

Legislative Finance Committee

FY15 Budget Request



December 10, 2013

New Mexico Higher Education Department

Dr. José Z. Garcia, Cabinet Secretary



NMHED Update

Core Goals

- Funding Formula
- Workforce Project
- Nursing Education
- Remediation

Key Initiative

- Native American College Readiness Initiative
- State Longitudinal Data System
- System & Campus Goals
- Dashboard
- NM Legislative Lottery Success Scholarship
- Capital Project Reform
- RPSP Reform
- Adult Basic Education
- Private & Proprietary Schools



FY15 Budget Request

Budget Request Summary

	FY14 OPBUD (Dollars in Thousands)	FY15 Request (Dollars in Thousands)	Increase / (Decrease)
General Fund	\$34,743.3	\$35,219.5	13.71%
Other Transfers	\$44,718.8	\$56,503.9	26.38%
Federal Revenue	\$10,175.0	\$10,797.2	6.11%
Other Revenue	\$23,004.0	\$2,428.0	(89.45%)
Fund Balance	\$0.0	\$11,719.9	
Personnel Service & Employee Benefits (200's)	\$3,821.5	\$4,373.1	14.43%
Contractual Services (300's)	\$2,371.6	\$2,174.8	(8.30%)
Other (400's)	\$106,448.0	\$98,262.1	(7.69%)
Other Financing Uses (500's)	\$0.00	\$11,719.9	
Permanent FTE	31.5	30.5	(1.0)
Term FTE	21.5	21.0	(0.5)
Temporary FTE	0.0	0.0	0.0



FY15 Budget Request Overview

Budget by Funding Source

Program	FY14 OPBUD (Dollars in Thousands)	FY15 Request (Dollars in Thousands)	Increase / (Decrease)
General Fund	\$34,743.3	\$35,219.5	\$476.2
- Operating	\$3,608.2	\$3,790.0	\$181.8
- Program	\$9,158.5	\$9,346.9	\$188.4
- Financial Aid Programs	\$21,976.6	\$22,082.6	\$106.0
Other Transfers	\$44,718.8	\$56,503.9	\$11,785.1
Federal Revenue	\$10,175.0	\$10,797.2	\$622.2
- GEARUP Grant	\$4,482.0	\$4,482.0	\$0.0
- Adult Basic Education Grant	\$4,091.0	\$4,124.3	\$33.3
- College Access Challenge Grant	\$682.0	\$1,410.8	\$728.8
- No Child Left Behind Grant	\$670.0	\$530.1	(\$139.9)
- Health Profession Loan Fund	\$200.0	\$200.0	\$0.0
- John R. Justice Grant	\$50.0	\$50.0	\$0.0
Other Revenue	\$23,004.0	\$2,428.0	(\$20,576.0)
- Private & Proprietary School Fees	\$287.9	\$318.6	\$30.7
- Financial Aid Programs & Administration	\$22,716.1	\$2,109.4	(\$20,606.7)



FY15 Budget Request Overview

- **FY15 Request includes an increase of \$476.2 from the general fund reflecting a 1.37% increase over the FY14 operating budget**
 - \$181.8 increase in Operating
 - \$63.9 for *GSD/DoIT Rate increase in personnel services*
 - *Request includes all 30.5 General Fund FTE positions filled at mid-point with benefits - \$168.1 increase*
 - *(\$50.2) decrease in Other category*
 - \$188.4 increase in Program
 - *Adult Basic Education match to maintain services*
 - \$106.0 increase in Financial Aid Programs
 - *\$86.1 increase in Health Professionals program*
 - *\$19.9 increase in Public Service Loan program*

* Note: Dollars in Thousands.



FY15 Budget Request Overview

- **FY15 Other Transfers increase of \$11,785.1**
 - (\$203.7) decrease of Instructional Materials
 - *To properly request expected transfer from the NM Public Education Department based on prior year transfers*
 - \$138.6 increase of Postsecondary Education Trust Fund
 - *Amount needed from Fund Balance to properly operate the Private & Proprietary Schools division*
 - \$1,581.3 increase in Financial Aid Programs
 - *\$8.0 for administrative costs in operating financial aid programs*
 - *\$1,573.3 to properly maintain six existing programs*
 - *Funds requested from Special Programs Fund Balance*
 - \$10,268.9 increase for Lottery Scholarship program
 - *\$268.9 projected proceeds increase from FY14 to FY15*
 - *\$10,000.0 transfer from Fund Balance to properly operate the NM Legislative Lottery Success Scholarship program*

* Note: Dollars in Thousands.



NMHED FY15 Budget Request Overview

- **FY15 Federal Revenue increase of \$622.2**
 - \$33.3 increase for Adult Basic Education Grant
 - \$728.8 increase for College Access Challenge Grant
 - (\$139.9) decrease for No Child Left Behind

- **FY15 Other Revenue decrease of (\$20,576.0)**
 - \$30.7 increase for Private & Proprietary School fees
 - (20,606.7) decrease for Financial Aid Programs & Admin
 - \$18,000.0 incorrectly requested as Other Revenue in FY14
 - \$500.0 Pathway Scholarship not funded by Education Trust Board
 - \$2,106.7 financial aid programs & administration funding incorrectly requested as Other Revenue in prior fiscal years

* Note: Dollars in Thousands.



NMHED Staffing Summary

Funding Source	FY14 Authorized Positions	Positions Adjustments	FY15 Requested Positions	Positions Filled	Vacant Positions	Vacancy Rate
General Fund (30.30%)						
- Exempt	7.0	0.0	7.0	4.0	3.0	57.14%
- Classified Perm	24.5	-1.0	23.5	18.5	6.0	24.49%
- Term	1.5	-0.5	1.0	0.5	1.0	66.67%
Federal Fund						
- Term	16.0	0.0	16.0	12.0	4.0	25.00%
Fee Based (PPS)						
- Term	4.0	0.0	4.0	1.0	3.0	75.00%
Total	53.0	-1.5	51.5	35.0	17.0	32.08%



Vacant Positions

- **10 General Fund Positions**
 - 2 Positions have been interviewed and are awaiting Offer Letter (2 PERM)
 - 2 Positions on hold due to budget insufficiency (1 GOVX & 1 PERM)
 - 3 Positions in the approval process (1 GOVX, 1 PERM & 1 TERM)
 - 2 Positions pending request from NMHED to properly class duties needed by department (1 GOVX & 1 PERM)
 - 1 Position currently advertised (1 PERM)

- **4 Federal Fund Positions**
 - 2 Positions pending request from NMHED to properly class duties needed by grant.
 - 2 Position currently advertised.

- **3 Fee Based Positions**
 - 3 Positions in the approval process (pending legislative language)

- **The department makes every effort to find every individual with the right skills to fill the positions.**



FY14 Special & FY15 Language Request

- **\$11,000.0 for FY14 to provide sufficient funds for NM Legislative Lottery Success Scholarship for spring semester.**
 - Amount projected based upon receiving \$9,875.0 revenue from NM Tobacco Settlement Distribution.
 - The amount of Tobacco Settlement distribution for NMHED is uncertain
 - When the amount of distribution is known, the supplemental request will be increased to account for the difference.
- **BAR language to allow NMHED to transfer from Fund Balance the amount of \$55.0 for operations of the Private & Proprietary Schools division for FY14.**
 - Division is funded through fees and receives no General Fund appropriation.
 - Fund balance sufficient to support request.
- **FY15 BAR language to allow NMHED transfer up to \$50.0 from Fund Balance for operation of the Private & Proprietary Schools division.**
- **FY15 BAR language to allow NMHED to transfer from Special Programs Fund Balance to address student financial aid programs including the solvency of the New Mexico Legislative Lottery Success Scholarship enacted by the New Mexico Lottery Act**



FY12 Audit Recap

Category	# of Audit Findings	Status
Financial Statements	8	14 of the 19 findings are from prior years audits (FY06 – FY10) that the staff continues to work with auditors to address and resolve during fiscal year 2013 and work towards decreasing the number of findings.
Compliance	6	
Federal Grants	5	

Note: NMHED resolved 5 findings from previous audits and received 4 new findings for FY12 audit.



FY13 Audit Overview

■ FY13 Audit Key Points

- Audit contract issued 09/18/2013
- Audit began 09/20/2013
- Audit field work 10/21/2013
- Planned audit review – 12/13/2013
- Audit planned submission to State Auditor – 12/16/2013

■ Current Audit Status

- NMHED is working with auditor to clarify and resolve issues immediately.
- Currently on track to complete audit by statutory deadline



Questions
