditch Education	498,200	498,200	-
New Mexico Acequia Commission	88,100	88,100	-
Land Grant Council	626,900	945,200	318,300
County Detention of Prisoners	5,000,000	5,000,000	-
Intertribal Indian Ceremonial Association (IICA)	328,000	328,000	-
<b>TOTAL</b>	<b>24,174,800</b>	<b>31,468,400</b>	<b>7,293,600</b>



## SHARE Oversight *NEW* for FY25

In 2011, the technical side of SHARE (hardware and software oversight) moved to DoIT through an MOU. However, DFA still maintained statutory oversight along with the IT HelpDesk support for SHARE. The complete oversight of SHARE (technical and financial expertise) has returned to DFA. FY24 is serving as a transition year with a full return in FY25.

**\$6,315,700\***

**FY25 Request**

**FY25 Request\***

200	1,845,000
300	1,889,100
400	2,581,600
500	-
<b>Total</b>	<b>6,315,700</b>

**20**

**SHARE Team**

**14**

**State IT Employees**  
(12 FTEs; 2 Vacant)

**6**

**IT Contractors**



\*Transfer revenue from DoIT





## SHARE Oversight: Why DFA & Why Now?

### Governance Alignment

#### Statutory Obligation

- DFA has been and is still tasked with the statutory oversight of the state's financial system.
- Transfer of management/oversight was never addressed in original MOU and was not changed in statute.

#### Standardization

- DFA oversees all accounting practices. Transferring SHARE to DFA will enable the refinement of agency practices and establish standardization throughout the State.

### Technical Alignment

#### Enhanced Cybersecurity

- DFA leads SHARE, collaborating with the Office of Cybersecurity to establish financial best practices for the State.
- As the financial regulatory agency, DFA ensures standards compliance for Personally Identifiable Information (PII) and bank data with changes in application and architecture.
- Development a new cloud strategy in partnership with FCD



## What's Next?



### End-of-Life

- The State will need to fully upgrade both software and hardware by **2026**.
- SHARE servers are reaching end of life, and migration to a new system is ***mandatory***.
- This will be a multi-year effort due to the nature of the information, the scope of impact for all stakeholders that will use this system, the request of Computer Systems Enhancement Fund (CSEF), and appropriate environmental testing before live rollout.



*DFA has started the process of navigating the end-of-life of SHARE*



# Supplement and Special Request

## FY24 Supplement Request

- \$1,750,000** To address a projected shortfall in personal service and employee benefits.
- \$4,500,000** For staffing, rent, and equipment to assist with the transition of the Statewide Human Resources, Accounting, & Reporting Unit to the Department of Finance and Administration.
- \$150,000** For potential shortfalls in the fiscal agent contract appropriation.
- \$400,000** To the Federal Grants Management Division for dashboard system improvements.

## FY25 Special Appropriation Request

- \$750,000** To replace aging and broken furnishings.
- \$1,000,000** For a state-wide capital outlay tracking software.
- \$100,000,000** To provide matching assistance to local entities for matching local and federal funds.
- \$100,000,000** To the Department of Finance and Administration to fund the conservation legacy permanent fund.
- \$35,000,000** To the Firefighter Recruitment Fund.





## Capital Outlay

### #1 Priority - \$20M

#### Public Safety Infrastructure (Food, Health, Housing, Safety)

*To plan, design, construct, renovate, equip and furnish public safety and emergency service facilities, including housing, health and food security statewide.*

### #2 Priority - \$20M

#### Emergency Capital Statewide

*To provide urgent or emergency funding for infrastructure and equipment needs in times of crisis statewide.*

### #3 Priority - \$20M

#### Acequia Improvements Statewide

*to plan, design, construct, improve and equip acequias statewide.*

### #4 Priority - \$1M

#### Capital Planning and Project Management System

*to plan, design, purchase and install information technology, including related equipment, furniture and infrastructure for capital appropriations and other related appropriations statewide.*

### #5 Priority - \$10M

#### Bataan Building Historic Restoration

*To plan, design, construct, renovate, equip and furnish, including historic renovations and improvements, to the Bataan Memorial building located in Santa Fe within Santa Fe County.*



## Appendix: Total FY25 Request *Number in thousand*

SOURCES:	FY24 Operating	FY25 Request	Change: FY25 Over FY24	
			\$	%
General Fund	54,237.6	39,889.1	(14,348.5)	-26.5%
Other Transfers	16,250.0	22,715.7	6,465.7	39.8%
Federal Revenue	21,755.2	21,935.7	180.5	0.8%
Other Revenue	113,039.4	127,533.6	14,494.2	12.8%
Fund Balance	16,277.0	20,301.3	4,024.3	24.7%
<b>TOTAL</b>	<b>221,559.2</b>	<b>232,375.4</b>	10,816.2	4.9%
<b>USES:</b>				
200 - PSEB	16,580.1	22,383.0	5,802.9	35.0%
300 - Contracts	9,719.0	17,388.0	7,669.0	78.9%
400 - Other	75,786.3	87,773.1	11,986.8	15.8%
500 - Other Financing Uses	119,473.8	104,831.3	(14,642.5)	-12.3%
<b>TOTAL</b>	<b>221,559.2</b>	<b>232,375.4</b>	10,816.2	4.9%



## Appendix: GF FY25 Request

SOURCES:	FY24	FY25	Change: FY25 Over FY24	
	FY24 Operating	FY25 Request	\$	%
General Fund	54,237.6	39,889.1	(14,348.5)	-26.5%
Other Transfers	-	-	-	-
Federal Revenue	-	-	-	-
Other Revenue	-	-	-	-
Fund Balance	-	-	-	-
<b>TOTAL</b>	<b>54,237.6</b>	<b>39,889.1</b>	<b>(14,348.5)</b>	<b>-26.5%</b>
<b>USES:</b>				
200 - PSEB	14,992.7	18,859.7	3,867.0	25.8%
300 - Contracts	8,650.7	11,968.6	3,317.9	38.4%
400 - Other	7,997.4	9,030.8	1,033.4	12.9%
500 - Other Financing Uses	22,596.8	30.0	(22,566.8)	
<b>TOTAL</b>	<b>54,237.6</b>	<b>39,889.1</b>	<b>(14,348.5)</b>	<b>-26.5%</b>