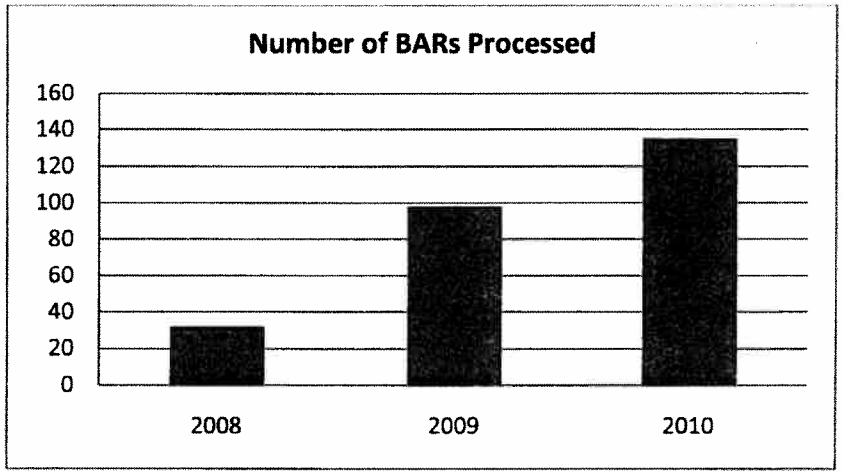
LFC BAR REPORT
JUNE 2010

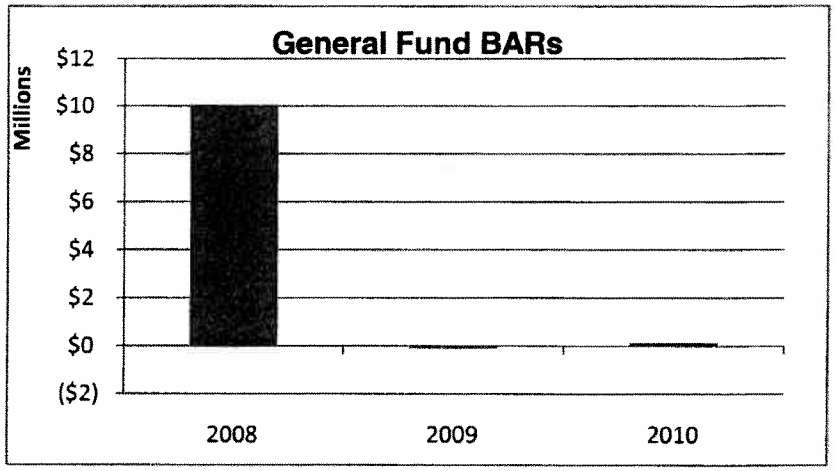
- The summary report (Table 1) shows 135 BARs were approved during the month of June. The majority of the BAR activity is attributable to budget increases from federal sources, most notably American Recovery and Reinvestment Act (ARRA) and year-end adjustments between divisions.

- Approved BARs include 52 budget transfers between divisions, 14 decreases, 44 increases, and 25 transfers within divisions.

- Overall a net increase of $75.2 million was added to agency budgets and includes $5.2 million from cash balances, $66.9 million from federal grant revenue, $1.9 million from interagency revenues, and a decrease of $1 million from other state revenues and special appropriations or nonrecurring appropriations accounted for an increase of $143 thousand from the general fund.

- As the shown in the graphs below, although the number of BARs processed year-over-year since FY08, the dollar amount and number of general fund BARs have decreased dramatically. The majority of increased BAR activity has been due to ARRA funding, budget solvency adjustments, and increased BAR authority.





- Table 2 of the report summarizes all BARs greater than $250 thousand approved during the month of June.

- Select BARs of interest, highlighted with a box, on Table 2 of the report include the following:
  - On page 5, the Energy, Minerals and Natural Resources Department (EMNRD) added $3.8 million from American Recovery and Reinvestment Act (ARRA) funds. The funds will support the Solar for Schools initiative, RETA, New Mexico Tech, and Transportation.
  - On page 5, the Human Services Department (HSD) transferred $8.8 million from the Medicaid Behavioral Health program to the Medical Assistance program. Behavioral health expenditures, possibly due to the Coordination of Long Term Services (CoLTS) program, were lower than expected.
  - On page 6, the Miners' Hospital of New Mexico used $1.5 million of fund balance to resolve an operating budget shortfall. The use of a nonrecurring revenue source to resolve a recurring budget gap is a concern.
  - On page 8, the Department of Environment decreased the budget $2.3 million in the Water and Wastewater Infrastructure Development program. ARRA funds enabled the department to reduce reliance on several standard EPA grants, resulting in the ability to carry forward grant balances to FY11.
  - On pages 8 and 9, with three separate BARS, the Children, Youth and Families Department (CYFD) transferred surplus budget from the contractual services and other cost categories to resolve a shortfall in personal services and employee benefits in the Youth and Family Services, Early Childhood services, and Juvenile Justice Facilities programs. In addition to the transfers, CYFD used $750 thousand from the Land Grant Permanent Fund to close the budget gap.
  - On page 9, CYFD added $2 million of Capital Outlay funds for domestic violence shelters. The funds will be used to assist domestic violence providers construct new shelter and renovate or maintain existing shelters.
  - On page 9, the Corrections Department added $20 million of ARRA funds to the Inmate and Control program for personal services and employee benefits. The source of the ARRA funds is the Governor's Discretionary allocation of stimulus funds. The increase is will allow the agency to revert approximately $37.1 million to the general fund and help the state meet anticipated statewide revenue shortfalls for FY10. The action may also help offset expected statewide budget restrictions for FY11.
  - On page 10, the Department of Transportation (DOT) added $31 million of TIGER grant funds to the Programs and Infrastructure Program. The funds will be used to provide safety improvements to US 491.
  - On page 10, the Public Education Department (PED) added $9.3 million of ARRA School Improvement grant funds. The grants were awarded to 9 of the state's lowest performing schools to turn their schools around and increase student achievement.

Table 1

Department of Finance and Administration
Budget Adjustment Review System
Summary of Approved BARs

6/1/2010 - 6/30/2010

Bar Type	# DFA Processed	Amount Increase	Amount Decrease	Net Increase	General Fund	Other State	IS/IAT	Federal Funds	Cash Balance
Trans - Between Division	52	$19,338,092	$19,305,092	$33,000	$0	$0	$0	$0	$33,000
Budget Decrease	14	$428,800	$3,606,162	($3,177,362)	$0	($1,465,193)	($1,618,261)	$0	($93,908)
Budget Increase	44	$78,631,187	$2,436,918	$76,194,269	$143,000	$399,237	$3,534,592	$66,895,981	$5,221,459
Trans - Within Division	25	$5,428,635	$5,428,635	$0	$0	$0	$0	$0	$0
Grand Total	135	$105,942,714	$30,776,807	$75,165,907	$143,000	($1,065,956)	$1,916,331	$66,895,981	$5,160,551

Table 2

Budget Adjustment Requests
LFC Monthly Report
6/1/2010 to 6/30/2010

Business Unit	BAR #	Budget Incr/Decr	Transfers within	Other BAR types	Legal Authority	Description
Administrative Office of the Courts	101179	$250,000	$0	$0	Laws 2009 Ch 124, Sec 3	The AOC increased the other cost category $250 thousand with revenue from an emergency Board of Finance loan. The increase will be used to pay jurors and interpreters throughout the state.
Ninth Judicial District Attorney	101171	$284,660	$0	$0	Section 6-3-23 (D) NMSA 1978	Budget increase from Southwest Border Prosecution Initiative federal grant. Funds will be used to off-set a shortfall in personal services, including GSD premiums; for its independent auditor contract, and in the other cost category for court fees, fuel, video equipment, replacing copiers and color printers, updating law books, and IT expenses.
Department of Finance and Administration	101022	$425,000	$0	$0	Laws 2009 Ch 124, Sec 3 (I)	This BAR budgets the fourth quarter installment of the Wallace Grant: $65 thousand for personal services and employee benefits, $321.5 thousand for contractual services, and $38.5 thousand for other costs such as travel.
Department of Finance and Administration	101168	$857,600	$0	$0	Laws 2009 Ch 124 Sec 3 (F)	This BAR uses fund balance from the DWI fund to replace revenues that did not materialize.
Department of Information Technology	101052	$600,000	$0	$0	Laws 2009 Ch 124, Sec 9	The BAR reduces the budget $600 thousand due to a shortfall of revenue from the telecommunications fund in the Enterprise Services Program. Overall, revenue projections are $2.2 million short of FY10 appropriations.
Secretary of State	101189	$385,861	$0	$0	Laws 2009 Ch 124, Sec 9	Budget increase from BOF loan for 2010 primary election expenses.
New Mexico State Fair	101182	$0	$375,000	$0	Laws 2009 Ch 124 Sec 9 (C) Item 27	The BAR increases personal services and employee benefits by $375 thousand to cover expenses related to temporary seasonal labor and exempt employees. The budget savings is $185 thousand from contractual services and $190 thousand from other services.
Cultural Affairs Department	101054	$620,000	$0	$0	Laws of 2010, Chap 6, Sec 8 (P)	This BAR increases the personal services and employee benefits category of the Museums and Monuments and NM Arts program. The BAR also increases the other costs category of the Museum and Monuments program. The fund balance increase will address a shortfall in projected expenditures and replace equipment.

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Business Unit	BAR #	Budget Incr/Decr	Transfers within	Other BAR types	Legal Authority	Description
Energy, Minerals and Natural Resources	101113	$3,857,821	$0	$0	Laws 2009 Ch 124, Sec 9\ARRA	This is the final portion of a $6 million ARRA award. The final allocation is: NM Tech $200 thousand, RETA $45 thousand, Transportation project $500 thousand, and solar for schools $4.5 million.
Aging and Long-Term Services Department	101041	$0	$325,000	$0	Laws 2009 Ch 124, Sec 9 (C)	Within program category transfer from other costs to personal services and employee benefits to cover anticipated expenditures. Savings are from less than budgeted expenditures for attendant care services.
Human Services Division	101076	$0	$596,600	$0	Laws 2009 Ch 124 Section 9	Within program category transfer of federal ARRA funds for the Child Support Enforcement Division. The transfer will allow use of video conferencing for client interviews.
Human Services Division	101079	$0	$510,000	$0	Laws 2009 Ch 124 Sec 9 (C)	BAR realigns budget to move money from contracts to other category to reflect spending on IT and mailing services in the other category.
Human Services Division	101132	$0	$400,000	$0	Laws 2009 Ch 124 Sec 9 (C)	To cover shortfall in personal services and employee benefits. $200 thousand from both the contractual services and the other categories will be used to meet projected payroll expenses.
Human Services Division	101190	$0	$8,816,700	$0	laws 2009 Ch 124, Sec 9 (F) 34	Year-end adjustment of funds from Medicaid behavioral health to Medical Assistance (other Medicaid programs), based on projected expenditures. Lower expenditures in behavioral health may be the result of these costs being paid through the Coordination of Long-Term Services (CoLTS) program.
Workforce Solutions Department	100974	$0	$253,865	$0	Section 6-3-23 (D) NMSA 1978	BAR decreases personal services and employee benefits category by $212.7 thousand and contractual services category $41.1 thousand, and increases the other category to realign budget categories to reflect the last approved NM Office of Recovery and Reinvestment administrative costs plan regarding ARRA funding. The funding will be used for system upgrades, toll free phone number implementation, technical support, American with Disabilities Act compliance projects, and safety, health and life projects at two workforce connection centers (Albuquerque and Santa Fe) and the WSD administrative building.

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Business Unit	BAR #	Budget Incr/Decr	Transfers within	Other BAR types	Legal Authority	Description
Workforce Solutions Department	100975	$0	$362,573	$0	Section 6-3-23 (D) NMSA 1978	BAR increases personal services and employee benefits category $362.6 thousand and decreases the contractual services category $50.1 thousand and other category $312.5 thousand to realign category budgets to reflect the latest approved NM Office of Recovery and Reinvestment cost plan. The funds will be used for additional staff to handle unemployment insurance claims and reemployment services under WSD's reemployment plan.
Workforce Solutions Department	100977	$0	$2,323,278	$0	Section 6-3-23 (D) NMSA 1978	BAR decreases the contractual services category and increases the other category to reallocate federal Reed Act funding for the unemployment insurance tax project. The funding will be used to obtain software licenses needed to complete the project.
Workforce Solutions Department	100978	$685,992	$0	$0	Section 6-3-23 (D) NMSA 1978	BAR increases the contractual services category $40 thousand and the other category by $646 thousand to budget the Workforce Innovation in Regional Economic Development Initiative (WIRED) grant. WSD reported this is the final grant allocation. The funding will be used to pay the remaining sub-contractors in accordance to the grant agreement.
Workforce Solutions Department	100979	$0	$425,283	$0	Section 6-3-23 (D) NMSA 1978	BAR decreases the other category and increases the contractual services category to align the budget in the correct categories. The funding is to complete the unemployment insurance security assessment and to begin the analysis required for the Benefit Audit, Reporting and Tracking System (BARTS) project.
Workforce Solutions Department	101009	$761,775	$0	$0	Section 6-3-23 (D) NMSA 1978	BAR increases personal services and employee benefits category $246.5 thousand, contractual services category $26.8 thousand and other category $488.5 thousand for the ARRA Workforce Investment Act (WIA) state administrative entity plan. The funding will be used for incentive grants and statewide management requirements under the ARRA WIA program.
Miners' Hospital of New Mexico	101161	$1,500,000	$0	$0	Laws 2009 Ch 124, Sec 9	This BAR transfers earnings from the Miners' Trust Fund to cover a projected deficit of $1.5 million in operating expenses.
Miners' Hospital of New Mexico	101162	$0	$1,500,000	$0	Laws 2009 Ch 124, Sec 9	Companion BAR to 101161 and budgets Miners' Trust Fund revenues into the operating budget.

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Business Unit	BAR #	Budget Incr/Decr	Transfers within	Other BAR types	Legal Authority	Description
Department of Health	101135	$0	$1,928,591	$0	Laws 2009 Ch 124 Sec 9 (C)	Within program category transfers to cover anticipated expenditures to close out FY10. In the Public Health program the transfers are to personal services and employee benefits (PS&EB) from contractual services and other category to meet payroll expenses. In the Epidemiology program, the transfers are from PS&EB and contractual services categories to the other category to meet expenses related to the Waste Isolation Pilot Plant. The Health Certification, Licensing and Oversight program is moving funds from PS&EB and contractual services categories to the other category to pay for travel and fuel and other costs related to the licensing and investigations of abuse, neglect and exploitation in health and care facilities.
Department of Environment	101004	$294,100	$0	$0	Laws 2009 Ch 124 Sec 9 (F)	Budget increase to the Water Quality program's other financing uses category. The agency did not simultaneously increase the affected special revenue fund in the other financing uses category when it budgeted an increase in special revenue expenditures in the operating budget.
Department of Environment	101116	$257,061	$0	$0	Laws 2009 Ch 124, Sec 9	Budget decrease to other financing uses category in the Environmental Health Program, Liquid Waste Bureau's Liquid Waste Fund. The agency received less than it anticipated in liquid waste fees, due to fewer permits applications leaving the fund with a $220 thousand balance. This BAR is a companion to 101117 where reduction are made to personal services and employee benefits category, due to vacancies, cost savings measures in contracts and the other cost category. The agency indicates that services such as septic tank inspections, enforcement and violation services could be impacted.
Department of Environment	101117	$257,061	$0	$0	Laws 2009 Ch 124, Sec 3(F)	Budget decrease to the Environmental Health Program, Liquid Waste Bureau. The agency received less than it anticipated in liquid waste fees, due to few permits applications and is decreasing the liquid waste fund, Section 74-1-15, leaving the fund with a $220 thousand balance. The reduction is made to personal services, due to vacancies, cost savings measures in contracts and the other cost category. The agency indicates that services such as septic tank inspections, enforcement and violation services could be impacted. This BAR is a companion to 101116.

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Business Unit	BAR #	Budget Incr/Decr	Transfers within	Other BAR types	Legal Authority	Description
Department of Environment	101131	$2,335,900	$0	$0	Laws 2009 Ch 124 Sec 9 (F)	Budget decrease of several EPA federal grants (STAG set aside and Capitalization grant for clean water state revolving fund) in the Water and Wastewater Infrastructure Development Program. The program received ARRA funding in FY10 resulting in reduced expenditures in several other federal grants. The unused grant funds will be made available to the program for use in FY11.
Department of Environment	101143	$550,000	$0	$0	Laws 2009 Ch 124, Sec 9	Budget decrease in the Environmental Protection Program's Petroleum Storage Tank Bureau. The decrease is required by Executive Order 2009-044. The hiring freeze created a savings in personal services; contractual services was reduced because UNM Institute of Public Law was less than it anticipated and fewer FTE freed funds related to mileage and office supplies in the other cost category. The agency indicates the shortage in FTE resulted in a lower level service.
Department of Environment	101145	$550,000	$0	$0	Laws 2009 Ch 124 Sec 9 (F)	Budget decrease of the funds needed from the corrective action fund in the Environmental Protection Program. Reduced expenditures were the result of the Executive Order and implemented cost savings with the hiring freeze and in the other cost category by reducing travel, supplies and equipment.
Children, Youth and Families Department	101123	$0	$534,900	$0	Laws 2009 Ch 124 Sec 9 (C)	BAR decreases the contractual services category by $329,000 and the other category by $205,900, and increases the personal services and employee benefits category by $534,900 to address an FY10 budget shortfall in salaries and benefits in the Youth and Family Services Program.
Children, Youth and Families Department	101124	$0	$276,000	$0	Laws 2009 Ch 124 Sec 9 (C)	BAR decreases the other category and increases the personal services and employee benefits category to cover a FY10 budget shortfall in salaries and benefits in the Early Childhood Services Program.
Children, Youth and Families Department	101125	$0	$1,800,000	$0	Laws 2009 Ch 124 Sec 9 (C)	BAR decreases the contractual services category by $1,400,000 and other category by $400,000, and increases the personal services and employee benefits category by $1,800,000 to address an FY10 budget shortfall in salaries and benefits in the Juvenile Justice Facilities Program.

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6/1/2010 to 6/30/2010

Business Unit	BAR #	Budget Incr/Decr	Transfers within	Other BAR types	Legal Authority	Description
Children, Youth and Families Department	101126	$750,000	$0	$0	Laws 2010 Ch 6 Sec 8 (T)	This budget increase in the Juvenile Justice Services Program adds $750 thousand from the Land Grant Permanent Fund to the personal services and employee benefits category to address a projected shortfall and ensure an adequate level of staff is available to protect the juveniles from harm. The department received additional FY10 BAR authority, up to $1.6 million, from the land grant permanent and land income funds.
Children, Youth and Families Department	101175	$0	$0	$2,000,000	Laws 2009 Ch 124 Sec 8(T)	BAR increases contractual services category by $2 million to establish budget authority for the domestic violence capital outlay project within the Youth and Family Services Program. The funding will assist domestic violence providers in renovating, maintaining and repairing their current domestic violence shelters as well as constructing additional domestic violence shelters.
Corrections Department	101200	$20,000,000	$0	$0	Section 6-3-23 (D) NMSA 1978\ARRA funds	Within the Inmate Control program, this BAR budgets $20 million in federal American Recovery and Reinvestment Act (ARRA) funds drawn from the Government Services Fund (aka Governor's Discretionary Funds) into the salary and benefits category. This allocation will allow a general fund reversion for FY10 (ending June 30, 2010). It is intended to offset statewide budget restrictions for FY11 mandated by Laws 2010 (1st Special Session), Chapter 6, Section 15, should projected revenues fall below certain thresholds and will assist the state in meeting an anticipated revenue shortfall for FY10.
Department of Public Safety	101153	$0	$425,063	$0	Section 6-3-23 (D) NMSA 1978	Within Program Support, this BAR reduces federal funds in the other costs category by $425,063 and increases federal funds in the contractual services category by $426,063. The adjustment is necessary in order to support a professional services contract to implement Phase I of the FastID project, as opposed to purchasing equipment and directly implementing the project. The federal funds are associated with the FY 2009 Recovery Act Justice Assistance Program as part of an ARRA funding initiative. Fast ID device uses biometric technology to capture the index fingerprints of a person, encode the fingerprints, and send the results to a standalone server.

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LFC Monthly Report
6/1/2010 to 6/30/2010

Business Unit	BAR #	Budget Incr/Decr	Transfers within	Other BAR types	Legal Authority	Description
Department of Transportation	100882	$4,700,000	$0	$0	Laws 2009 Ch 124 Sec 3 (I)	This BAR increases the contractual services category of the Programs and Infrastructure program of the Department of Transportation. The increase is necessary to provide the City of Rio Rancho with a loan from the State Infrastructure Bank to widen Unser Boulevard
Department of Transportation	101142	$31,000,000	$0	$0	Laws 2009 Ch 124 Sec 3 (I)	This BAR is to increase the contractual services category of the Programs and Infrastructure Program of the Department of Transportation. The increase is necessary to budget TIGER Grant funds which will provide safety improvements to US 491.
Public Education Department	101055	$1,574,448	$0	$0	Laws 2009 Ch 124 Sec 3 (I), Section 22-15-5, 22-15-9	BAR requests an increase of $1,574,447, the remaining Instructional Materials Fund balance, to pay for instructional materials received by private schools in FY09.
Public Education Department	101064	$9,325,000	$0	$0	Section 6-3-23 (D) NMSA	BAR increase of $9.325 million in ARRA School Improvement Grant funds. Funds have been approved to distribute to schools who were awarded grants.
Public School Facilities Authority	101053	$0	$266,000	$0	Laws 2009 Ch 124 Sec 9 (C)	BAR requests a category transfer of $266 thousand from the personal services and employee benefits and contractual services to the other cost categories to purchase fleet vehicles, new computers and enter into a contract with a new data vendor to purchase a new facility assessment database.