

NEW MEXICOGENERAL SERVICES DEPARTMENT

FY 24 Appropriation Request Presentation John A. Garcia, Cabinet Secretary November 15, 2022

HIGHLIGHTS OF ACCOMPLISHMENTS

PROGRAM SUPPORT

- Passage and enactment of Senate Bill 39, renewing the preference that New Mexico veteran-owned businesses receive in bidding on state contracts. The legislation also increases the bidding preference for other in-state businesses and, for the first time, allows Native American-owned businesses operating on tribal land to qualify for the preferences.
- Implementation of a new IT security training campaign for GSD staff. Course offerings are delivered to department staff via email each quarter and address a common security threat. The quarterly courses are mandatory for all employees.

STATE PURCHASING

- Fees by state vendors totaled \$4 million in fiscal year 2022, up 25 percent from FY21. The FY22 increase of \$808,000 was on top of a \$670,000, or 26 percent, jump in the previous fiscal year. Vendors on statewide price agreements pay fees ranging from .25 to 1 percent of sales.
- Began implementation of the strategic sourcing module for SHARE for better tracking of state spending. The goals are to improve procurement efficiency, selection, pricing and contracting.

STATE PRINTING

• Total revenues jumped 21 percent in fiscal year 2022, and net revenues were up 10 percent, to \$200,000. The revenue increase is the result of continued growth in sales to state and local public entities and nonprofit organizations.

FACILITIES MANAGEMENT DIVISION

- The division in fiscal year 2022 marked completion of the \$15.2 million Secure Storage Facility for the Department of Public Safety. FMD also is managing construction of a new forensics laboratory and district headquarters for DPS in Santa Fe.
- Design and groundbreaking for a new campus of residences at the State Veterans' Home in Truth or Consequences.
- Renovations at the Lamy and Montoya buildings to provide day care for children of state employees.

RISK MANAGEMENT DIVISION

- The division in fiscal year 2022 entered into a new contract for pharmacy benefits management that will save its group health benefits plan an estimated \$12.6 million in the first year. The savings are attributed to lower drug costs, increased rebates from drug makers, decreased dispensing fees and other measures.
- The division, in cooperation with NMDOH, obtained a federal judge's order to end the so-called Jackson lawsuit, a 35-year-old landmark case that challenged conditions in state-run institutions for intellectually and developmentally disabled New Mexicans.

TRANSPORTATION SERVICES

• The division in fiscal year 2022 added the first hybrid pickups to the Motor Pool, continuing to increase its number of zero-emission and low-emission vehicles despite supply and price challenges.

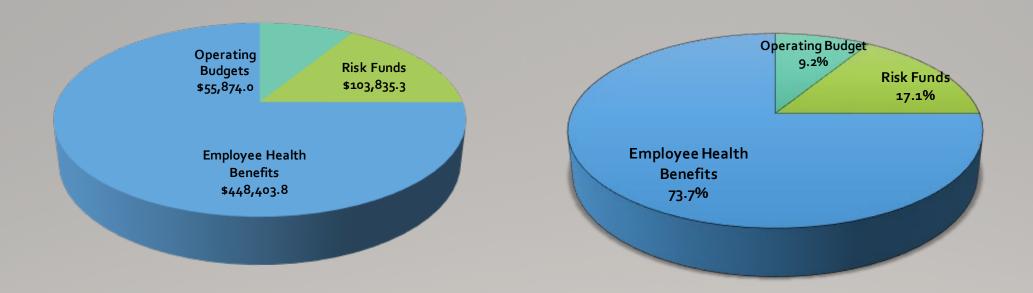
FY24 Request High Level Breakdown

- GSD Appropriation Request consists of three budget components:
 - 1. Program Operating Budgets
 - 2. Risk Funds
 - 3. Employee Health Benefits

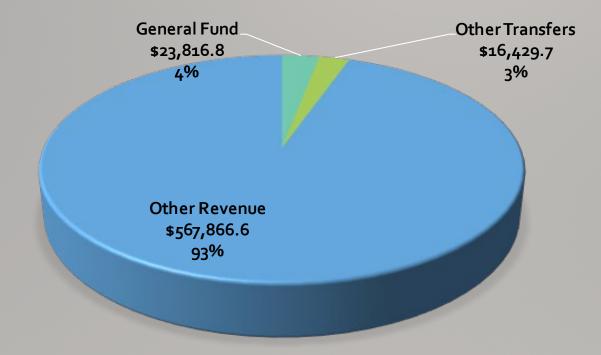
Total FY24 GSD Request

\$ 55.9 million\$ 103.8 million\$ 448.4 million

<u>\$608.1 million</u>



FY24 Funding Sources by Amount & Percentage

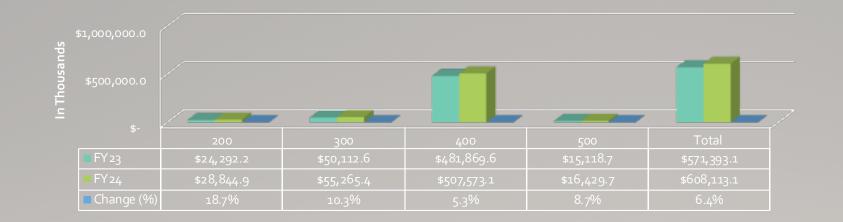


- 1. General Fund accounts for 4% or \$23.8 million of the request,
- 2. Other Revenue accounts for 93% or \$567.9 million of the FY24 GSD request, (Health Benefits \$ 448.4, Risk Funds \$103.8 and Enterprise Funds \$15.7),
- 3. Other Transfers (RMD Operating & Program Support) accounts for 3% or \$16.4 million of the FY24 GSD budget request.



Overall Comparison by Category FY23/FY24

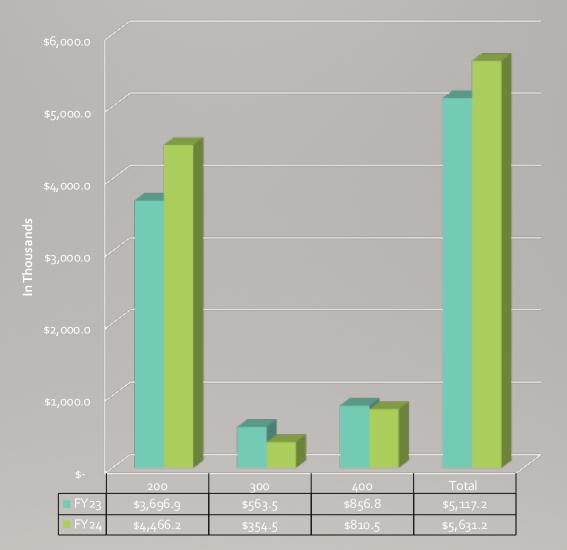
- GSD's total request (all funding sources) is an increase of 6.4%. Operating budgets are increased 18.4%, Risk funds are increased 1.1% and Health Benefits are increased 6.4%.
- In the 200s, 18.7% increase is necessary to fully fund underfunded and unfunded positions that are deemed critical for department operations. The request aligns the budget with current operational requirements. Administrative and labor funding have not grown at the same pace as the Department's programmatic responsibilities. This includes a program expansion for FMD to address critical issues impacting the delivery of effective and efficient state government service and to mitigate the State's exposure to incidents on government property.
- In the 300s, the 10.3% increase is predominantly to address contractual obligations in Health Benefits to cover fee increases and need for additional liability insurance for state agencies and local public bodies. This is to help mitigate information technology risk.
- In the 400s, the 5.3% increase is in the Health Benefits and Risk funds programs. The request for this year allows sufficient budget authority for RMD to prepare for unpredictable increases in claim costs and prepare for increases due to the COVID-19 pandemic. These are based on the actuarial estimates of claims costs.



P598 Program Support

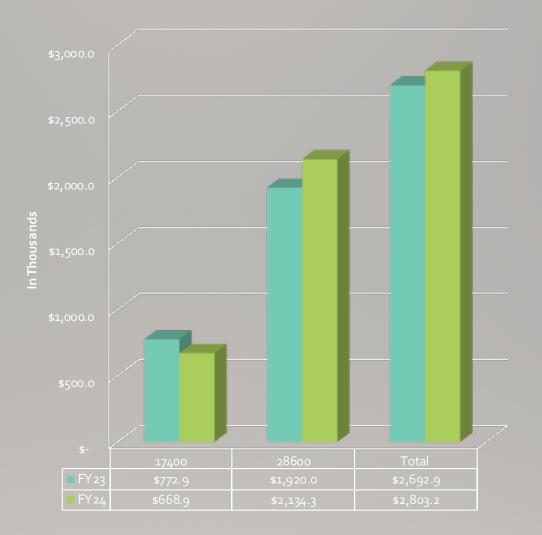
Initiatives for FY24

- Provide increased training opportunities for GSD staff
- Increase the percentage of audit findings resolved from the prior fiscal year



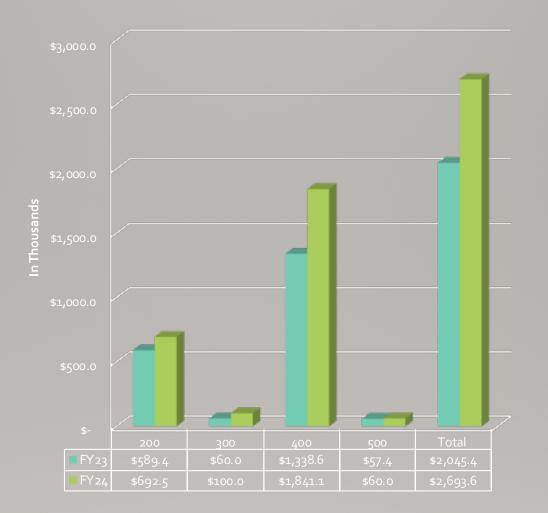
P604 - State Purchasing

- Increase percentage of procurements completed within targeted timeframes
- Increase percentage of invitations to bid that are awarded within 90 days of buyer assignment
- Reduce number of days for completion of review of professional services contracts
- Implement phase No. 2 of the strategic sourcing module for SHARE



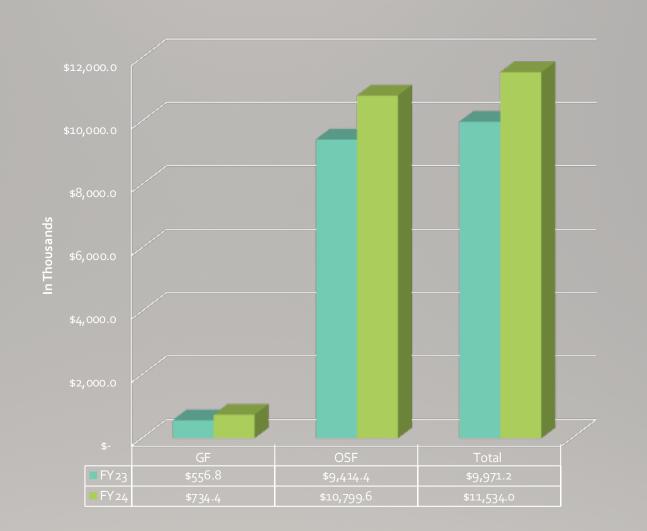
P605 State Printing & Graphics

- Increase sales to government agencies and nonprofits
- Increase net revenues
- Increase percentage of jobs completed on time
- Increase number of customers using digital storefront



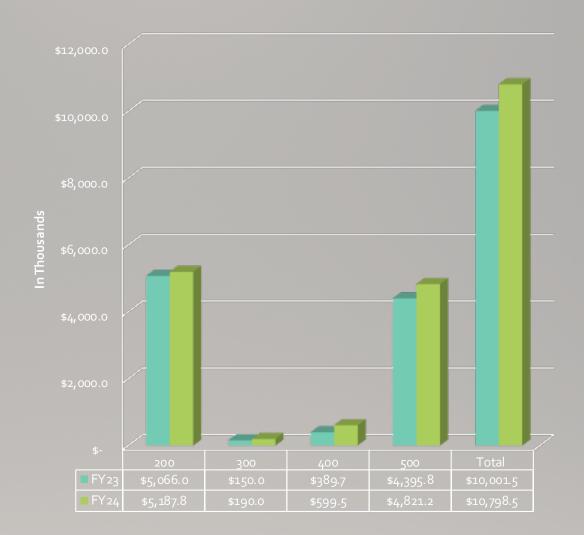
P609 Transportation Services

- Further reduce emissions of Motor Pool vehicles through purchase of additional zero-emission and lowemission vehicles
- Reduce average vehicle operation costs
- Increase short-term vehicle use
- Increase number of leased vehicles using at least 750 miles per month



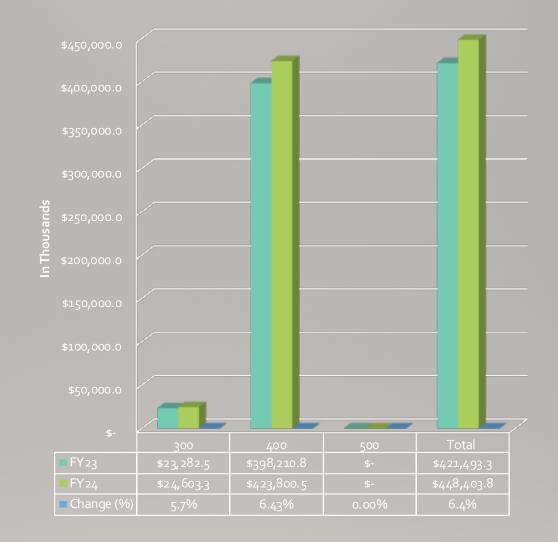
P606 Risk Management - Operating

- Reduce average cost per worker compensation claim
- Increase recovery of excess insurance
- Decrease costs to the group health benefits plan
- Increase use of Stay Well Health Center
- Decrease unneeded emergency room use by members of group health benefits plan



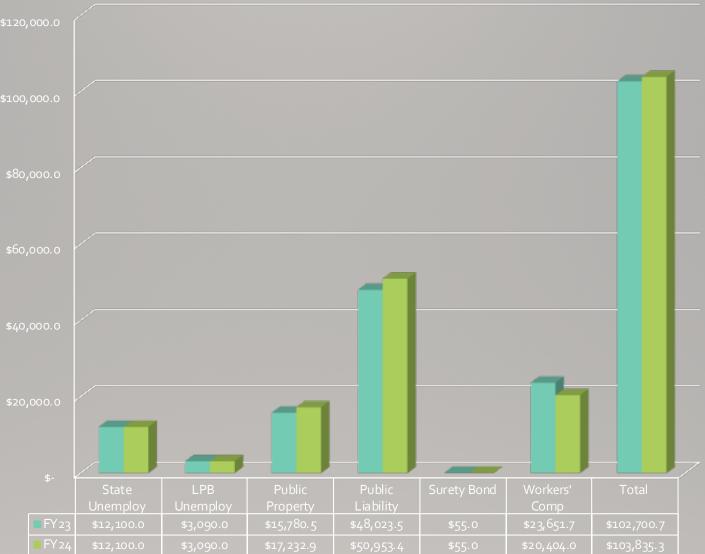
P607 - Health Benefits

- Assess the feasibility of providing additional on-site health clinics in other parts of New Mexico
- Provide transparency in prescription drug purchasing through joint procurement with other public entities
- Deploy medical claims data warehouse to identify opportunities for targeted clinical interventions
- Combine procurements of Pharmacy Benefit Manger with medical bill review



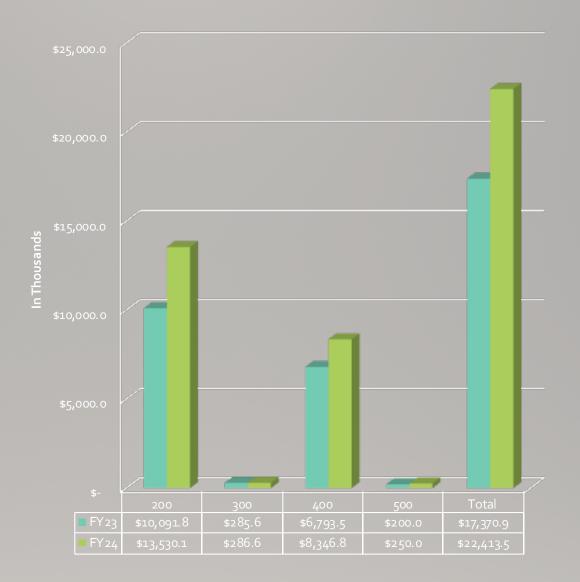
P799 Risk Funds

- Reconvene ADR Advisory Council and grow number of ADR Coordinators within agencies to increase number of mediation referrals and program growth
- Deploy medical claims data warehouse to identify opportunities for targeted clinical interventions
- Reduce losses from litigated claims by at least 10%.
- Evolve legal training/education credit program from one, ظمع all day session to multiple sessions over the year
- Audit agencies with frequent high dollar losses for targeted mitigation efforts.
- Define process and timeline for applying state-wide cybersecurity assessments and coverage
- Maintain pending claim volume at or below 2,000 files
- Continue to develop in-house legal staff to try cases, reduce costs



P608 - Facilities Management

- Increase percentage of preventative maintenance requirements completed on time
- Increase percentage of new office space leases meeting space standards
- Increase number of facility condition assessments
- Increase savings from green energy projects
- Increase percentage of capital projects completed on time



Supplemental & Special Requests

- \$95,106.0 Deficiency and Supplemental for the Health Benefits Fund 75200
 - Request funds to address adequate fund balances, which is part of a multi-faceted strategy that may include plan design changes and potentially other RMD fund transfers to achieve desired goals.
- **\$879.7 Deficiency -** for shortfalls in the contractual category for life insurance premiums in fund 56100.
- \$2,700.0 Special
 - \$1.5 to add new vehicles, allowing TSD to continue to add additional electric/hybrid vehicles to its fleet.
 - \$1.2 For the purpose of overhauling or replacing both engines on the GSD aircraft.
- \$480.0 Special
 - To provide the necessary funding for increased security for state buildings in Santa Fe.
- \$4,500.0 C2 Section 7 Request
 - To continue the implementation of the strategic sourcing module in the statewide human resource accounting and reporting system.

John Garcia, Cabinet Secretary 827-2000 Duffy Rodriguez, Deputy Secretary 827-2000

Michael Lujan, ASD Director/Chief Financial Officer, 827-1730 Randall Cherry, Acting Risk Management Division Director, 660-9337 Anna Silva, Facilities Management Division Director, 827-2041 Valerie Paulk, Acting State Purchasing Division Director, 827-2335 James Chavez, Transportation Services Deputy Director, 660-5562 Rob Newlin, Printing Director, 476-1950

"Service Is Our Middle Name"