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November 14, 2005

## MEMORANDUM

**TO:** Legislative Education Study Committee

**FR:** Kathleen Forrer

**RE: STAFF BRIEF: PUBLIC EDUCATION DEPARTMENT (PED) BUDGET  
REQUEST FOR FY 07**

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The 2005 Interim Workplan of the Legislative Education Study Committee (LESC) includes a report on the Public Education Department (PED) budget request for FY 07.

### **Issues:**

- Current statute (see Attachment) requires:
  - state agencies to submit their budget requests to the State Budget Division of the Department of Finance and Administration (DFA) for the following fiscal year no later than September 1 of the current fiscal year;
  - the State Budget Division to review the completed budget forms of all state agencies, make recommendations, and submit a tentative budget to the Governor; and
  - the Governor to prepare the budget and submit it to the Legislative Finance Committee and to every member of the Legislature "not later than January 5 in even-numbered years and not later than January 10 in odd-numbered years."

- The *Appropriation Request Preparation Manual: Fiscal Year 2007*, issued by the State Budget Division on June 15, 2005, contains the following directive:

For FY07, agencies are required to keep their budget requests flat. Total FY07 requested expenditures must not exceed total FY06 Operating Budget expenditures. Hardship situations should be explained in a separate attachment to the Budget request. Expansion requests are strongly discouraged unless the cost of the expansion is accommodated within the flat budget through savings in other categories or object codes.

- The manual further defines base budget and expansion requests as follows:
  - Base Budget Request: “The base budget request is a request for funding to continue in FY07 at the level provided in FY06.”
  - Expansion Request: “The expansion request is a request for funding to either a) expand a program’s level of services beyond that provided in the previous fiscal year or b) implement a new program initiative. Any expansion of base budget must be connected to an enhanced performance level, a specific activity, and overall achievement of the program/agency mission.” There are two types of expansion request, base and new:
    - Base Expansion Requests are requests to expand the scope or scale of existing services provided. These requests are for recurring expenditures.
    - New Program Initiatives include activities, purposes, or mandates not previously funded or previously funded as nonrecurring expenditures. The request must identify which expenditures are recurring.
- The following table includes PED’s appropriated FY 06 revenue and full-time equivalent staff positions; PED’s approved FY 06 operating budget; and PED’s base and expansion budget requests for FY 07 as submitted to DFA on September 1, 2005. The table does not include any adjustments to PED’s FY 07 budget request submitted after September 1.

	FY 06 Appropriation	FY 06 Operating Budget	FY 07 Base Request	FY 07 Expansion Request	FY 07 Total Request
Revenue					
General Fund	\$11,636.2	\$11,761.7	\$11,761.7	\$1,240.0	\$13,001.7
Other State Funds*	\$671.7	\$675.3	\$735.3		\$735.3
Federal Funds	\$16,944.5	\$17,040.4	\$19,343.7		\$19,343.7
Subtotal	\$29,252.4	\$29,477.4	\$31,840.7	\$1,240.0	\$33,080.7
DFA Adjustments					
GF Compensation Pkg.	\$153.1				
"Save Smart" Reduction	(\$27.6)				
<b>TOTAL REVENUE</b>	<b>\$29,377.9</b>	<b>\$29,477.4</b>	<b>\$31,840.7</b>	<b>\$1,240.0</b>	<b>\$33,080.7</b>
FTE Positions					
Permanent	197.2	197.2	197.2	3.0	200.2
Term	94.0	98.0	100.0		100.0
Temporary	2.6	2.6	5.6		5.6
<b>TOTAL FTE</b>	<b>293.8</b>	<b>297.8</b>	<b>302.8</b>	<b>3.0</b>	<b>305.8</b>

\*Educator Certification License Fees

- As part of the funding for Public School Support for FY 05, the 2004 Legislature appropriated approximately \$11.1 million in nonrecurring funds (\$10.9 million after executive action) to support 30 public school reform initiatives, including seven staff positions at PED (the Assistant Secretary for Indian Education and the Assistant Secretary for Rural Education were two of those positions). The department's budget request for FY 06 included those positions as permanent state-funded positions, and the 2005 Legislature included them as such in the *General Appropriation Act of 2005*.

**Presenters:**

Dr. Veronica C. García, Secretary of Public Education, and Mr. Don Moya, Deputy Secretary for Finance and Operations, PED, will review the budget request that PED submitted to DFA on September 1, 2005, and any subsequent revisions to the initial request.

**Questions the committee may wish to consider:**

1. How does the department's proposed budget support its efforts to close the student achievement gap and provide better customer support to schools and school districts?
2. How many expansion positions is PED requesting? Of these requested positions, how many would be state funded and how many would be federally funded?
3. What additional staff positions, if any, does PED anticipate funding with dollars intended for Public School Support?
4. What is PED's current vacancy rate? What was the department's vacancy rate in July? Since becoming an executive agency, what success has PED had in reducing its vacancy rate?

## ARTICLE 3 State Budgets

### 6-3-19. Agencies to complete budget forms.

Each state agency shall fill out the budget forms provided for in Section 6-3-18 NMSA 1978 in the manner prescribed by the state budget division. Each state agency, in completing the budget forms, shall include information for all divisions, subdivisions and offices of the agency. Related agencies, upon approval of the state budget division, may join in submitting one set of budget forms. Completed budget forms shall be returned to the state budget division not later than September 1 in each year.

**History:** 1953 Comp., § 11-4-7.5, enacted by Laws 1955, ch. 114, § 10; 1963, ch. 147, § 3; 1977, ch. 247, § 130; 1999, ch. 5, § 11; 1999, ch. 15, § 11.

**1999 amendments.** — Identical amendments to this section were enacted by Laws 1999, ch. 5, § 11, effective June 18, 1999, approved March 1, 1999, and Laws 1999, ch. 15,

§ 11, also effective June 18, 1999, approved March 10, 1999, which updated a statutory reference in the first sentence. The section is set out as enacted by Laws 1999, ch. 15, § 11. See 12-1-8 NMSA 1978.

### 6-3-20. Review of budget forms.

The state budget division shall review the completed budget forms of all state agencies and shall include recommendations concerning the requested appropriation in the tentative budget. Prior to submission of the tentative budget to the governor, any state agency may be given an informal hearing by the state budget division concerning recommendation of the division pertaining to the requested appropriation of such agency, and shall be given such a hearing if the state budget division proposes to decrease the requested appropriation.

**History:** 1953 Comp., § 11-4-7.6, enacted by Laws 1955, ch. 114, § 11; 1977, ch. 247, § 131.

### 6-3-21. Preparation of the budget.

A. The governor shall prepare the budget and submit it to the legislative finance committee and each member of the legislature not later than January 5 in even-numbered years and not later than January 10 in odd-numbered years. In the preparation of the budget the governor may:

- (1) change the tentative budget by adding new items, increasing or decreasing or eliminating items;
- (2) obtain advice and assistance from any state agency; and
- (3) hold hearings on the budget.

B. Any budget hearings conducted by the governor shall be open to the public. The governor may require the attendance of any head of an agency, whether elective or appointive. At the hearings, any officer or agency may protest budget items.

**History:** 1953 Comp., § 11-4-7.7, enacted by Laws 1955, ch. 114, § 12; 1999, ch. 5, § 12; 1999, ch. 15, § 12; 2004, ch. 39, § 1.

**The 2004 amendments,** effective May 19, 2004, amended Subsection A to change January 1 of each year to “January 5 in

even-numbered years and not later than January 10 in odd-numbered years”.