

STATE OF NEW MEXICO

**EXECUTIVE BUDGET
Fiscal Year 2009
(July 1, 2008- June 30, 2009)**

Governor Bill Richardson

January 2008

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TABLE OF CONTENTS

Introduction	1
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LEGISLATIVE BRANCH

Legislative Branch (111-131).....	1
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JUDICIAL BRANCH

State Courts (205-216 and 219).....	2
Administrative Office of the Courts (218).....	10
District Courts (231-243).....	16
Bernalillo County Metropolitan Court (244).....	28
District Attorneys (251 –265).....	31
Administrative Office of the District Attorneys (264).....	44

GENERAL CONTROL

Attorney General (305)	46
State Auditor (308)	51
Taxation and Revenue Department (333).....	54
State Investment Council (337)	64
Department of Finance and Administration (341, 344)	68
Public School Insurance Authority (342)	80
Retiree Health Care Authority (343)	87
General Services Department (350).....	93
Educational Retirement Board (352)	105
New Mexico Sentencing Commission (354)	109
Public Defender Department (355)	112
Governor (356)	116
Lieutenant Governor (360)	119
Department of Information Technology (361)	122
Public Employees Retirement Association (366)	129
State Commission of Public Records (369)	133
Secretary of State (370)	137
Personnel Board (378).....	140
Public Employee Labor Relations Board (379).....	145
State Treasurer (394)	148
State Ethics Commission (399)	152

COMMERCE AND INDUSTRY

Board of Examiners for Architects (404)	154
Border Authority (417).....	156
Tourism Department (418).....	160
Economic Development Department (419).....	168
Regulation and Licensing Department (420).....	177
Public Regulation Commission (430).....	190
Medical Board (446).....	199
Board of Nursing (449).....	202

New Mexico State Fair (460)	204
State Board of Licensure for Professional Engineers and Surveyors (464).....	207
Gaming Control Board (465).....	209
State Racing Commission (469)	212
Board of Veterinary Medicine (479)	215
Cumbres and Toltec Scenic Railroad Commission (490).....	218
Office of Military Base Planning (491)	221
Spaceport Authority (495).....	224

ENERGY AND NATURAL RESOURCES

Cultural Affairs Department (505)	227
New Mexico Livestock Board (508)	237
Department of Game and Fish (516)	243
Energy, Minerals, and Natural Resources (521).....	252
Youth Conservation Corps (522).....	264
Intertribal Ceremonial Office (538).....	267
Commissioner of Public Lands (539).....	269
State Engineer (550)	272
Organic Commodity Commission (569).....	285

HEALTH AND HUMAN SERVICES

Commission on the Status of Women (601)	288
Office on African American Affairs (603)	292
Commission for the Deaf and Hard-of-Hearing Persons (604)	295
Martin Luther King, Jr., Commission (605)	298
Commission for the Blind (606)	300
Indian Affairs Department (609)	303
Aging and Long-term Care Department (624).....	307
Human Services Department (630).....	320
Workforce Solutions Department (631)	340
Workers' Compensation Administration (632)	350
Division of Vocational Rehabilitation (644).....	356
Governor's Commission on Disability (645).....	362
Developmental Disabilities Planning Council (647)	365
Miners' Hospital (662)	371
Department of Health (665).....	375
Department of Environment (667).....	393
Office of the Natural Resources Trustee (668).....	407
New Mexico Health Policy Commission (669)	410
Department of Veterans' Services (670)	413
Children, Youth and Families Department (690)	416

PUBLIC SAFETY

Department of Military Affairs (705)	427
Parole Board (760).....	432
Juvenile Parole Board (765)	435
Corrections Department (770)	438
Crime Victims Reparation Commission (780)	452
Department of Public Safety (790)	456
Homeland Security and Emergency Management (795)	462

TRANSPORTATION AND HIGHWAYS

Department of Transportation (805).....464

OTHER EDUCATION

Public Education Department (924)472

Regional Education Cooperatives(930)480

Public School Facilities Authority (940)483

HIGHER EDUCATION

Higher Education Department (950).....487

Higher Education (952-978)495

New Mexico School for the Blind and Visually Impaired (979)512

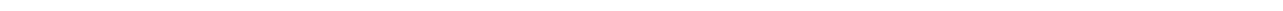
New Mexico School for the Deaf (980).....515

PUBLIC SCHOOL SUPPORT

Public School Support (993).....519

GOVERNOR’S EXEMPT SALARY PLAN

Governor’s Exempt Salary Plan539



FY09 Executive Budget Recommendation

Introduction

January 2008 marks the beginning of the Richardson Administration's sixth year in office and the opportunity to build on the successes of the last five years. Policy decisions made by Governor Richardson and the Legislature over the last five years have made New Mexico a better place to live, work and do business. The success of these policy decisions is reflected in the strong New Mexico economy with the lowest unemployment rate in 20 years and 7th highest ranking in the nation in personal income growth.

The state has been aggressively pursuing reforms and remedies to *Making Schools Work* and it is beginning to make some progress as reported in *A Journey to Excellence: A Candid Assessment of New Mexico Education Reform, 2003-2007*; but New Mexico has a long way to go before it can report complete success. New Mexico currently ranks 4th in the area of state policies for standards, assessments and accountability. New Mexico is struggling to make adequate yearly progress, but according to the *National Assessment of Title I Final Report*, "Schools in states that had set more challenging proficiency standards than other states, as measured relative to National Assessment of Educational Progress, were less likely to make AYP and had much further to go to reach the NCLB goal of 100% proficient". New Mexico is making progress in terms of highly qualified teachers. New Mexico decreased the percentage of teachers on waivers from 8.4% in 2000-01 to 0.7% in 2005-06. From 2003-04 to 2005-06, the percentage of core classes taught by highly qualified teachers increased from 75.1% to 94.8% in elementary schools, from 54.6% to 88.3% in middle schools and from 78.5% to 89.9% in high schools.

Impaired driving is a problem that touches every New Mexican, and its solution involves virtually every agency in state government. Over the past several years, state agencies have come together to share their knowledge and resources to help to reduce DWI in New Mexico and the Richardson administration's effort to reduce DWI continues; 2005 marked the onset of a flurry of new policies and programs in the areas of public awareness, enforcement, education and treatment. The Department of Transportation doubled the efforts of full time law enforcement in the counties with the highest DWI crash fatality rate, and funded over 700 DWI checkpoints. "You Drink, You Drive, You Lose" our public awareness campaign, has become a statewide slogan. The Mobile Strike Unit developed by the Department of Public Safety has cracked down on establishments that are serving minors and persons who are intoxicated. Based on recommendations of a statewide Task Force, the Regulation and Licensing Department increased the penalties for establishments that consistently violate the law. Our new toll free "Drunkbusters" hotline is being used to report and to arrest drunk drivers.

In 2005, New Mexico had an 11% reduction in alcohol related fatalities and a 20% reduction in alcohol related injury crashes. In 2005, New Mexico had its lowest rate ever of alcohol related deaths per 100,000 population. The Governor's and Legislature's policies against DWI continue to provide results for a safer New Mexico with alcohol related fatalities down, for the 3rd year in a row, by 15% in 2007.

The *Path to Progress* has been forged by the hard work and focus of its greatest resource, its people. Together, we are *Making a Difference* in the ability to make our state the premier destination to live,

work and play and we are *Expanding Opportunities* for every New Mexico community to thrive; but there is more to be done. In FY09, the Executive Recommendation reflects priorities that continue moving New Mexico in the right direction by building on our successes and continuing to find *Solutions for New Mexico*.

Just a few of the significant Administration priorities are highlighted below.

Fiscal Responsibility Achieves Results

During the 2007-2008 interim, the Executive continued to enhance its Performance and Accountability contracts to ensure the Cabinet stays focused on key Administration priorities. The policy agreements help ensure taxpayer dollars are spent wisely; they require accountability within the administration and identify necessary steps to achieve results. The policy goals focus on what is important to the citizens of New Mexico and help frame the Executive Budget Recommendation. The result is Performance and Accountability policies that are organized around the following seven strategic areas that set forth the basis for cross-agency collaboration and direction:

- Making Schools Work
- A Healthy New Mexico
- A Safer New Mexico
- Promoting and Growing New Mexico
- Protecting and Promoting New Mexico's Environment
- Efficient Services for New Mexicans

Each set of goals identifies significant target outcomes, specific tasks required to achieve these outcomes, measures of the benefits to the citizens of New Mexico and action steps for producing results. Throughout the interim, cabinet secretaries and senior policy-makers actively participated in the development and refinement of the goals. The process requires much collaboration across and within state agencies. The policies provide a framework for making budget decisions and they help identify how agency budget requests align with the goals of the Richardson Administration. Cabinet secretaries provide the Governor and Governor's Office staff regular progress reports on attaining results towards these administration goals.

The FY09 Executive Budget Recommendation supports the priorities emphasized by the administration and is based on the continuing growth of the New Mexico economy. It is a recommendation built on fiscal responsibility, a balanced budget and maintenance of prudent state reserves.

As in the first term, the focus for the remainder of the Richardson Administration's second term continues to be on securing significant gains on our core policy agenda and holding down the cost of state government while driving up agency efficiency and effectiveness. All departments have been held fully accountable for compliance with both objectives and the Administration will continue to deliver these results. Agencies are aligning their strategic plans and their performance measures with the Governor's Performance and Accountability policies. This will ensure that in New Mexico budget and policy continue to be aligned.

Finally the Executive recommendation reflects the Administration's commitment to ensure more New Mexicans have access to health care.

Making Schools Work

Every New Mexico child deserves a world-class education. Thus, the Administration priorities include expanding the PreK-20 education system focused on raising the level of excellence for all students by closing the student achievement gap that exists among the diverse student populations within New Mexico, and between New Mexico students and those students in other states and countries. One Administration goal for *Making Schools Work* is to prepare all New Mexico students to succeed in a complex world by providing a world-class PreK-20 education system.

The Executive recommendation continues its expansion of pre-kindergarten, increasing the program by \$9,318.7 (split between the Public Education and Children, Youth and Families departments), and increasing the number of pre-kindergarten students by 2,663 to 6,233.

The Administration is also focused on ensuring students have a healthy and safe school experience. To accomplish this, the Executive proposes to:

- Expand the Elementary Physical Education initiative to increase access to quality physical education at elementary schools;
- Expand breakfast to eligible students who attend schools that have at least 50 percent of students determined as eligible for free and reduced lunch; and
- Expand and continue before- and after-school programs to decrease childhood obesity, increase daily physical activity, provide students with healthy food choices, provide nutrition education, and increase parent and community involvement in schools, to improve student achievement and reduce the economic burden of chronic disease associated with obesity.

Understanding the vital role that parents and extended families play in the lives of our children, the recommendation includes funds to promote and facilitate parental training and involvement activities.

Higher Education: Key for the Future

At Governor Richardson's request, the Higher Education Department developed four overarching strategic priorities for New Mexico's system of public postsecondary education in collaboration with higher education leaders, the public education and business communities, and several task forces addressing higher education issues. These priorities are closely coordinated with work being done regarding public school curricula and workforce requirements. The strategic priorities are as follows:

1. Increase student access and success;
2. Innovate to meet current and future educational needs efficiently and effectively;
3. Provide programs and services integral to state and regional economic needs; and
4. Position New Mexico higher education to be ranked in the upper echelon by improving national rankings.

The ultimate goal driving the priorities is to ensure that the state system of higher education provides all New Mexicans the opportunity to succeed in a complex world. The 2007 Legislature passed the Cyber Academy Act (HB201/SB209) that created Innovative Digital Education and Learning in New Mexico (IDEAL-NM). IDEAL-NM is an innovative electronic learning (eLearning) initiative serving schools, universities and state government. The program is a collaborative effort between the Higher Education Department and the Public Education

Department. Expected outcomes include professional development for teachers, expanded implementation of an eLearning solution that meets the needs of New Mexico students, preparation of students to be successful in an information economy, and advantages to workers in a wide variety of industries.

The aggressive goals set by the Richardson Administration include recommendations of many other initiatives in the realm of education that will aid in *Expanding Opportunity* in New Mexico.

A Healthy New Mexico

Health Solutions New Mexico Plan

For the past five years, this administration has worked hard to cover more uninsured citizens. Small employers in New Mexico now have more affordable options for offering health coverage and New Mexicans have more opportunities for obtaining affordable coverage. Governor Richardson believes it is time to take a bold step forward.

Governor Richardson is proposing the "Health Solutions New Mexico Plan." This plan lays out a common-sense and pragmatic approach to providing universal health coverage. It reforms insurance to keep costs down, expands access while requiring individual participation, and creates a single point of accountability through a new Health Coverage Authority. If you are satisfied with your health coverage, you can keep it. If you don't have coverage, this plan will work to make it affordable and accessible.

The Executive budget recommendation includes several funding initiatives to begin implementing the Health Solutions New Mexico Plan:

- Enroll 8,986 new children in Medicaid
- Develop New Mexico's healthcare workforce
- Provide more post traumatic stress disorder services to veterans
- Provide behavioral health, teen suicide prevention and post traumatic stress disorder services to Native Americans
- Move providers to electronic claims filing and medical records
- Create the Health Coverage Authority

Other Health and Human Services Initiatives

Other health and human services initiatives include dollars for the Los Lunas Substance Abuse Treatment Center operations; for coordinated long-term and Mi-Via self-directed services; for the aging network; to increase the percent of children immunized; to meet the demands of the federal Families, Infants and Toddlers program; to implement the "Missouri Model" in New Mexico and better care for and rehabilitate youth committed to the juvenile justice system; and to provide better health care to youth in the custody of the Children, Youth and Families Department.

State Government Reorganization

Last year, the Executive is proposed to reorganize the areas of information technology, health policy, labor and workforce programs, homeland security and emergency management, sports authority, media arts and industries, water infrastructure development and behavioral health.

The objective of these proposals was to consolidate and streamline state government services to better coordinate efforts and eliminate duplication in the areas listed above. The Legislature partnered with the Governor to create a new Department of Information Technology, a new Workforce Solutions Department and a new Homeland Security and Emergency Management Department; to transfer the Behavioral Health Services Division from the Department of Health to the Human Services Department; and to transfer the Sports Authority into the Tourism Department.

This year, the Executive proposes further reorganization in two areas:

- Water Infrastructure Development
- Health Solutions

Water Infrastructure Development

On October 31, 2007, Governor Richardson, by Executive Order, created the Water Cabinet, the purpose of which is to ensure effective collaboration and consultation in the development and implementation of water policy by applicable state agencies. The Water Cabinet is also directed to ensure the directives of Executive Order 2007-050 are implemented and provide periodic updates to the governor and the Water Trust Board.

The Water Cabinet includes:

- Director of Interstate Stream Commission
- State Engineer
- Secretary of Department of Environment
- Secretary of Department of Agriculture
- Director of Department of Game and Fish
- Secretary of Energy, Minerals and Natural Resources Department
- Secretary of Department of Finance and Administration
- Chief Executive Officer of New Mexico Finance Authority
- Representative of Governor's Office

The Executive Order also created a sub-cabinet composed of:

- State Engineer
- Secretary of Department of Environment
- Secretary of Energy, Minerals and Natural Resources Department
- Secretary of Department of Finance and Administration
- Chief Executive Officer of New Mexico Finance Authority

Among the duties the sub-cabinet is responsible for is the development and proposal of policy recommendations to the Water Cabinet for water and wastewater infrastructure development, and the provision of project funding recommendations to the many agencies that administer water and wastewater financing programs.

The Executive Order establishes a Water and Wastewater Infrastructure Development Division within the Department of Environment. The Executive budget recommendation formally reflects the reorganization within the Department of Environment that is directed by the Executive Order.

The division will support the sub-cabinet; and provide leadership for an interagency effort to develop a water and wastewater infrastructure evaluation plan, a uniform application implementation plan, and recommendations for efficient and effective use of water and wastewater loan funds.

Health Coverage Authority

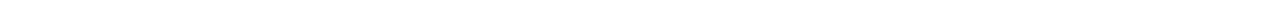
Governor Richardson's Health Solutions New Mexico Plan proposes the creation of a new Health Coverage Authority made up of qualified New Mexicans with the expertise necessary to manage this critical undertaking. The authority will act as a single point of accountability.

The Executive Budget Recommendation: A Guide to the Budget

Essential enhancements for Public Education, Medicaid and a myriad of other issues specific to State government services is addressed in the Executive Budget Recommendation document. Budget recommendations are included for all state departments, agencies and public school and higher education institutions. Reports on each entity include an Executive Summary, Strategic Directions, Key Elements of the Recommendation and Performance Report.

The Executive Budget Recommendation for FY09 is arranged numerically according to agency code numbers as listed in the Table of Contents. An alphabetical reference can be found in the Index. Throughout the document, except where specifically noted, all dollar amounts are expressed in thousands of dollars.

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		Legislative Branch (Dollars in Thousands)			FY09	
		FY07	FY08	Recom-	<u>Budget to Recommendation</u>	
		<u>Actuals</u>	<u>Budget</u>	<u>mendation</u>	<u>Dollar</u>	<u>Percent</u>
					<u>Change</u>	<u>Change</u>
SOURCES						
	General Fund Transfers	17,333.5	18,806.8	18,806.8	0.0	0.0
	Fund Balances	0.0	0.0	0.0	0.0	0.0
	TOTAL SOURCES	17,333.5	18,808.6	18,808.6	0.0	0.0
USES						
	Legislative Council Service	3,994.0	5,589.0	5,589.0	0.0	0.0
	Legislative Finance Committee	3,654.3	4,110.1	4,110.1	0.0	0.0
	Senate Chief Clerk	725.5	1,140.1	1,140.1	0.0	0.0
	House Chief Clerk	824.2	1,129.6	1,129.6	0.0	0.0
	Legislative Education Study Committee	1,056.5	1,236.5	1,236.5	0.0	0.0
	Legislative Building Services	3,048.1	3,916.4	3,916.4	0.0	0.0
	Pre-Session Expenses	552.3	552.3	552.3	0.0	0.0
	Interim Committee Expenses	1,036.0	1,036.0	1,036.0	0.0	0.0
	Legislative Retirement	0.0	0.0	0.0	0.0	0.0
	Senate Rules Interim Committee	21.6	21.6	21.6	0.0	0.0
	Energy Council Dues	32.0	32.0	32.0	0.0	0.0
	Legislative Internship Program	45.0	45.0	45.0	0.0	0.0
	TOTAL USES	14,989.5	18,808.6	18,808.6	0.0	0.0
FTE						
	Permanent	172.5	177.5	177.5	0.0	0.0
	Term	0.0	0.0	0.0	0.0	0.0
	Temporary	18.0	18.0	18.0	0.0	0.0
	TOTAL FTE POSITIONS	190.5	195.5	195.5	0.0	0.0

Executive Summary

The State Courts and other judicial agencies are comprised of the following: Supreme Court Law Library; New Mexico Compilation Commission; Judicial Standards Commission; Court of Appeals; Supreme Court; and Supreme Court Building Commission. All policy issues regarding the judicial branch of government are addressed under the State Courts as the Supreme Court has superintending authority over all judicial agencies in New Mexico.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	12,010.1	12,257.6	2.1
Total Sources	13,451.4	13,688.9	1.8
Program			
State Courts and Other Judicial Agencies	13,451.4	13,688.9	1.8
Total Uses	13,451.4	13,688.9	1.8
FTE	130.75	130.75	0.0

- The Executive continues to support the State Courts and other judicial agencies by recommending budgets that will continue the current level of services provided.

Agency Mission and Program Purpose*Supreme Court Law Library*

The Supreme Court Law Library provides legal materials and research services, as well as statewide oversight over district court law libraries and instructions to public and academic librarians providing access to legal material. The main library is located in the Supreme Court building in Santa Fe.

New Mexico Compilation Commission

The New Mexico Compilation Commission is required to publish the official compilation of New Mexico Laws. Publication of NMSA 1978 includes proofreading, printing and distribution of all new laws, joint resolutions and court rules. The Commission publishes and sells all opinions of the New Mexico Supreme Court, Court of Appeals and Attorney General. The Commission assists state agencies with special publications of the NMSA 1978 and state regulations and assists the Secretary of State with the publication of the session laws.

Judicial Standards Commission

The Judicial Standards Commission is responsible for the investigation of complaints made against justices and judges of the state judiciary for violations of the code of judicial conduct. The Commission strives to protect the public from improper behavior by judges, preserve the integrity of the judicial process, maintain public confidence in the judiciary and provide for the expeditious disposition of complaints of judicial misconduct.

Court of Appeals

The New Mexico Court of Appeals is the intermediate appellate court between district courts, certain administrative agencies and the New Mexico Supreme Court. The Court's goal is to decide cases fairly and expeditiously, maintaining archived case materials accessible to the public.

Supreme Court

The Supreme Court hears appeals from the Public Regulation Commission, from district court judgments imposing a sentence of death or life imprisonment and cases from the Court of Appeals. The New Mexico Constitution, Article IV, Section 25, mandates that the Chief Justice preside at impeachment trials. The Supreme Court provides oversight and superintending control over all the courts in the state. The Supreme Court also has authority to set rules for the conduct of lawyers and judges, admission to the practice of law and continuing legal education requirements.

Supreme Court Building Commission

The Supreme Court Building Commission has care, custody and control of the Supreme Court building and its grounds, along with all equipment, furniture and fixtures used by agencies of the judiciary housed therein, although such equipment may also be maintained in part by the individual agencies.

Statutory Authority: Supreme Court Law Library: Sections 18-1-1 through 18-1-12 NMSA 1978.

New Mexico Compilation Commission: Sections 12-1-1 through 12-1-14 NMSA 1978.

Judicial Standards Commission: Amendment to Article VI, Chapter 32, New Mexico Constitution; Laws 1968, Chapter 38.

Court of Appeals: Sections 34-5-1 through 34-5-14 NMSA 1978.

Supreme Court: Article VI, New Mexico Constitution, Sections 34-2-1 through 34-2-9 NMSA 1978.

Supreme Court Building Commission: Sections 34-3-1 through 34-3-3 NMSA 1978.

Executive Recommendation*Agency Strategic Directions*

The courts play an important role in the safety of all New Mexicans. In addition to providing access to justice and the opportunity to resolve disputes in a just and timely manner, the courts look for alternative ways to support the public. The courts continue to develop and expand: DWI Programs; Adult and Juvenile Drug Court; Family Court; Domestic Violence Programs; and Mental Health Court. These initiatives support not only public safety but the goal of making families better by providing alternative sentencing, counseling, parenting classes, education, and parenting skills. By implementing and supporting such programs, the courts address the goals of keeping families together and reducing recidivism.

Key Elements of Recommendation

Supreme Court Law Library. The Executive recommendation for the Supreme Court Law Library supports an increase of 1.2% to accommodate increased personal services and employee benefits and increased contractual costs. A decrease was made in the other cost category, primarily in information technology inventory exempt supplies, to partially offset the increase to personal services and employee benefits.

New Mexico Compilation Commission. The Compilation Commission receives funding through the sale of legal documents. The Executive recommendation supports an increase of \$20.6 General Fund or 14.0% over the FY08 budget to maintain the current service level.

The Executive encourages the Commission to continue to monitor revenues and to manage expenditures if revenue does not materialize at projected levels.

Judicial Standards Commission. The Executive recommendation supports an increase of \$34.9 in General Fund for the agency to administer additional disciplinary hearings across the state and to address added caseload growth. The Executive continues to support the agency mission and to assure the public of accountability in the judiciary. Increases in General Fund are primarily provided for additional costs associated with personal services and employee benefits.

Court of Appeals. The Executive recommendation for the Court of Appeals is a 2.5% increase over its FY08 operating level. The recommendation provides an increase over FY08 of \$138.6 in General Fund. The increase will allow the Court of Appeals to maintain the current level of service and to support caseload increases in Santa Fe and the Albuquerque Annex.

Supreme Court. The Executive recommendation for the Supreme Court provides for an increase of 0.4% in General Fund.

Supreme Court Building Commission. The Executive recommendation provides for an increase of \$18.8 in General Fund over FY08 operating level. The increase of \$18.8 includes \$10.1 for personal services and employee benefits, \$0.2 in contractual services and \$8.5 in other costs.

Performance Report

The New Mexico Law Library did not meet its goal for 80% of updated titles. The FY07 year end report show the agency had reached 78% for current updated titles. The agency will continue to work towards achieving its goal in FY09. The agency's target for research and information requests submitted was 6,600. FY07 year end report shows the agency slightly exceeded its target by responding to 6,602 information and research requests.

The New Mexico Compilation Commission failed to meet its measure for amount of revenue collected by \$76.2 in FY07. The agency received General Fund in its FY08 budget to compensate for the loss of revenues historically generated by the agency.

The Judicial Standards Commission performance measures were reviewed and several removed from the agency's reporting categories. Two additional performance measures, number of inquiries regarding judicial disciplinary matters and number of docketed complaints, were added during FY07. Although target levels were not established the agency reported on them and the indications are that

these metrics will be useful tools for measuring the agency's performance. The agency met it's performance measures for time for the Commission to file petitions and time for release of the annual report. The agency did not meet it's target for average time for formal hearings to be reached, in meeting cycles, for cases in which formal charges are filed. The agency reports that two very difficult and complex cases significantly skewed this metric. The agency will continue to report on this performance measure and provide in depth explanations any time the metric is not met.

The Supreme Court exceeded its measure for cases disposed as percent of cases filed. The target for cases disposed was 95%. The year end report indicates the supreme court disposed of 98.6% of cases filed. The agency reported 102 opinions, decisions or orders written during FY07.

The Court of Appeals exceeded its performance measure metrics. The target for number of cases disposed as a percentage of cases filed was 95%. Year end report indicated 98.6% of cases filed were disposed. The target for number of legal opinions written was set at 750. The year end report indicated 759 legal opinions were written in FY07.

The agency has not reported on its FY07 measure, stating that the results of fixed asset inventory will not be available until after the completion of the FY07 audit.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY09	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	11,147.2	12,010.1	12,257.6	247.5	2.1
Other Revenues	1,048.9	1,441.3	1,431.3	-10.0	-0.7
Fund Balance	307.9	0.0	0.0	0.0	***
TOTAL SOURCES	12,504.0	13,451.4	13,688.9	237.5	1.8
USES					
Personal Services and Employee Benefits	9,057.1	10,003.6	10,192.3	188.7	1.9
Contractual Services	1,654.1	1,663.8	1,688.7	24.9	1.5
Other	1,732.4	1,784.0	1,807.9	23.9	1.3
TOTAL USES	12,443.6	13,451.4	13,688.9	237.5	1.8
FTE					
Permanent	124.25	128.75	128.75	0.00	0.0
Term	1.00	1.00	1.00	0.00	0.0
Temporary	1.00	1.00	1.00	0.00	0.0
TOTAL FTE POSITIONS	126.25	130.75	130.75	0.00	0.0

		Supreme Court Law Library (Dollars in Thousands)			FY09	
		FY07	FY08	Recom-	<u>Budget to Recommendation</u>	
		<u>Actuals</u>	<u>Budget</u>	<u>mendation</u>	<u>Dollar/FTE</u>	<u>Percent</u>
					<u>Change</u>	<u>Change</u>
SOURCES						
	General Fund Transfers	1,711.3	1,784.5	1,805.6	21.1	1.2
	Other Revenues	0.0	1.4	1.4	0.0	0.0
	TOTAL SOURCES	1,711.3	1,785.9	1,807.0	21.1	1.2
USES						
	Personal Services and Employee Benefits	622.5	700.4	724.3	23.9	3.4
	Contractual Services	365.1	365.7	384.7	19.0	5.2
	Other	716.5	719.8	698.0	-21.8	-3.0
	TOTAL USES	1,704.1	1,785.9	1,807.0	21.1	1.2
FTE						
	Permanent	9.00	9.00	9.00	0.00	0.0
	TOTAL FTE POSITIONS	9.00	9.00	9.00	0.00	0.0

		New Mexico Compilation Commission (Dollars in Thousands)			FY09	
		FY07	FY08	Recom-	<u>Budget to Recommendation</u>	
		<u>Actuals</u>	<u>Operating</u>	<u>mendation</u>	<u>Dollar/FTE</u>	<u>Percent</u>
			<u>Budget</u>		<u>Change</u>	<u>Change</u>
SOURCES						
	General Fund Transfers	167.6	147.0	167.6	20.6	14.0
	Other Revenues	1,047.4	1,438.9	1,428.9	-10.0	-0.7
	Fund Balance	307.9	0.0	0.0	0.0	***
	TOTAL SOURCES	1,522.9	1,585.9	1,596.5	10.6	0.7
USES						
	Personal Services and Employee Benefits	180.5	355.6	357.8	2.2	0.6
	Contractual Services	1,203.5	1,058.4	1,059.9	1.5	0.1
	Other	138.9	171.9	178.8	6.9	4.0
	TOTAL USES	1,522.9	1,585.9	1,596.5	10.6	0.7
FTE						
	Permanent	5.00	5.00	5.00	0.00	0.0
	Term	1.00	1.00	1.00	0.00	0.0
	TOTAL FTE POSITIONS	6.00	6.00	6.00	0.00	0.0

		Judicial Standards Commission (Dollars in Thousands)			FY09	
		FY07	FY08	Recom-	<u>Budget to Recommendation</u>	
		<u>Actuals</u>	<u>Operating</u>	<u>mendation</u>	<u>Dollar/FTE</u>	<u>Percent</u>
			<u>Budget</u>		<u>Change</u>	<u>Change</u>
SOURCES						
	General Fund Transfers	686.6	802.2	837.1	34.9	4.4
	TOTAL SOURCES	686.6	802.2	837.1	34.9	4.4

State Courts and Other Judicial Agencies

20000

Judicial Standards Commission
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 Operating <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent</u> <u>Change</u>
USES					
Personal Services and Employee Benefits	495.9	610.6	642.7	32.1	5.3
Contractual Services	49.8	54.8	55.0	0.2	0.4
Other	140.9	136.8	139.4	2.6	1.9
TOTAL USES	686.6	802.2	837.1	34.9	4.4
FTE					
Permanent	7.00	7.00	7.00	0.00	0.0
Temporary	1.00	1.00	1.00	0.00	0.0
TOTAL FTE POSITIONS	8.00	8.00	8.00	0.00	0.0

Court of Appeals
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 Operating <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	5,140.7	5,511.4	5,650.0	138.6	2.5
Other Revenues	1.5	1.0	1.0	0.0	0.0
TOTAL SOURCES	5,142.2	5,512.4	5,651.0	138.6	2.5
USES					
Personal Services and Employee Benefits	4,666.8	4,963.6	5,088.7	125.1	2.5
Contractual Services	14.7	129.8	131.2	1.4	1.1
Other	431.5	419.0	431.1	12.1	2.9
TOTAL USES	5,113.0	5,512.4	5,651.0	138.6	2.5
FTE					
Permanent	58.00	59.50	59.50	0.00	0.0
TOTAL FTE POSITIONS	58.00	59.50	59.50	0.00	0.0

Supreme Court
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 Operating <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	2,711.2	3,003.4	3,016.9	13.5	0.4
TOTAL SOURCES	2,711.2	3,003.4	3,016.9	13.5	0.4
USES					
Personal Services and Employee Benefits	2,495.5	2,745.8	2,741.1	-4.7	-0.2
Contractual Services	15.4	48.4	51.0	2.6	5.4
Other	177.9	209.2	224.8	15.6	7.5
TOTAL USES	2,688.8	3,003.4	3,016.9	13.5	0.4
FTE					
Permanent	30.00	33.00	33.00	0.00	0.0
TOTAL FTE POSITIONS	30.00	33.00	33.00	0.00	0.0

Supreme Court Building Commission (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY09	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	729.8	761.6	780.4	18.8	2.5
TOTAL SOURCES	729.8	761.6	780.4	18.8	2.5
USES					
Personal Services and Employee Benefits	595.9	627.6	637.7	10.1	1.6
Contractual Services	5.6	6.7	6.9	0.2	3.0
Other	126.7	127.3	135.8	8.5	6.7
TOTAL USES	728.2	761.6	780.4	18.8	2.5
FTE					
Permanent	15.25	15.25	15.25	0.00	0.0
TOTAL FTE POSITIONS	15.25	15.25	15.25	0.00	0.0

Performance Measures

		<u>FY07 Target</u>	<u>FY07 Result</u>	<u>FY08 Target</u>	<u>FY09 Recomm</u>
Supreme Court Law Library					
The Supreme Court Law Library provides legal material and research services, as well as statewide oversight over district court law libraries and instructions for public and academia librarians providing access to legal material. The main library is located in the Supreme Court building in Santa Fe.					
New Mexico Compilation Commission					
The mission is to publish in print and electronic format, distribute, and sell: (1) laws enacted by the New Mexico Legislature, (2) opinions of the New Mexico Supreme Court and New Mexico Court of Appeals, (3) rules approved by the New Mexico Supreme Court, (4) Attorney General opinions, and (5) other state and federal rules and opinions. The Commission ensures the accuracy and reliability of the laws, rules and opinions it publishes and make publications available to the public in a variety of special publications.					
Output	Amount of revenue collected, in thousands	\$1,291.3	\$1,215.1	\$1,291.3	\$1,291.3
Judicial Standards Commission					
Is responsible for the investigation of complaints made against justices and judges of the state judiciary for violations of the code of judicial conduct.					
Explanatory	Percent of complaints requiring research investigation				
Efficiency	Upon knowledge of cause for emergency interim suspension, time for commission to file petition for temporary suspension, in days	2		2	2
Output	Time for release of annual report to the public, from the end of the fiscal year, in months	2	2	2	2
Efficiency	For cases in which formal charges are filed, average time for formal hearings to be reached, in meeting cycles	3	4.25	3	3
Explanatory	Number of inquiries regarding judicial disciplinary matters		2451	2500	2500
Explanatory	Number of docketed complaints		109	110	110
Court of Appeals					
The mission of the New Mexico Court of Appeals is to provide access to justice; resolve disputes justly and timely; and maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the Constitutions of New Mexico and the United States.					
Explanatory	Cases disposed as a percent of cases filed	95%	98.6%	95%	95%
Explanatory	Number of legal opinions written	750	759	750	760

State Courts and Other Judicial Agencies

20000

		<u>FY07</u> <u>Target</u>	<u>FY07</u> <u>Result</u>	<u>FY08</u> <u>Target</u>	<u>FY09</u> <u>Recomm</u>
Supreme Court					
The mission is to provide access to justice; resolve disputes justly and timely; and maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the Constitutions of New Mexico and the United States.					
Explanatory	Cases disposed as a percent of cases filed	95%	98.5%	95%	95%
Explanatory	Number of opinions, decisions and dispositional orders written		102		
Supreme Court Building Commission					
The mission is to retain custody and control of the Supreme Court Building and its grounds and to provide care, preservation, repair, cleaning, heating, lighting, and to hire necessary employees for these purposes					
Quality	Accuracy of fixed-assets inventory records	100%		100%	100%

Executive Summary

The Administrative Office of the Courts serves as the central staff for the state's unified court system and provides policy development and administrative support to all courts.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	41,970.4	42,201.3	0.6
Total Sources	52,730.4	52,999.9	0.5
Program			
Administrative Support	10,068.7	10,396.1	3.3
Statewide Judiciary Automation	8,214.0	8,533.0	3.9
Magistrate Court	26,592.1	25,919.3	-2.5
Special Court Services	7,855.6	8,151.5	3.8
Total Uses	52,730.4	52,999.9	0.5
FTE	425.10	425.75	0.2

- The Executive recommendation provides for an additional \$599.7 in total funding for the Jury and Witness Fee Fund.
- The Executive recommendation provides for an additional \$227.7 in General Fund for implementation of T-1 lines to improve information technology capacity within the court system.

Agency Mission and Program Purpose

The Administrative Office of the Courts (AOC) administers the Magistrate Court program and the statewide automation program. It also provides guidance and technical assistance to all judicial agencies. AOC provides funding and oversight for many of the special court services.

Statutory Authority: Sections 34-9-1 through 34-9-16 NMSA 1978.

Administrative Support

Administrative Support provides support services to the chief justice of the Supreme Court, all judicial branch units and the Administrative Office of the Courts (AOC) so that it may effectively administer New Mexico's court system. The program receives most of its operating revenue from the General Fund. Approximately one-quarter of its revenue comes from federal grants and jury demand fees.

Statewide Judiciary Automation

This program is commonly referred to as the Judicial Information Division (JID), which provides automation support services for the judicial branch of government. JID's goal is to provide services that effectively and efficiently support court functions and produce results for users of judicial services.

The revenue collected from the Supreme Court Automation and Municipal Court Automation funds support approximately three-quarters of the operating budget for the Statewide Judiciary Automation Program; the remaining funding is derived from the General Fund. The Supreme Court Automation Fund receives its revenue from docket fees and civil filing fees from various courts as well as fees from traffic violation convictions. The Municipal Court Automation Fund receives its revenue from fees imposed on individuals found guilty of a criminal charge by a municipal judge.

Magistrate Court

The Magistrate Court Program is a court of limited original jurisdiction within the judicial branch. The purpose of the Magistrate Court Program is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States. The employees of the magistrate courts are subject to all laws and regulations applicable to other state offices and agencies and to other state officers and employees except where otherwise provided by law. The magistrate court is not a court of record.

The Magistrate Court Program primarily receives its revenue from the General Fund. The program receives additional revenue from fees applied to bench warrants issued by magistrate judges, which fully fund warrant enforcement activities. Another source of revenue is the Metropolitan Magistrate Facility Fee Fund. The majority of the fee revenue is designated to repaying the bonds for Bernalillo County Metropolitan Court's new building. Approximately \$4,700.0 is designated to repay the bonds; the remaining \$350.0 is available for Magistrate Courts, which can be applied to the magistrate leases.

Special Court Services

Special Court Services was established in FY04. The program does not have any FTE, and is comprised solely of contractual services and transfers to other judicial agencies. The services provided by this program include water rights litigation, supervised child visitation, court-appointed special advocates (CASA), court-appointed attorneys and judges pro tempore.

Executive Recommendation

Agency Strategic Directions

In addition to providing access to justice and the opportunity to resolve disputes in a just and timely manner, the courts look for alternative ways to support positive public outcomes. The courts continue to develop and expand: DWI programs; adult and juvenile drug court; family court; domestic violence programs; and mental health court. These initiatives support not only public safety, but the goal of making families better by providing alternative sentencing, counseling, parenting classes, education and parenting skills. These programs aim to reduce recidivism and to keep families together.

Key Elements of Recommendation

Administrative Support Program. The Executive recommendation decreases General Fund by \$543.8 from the FY08 operating level. The decrease is primarily related to increases to other state fund transfers and federal funds and the funding of Metro Court bond coverage as nonrecurring. Total funding for the Administrative Support program is an increase of \$327.4 or 3.3% over the FY08 budget.

Statewide Judiciary Automation Program. The Executive recommends a total increase of \$319.0 over the FY08 operating level. Increases result from identified need to increase employee benefits; contractual information technology services; and other services including transportation costs, leases and information technology equipment. The Executive recommendation allows the program to continue to operate at current service levels.

Magistrate Court Program. The Executive recommendation increases General Fund by 0.2% over the FY08 operating level and supports the program's need for additional funding for personal services and employee benefits.

Special Court Services. The Executive recommendation increases General Fund by 3.9%. Increases are primarily due to increased personal services and employee benefits and contractual services associated with access and supervised visitation costs.

Performance Report

The Executive appreciates the judicial participation in the performance based budgeting process. The Executive is encouraged to see that the Administrative Office of the Courts continues to set targets for performance measures in FY09. The Executive is pleased to see the judiciary reviewing the possibility of adopting the National Center for State Courts 10 Core Measures to allow for consistency in gathering and reporting accurate court data. The Executive would like to see the AOC review current performance levels and FY09 targets to try to determine why the administrative support program, statewide judiciary automation program and the special court services program experienced difficulty in meeting targets and reporting data for the FY07 measures.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY09	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	36,099.9	41,970.4	42,201.3	230.9	0.6
Other Transfers	344.1	3,505.0	1,384.7	-2,120.3	-60.5
Federal Revenues	366.1	539.9	951.4	411.5	76.2
Other Revenues	6,690.7	5,011.5	7,516.1	2,504.6	50.0
Fund Balance	1,559.2	1,703.6	946.4	-757.2	-44.4
TOTAL SOURCES	45,060.0	52,730.4	52,999.9	269.5	0.5
USES					
Personal Services and Employee Benefits	23,876.5	25,894.0	26,524.0	630.0	2.4
Contractual Services	6,065.0	8,920.9	9,578.8	657.9	7.4
Other	12,793.9	15,107.9	15,408.8	300.9	2.0
Other Financing Uses	1,748.2	2,807.6	1,488.3	-1,319.3	-47.0
TOTAL USES	44,483.6	52,730.4	52,999.9	269.5	0.5
FTE					
Permanent	346.80	356.80	357.25	0.45	0.1
Term	67.30	68.30	68.50	0.20	0.3
TOTAL FTE POSITIONS	414.10	425.10	425.75	0.65	0.2

Administrative Support
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	6,748.5	8,883.8	8,340.0	-543.8	-6.1
Other Transfers	159.4	120.0	579.7	459.7	383.1
Federal Revenues	366.1	539.9	951.4	411.5	76.2
Other Revenues	477.5	525.0	525.0	0.0	0.0
Fund Balance	35.3	0.0	0.0	0.0	***
TOTAL SOURCES	7,786.8	10,068.7	10,396.1	327.4	3.3
USES					
Personal Services and Employee Benefits	2,510.9	2,803.1	3,048.7	245.6	8.8
Contractual Services	657.4	1,241.8	1,587.1	345.3	27.8
Other	4,520.7	5,073.8	5,760.3	686.5	13.5
Other Financing Uses	76.2	950.0	0.0	-950.0	-100.0
TOTAL USES	7,765.2	10,068.7	10,396.1	327.4	3.3
FTE					
Permanent	34.00	35.80	35.75	-0.05	-0.1
Term	8.00	2.80	4.00	1.20	42.9
TOTAL FTE POSITIONS	42.00	38.60	39.75	1.15	3.0

Statewide Judiciary Automation
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	1,881.1	2,940.6	3,367.7	427.1	14.5
Other Revenues	4,406.5	4,486.5	4,491.1	4.6	0.1
Fund Balance	274.9	786.9	674.2	-112.7	-14.3
TOTAL SOURCES	6,562.5	8,214.0	8,533.0	319.0	3.9
USES					
Personal Services and Employee Benefits	3,795.9	4,170.3	4,289.3	119.0	2.9
Contractual Services	417.1	785.4	847.5	62.1	7.9
Other	2,169.3	3,258.3	3,396.2	137.9	4.2
TOTAL USES	6,382.3	8,214.0	8,533.0	319.0	3.9
FTE					
Permanent	34.30	39.50	39.00	-0.50	-1.3
Term	2.80	9.00	9.00	0.00	0.0
TOTAL FTE POSITIONS	37.10	48.50	48.00	-0.50	-1.0

Magistrate Court
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	20,819.5	22,640.4	22,692.1	51.7	0.2
Other Transfers	184.7	3,035.0	455.0	-2,580.0	-85.0
Other Revenues	1,806.7	0.0	2,500.0	2,500.0	***
Fund Balance	1,249.0	916.7	272.2	-644.5	-70.3
TOTAL SOURCES	24,059.9	26,592.1	25,919.3	-672.8	-2.5

		Magistrate Court (Dollars in Thousands)			FY09	
		FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	<u>Budget to Recommendation</u> Dollar <u>Change</u>	Percent <u>Change</u>
USES						
	Personal Services and Employee Benefits	17,523.7	18,860.7	19,094.3	233.6	1.2
	Contractual Services	328.6	642.6	585.1	-57.5	-8.9
	Other	6,073.3	6,738.8	6,239.9	-498.9	-7.4
	Other Financing Uses	0.0	350.0	0.0	-350.0	-100.0
	TOTAL USES	23,925.6	26,592.1	25,919.3	-672.8	-2.5
FTE						
	Permanent	278.50	280.50	281.50	1.00	0.4
	Term	56.50	56.50	55.50	-1.00	-1.8
	TOTAL FTE POSITIONS	335.00	337.00	337.00	0.00	0.0

		Special Court Services (Dollars in Thousands)			FY09	
		FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	<u>Budget to Recommendation</u> Dollar <u>Change</u>	Percent <u>Change</u>
SOURCES						
	General Fund Transfers	6,650.8	7,505.6	7,801.5	295.9	3.9
	Other Transfers	0.0	350.0	350.0	0.0	0.0
	TOTAL SOURCES	6,650.8	7,855.6	8,151.5	295.9	3.8
USES						
	Personal Services and Employee Benefits	46.0	59.9	91.7	31.8	53.1
	Contractual Services	4,661.9	6,251.1	6,559.1	308.0	4.9
	Other	30.6	37.0	12.4	-24.6	-66.5
	Other Financing Uses	1,672.0	1,507.6	1,488.3	-19.3	-1.3
	TOTAL USES	6,410.5	7,855.6	8,151.5	295.9	3.8
FTE						
	Permanent	0.00	1.00	1.00	0.00	0.0
	TOTAL FTE POSITIONS	0.00	1.00	1.00	0.00	0.0

Performance Measures

		FY07 <u>Target</u>	FY07 <u>Result</u>	FY08 <u>Target</u>	FY09 <u>Recomm</u>
Administrative Support					
To provide administrative support to the chief justice, all judicial branch units and the Administrative Office of the Courts so that they can effectively administer the New Mexico court system.					
Outcome	Percent of jury summons successfully executed	92%	76.7%	92%	92%
Output	Average cost per juror	\$41		\$42	\$42

Statewide Judiciary Automation

To provide development, enhancement, maintenance, and support for core court automation and usage skills for appellate, district, magistrate and municipal courts, and ancillary judicial agencies.					
Quality	Percent of accurate driving-while-intoxicated court reports	98%	93.6%	98%	98%
Quality	Percent reduction in number of calls for assistance from judicial agencies regarding the case management database and network	10%	-33.8%	10%	10%
Quality	Average time to respond to automation calls for assistance, in minutes	25		25	25
Output	Number of help desk calls for assistance		7,188	6,000	6,000
Quality	Average time to resolve automation calls for assistance, in hours	8	13.6	8	

		<u>FY07</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>
		<u>Target</u>	<u>Result</u>	<u>Target</u>	<u>Recomm</u>
Magistrate Court					
The mission of the Magistrate Court/Warrant Enforcement Program is to provide access to justice; resolve disputes justly and timely; and maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the Constitutions of New Mexico and the United States.					
Outcome	Bench warrant revenue collected annually, in millions	\$2.3	2.11	\$2.4	\$2.4
Explanatory	Percent of cases disposed as a percent of cases filed	95%	102.3%	95%	95%
Explanatory	Dollar amount of criminal case fees and fines collected, in millions		\$11.61		
Efficiency	Percent of magistrate courts financial reports submitted to fiscal services division and reconciled on a monthly basis	96%	99.5%	100%	100%
Output	Number of bench warrants issued		22,606		
Output	Number of cases in which bench warrant fees are collected		14,980		
Special Court Services					
To provide court advocates, legal counsel, and safe exchanges for children and families and to provide judges pro tempores and adjudicate water rights disputes so that the constitutional rights and safety of citizens (especially children and families) are protected.					
Output	Number of required events attended by attorneys in abuse and neglect cases	8,000	9,189	8,000	8,000
Output	Number of monthly supervised child visitations conducted	500	329	500	500
Output	Number of cases to which court appointed special advocates volunteers are assigned	1,600	1,464	1,600	1,600

Executive Summary

District courts are state courts of general jurisdiction, authorized to hear and determine all civil and criminal cases that are not specifically exempted from its jurisdiction.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	69,936.9	72,219.2	3.3
Total Sources	76,980.4	79,864.5	3.7
Program			
First Judicial District Court	7,336.5	7,932.8	8.1
Second Judicial District Court	24,113.9	24,386.4	1.1
Third Judicial District Court	7,200.2	7,783.3	8.1
Fourth Judicial District Court	2,142.6	2,288.5	6.8
Fifth Judicial District Court	6,594.8	6,643.0	0.7
Sixth Judicial District Court	3,165.0	3,178.7	0.4
Seventh Judicial District Court	2,701.2	2,778.1	2.8
Eighth Judicial District Court	2,709.9	3,191.6	17.8
Ninth Judicial District Court	3,872.5	4,094.8	5.7
Tenth Judicial District Court	762.2	787.4	3.3
Eleventh Judicial District Court	6,214.4	6,483.8	4.3
Twelfth Judicial District Court	3,310.6	3,350.9	1.2
Thirteenth Judicial District Court	6,856.6	6,965.2	1.6
Total Uses	76,980.4	79,864.5	3.7
FTE	994.04	1,017.25	2.3

- The Executive recommends \$1,191.6 from the General Fund to support three new judgeships in the First, Third and Eighth Judicial Districts, at a cost of \$397.2 for each district.
- The Executive recommends \$87.9 from the General fund to support the services provided by Mental Health Court programs in the First Judicial District.
- The Executive recommends \$179.1 from the General fund to support expansion of Access and Supervised Visitation services in the Fourth, Seventh, Eighth, Eleventh and Twelfth Judicial Districts.
- The Executive recommends \$532.0 from the General Fund for drug courts in the Fourth, Eighth, Eleventh, Twelfth and Thirteenth districts.
- The Executive recommends \$63.2 from the General Fund in the Second district for a domestic violence probation officer.

Agency Mission and Program Purpose

The District Courts have jurisdiction over all matters not specifically excepted by the New Mexico Constitution, including common law disputes, felony criminal actions and statutorily-directed matters involving children. The District Courts have appellate jurisdiction over most decisions rendered by lower courts and administrative agencies. They may appoint or remove conservators, guardians and specified public officials. They may commit persons to the care of the State, issue writs of aid of jurisdiction and promulgate court rules consistent with rules established by the Supreme Court.

Statutory Authority: Article VI, Sections 13-17, New Mexico Constitution; Sections 34-6-1 through 34-6-46 NMSA 1978

First Judicial District Court

Santa Fe, Rio Arriba and Los Alamos Counties

Second Judicial District Court

Bernalillo County

Third Judicial District Court

Dona Ana County

Fourth Judicial District Court

Mora, San Miguel and Guadalupe Counties

Fifth Judicial District Court

Chaves, Eddy and Lea Counties

Sixth Judicial District Court

Grant, Luna and Hidalgo Counties

Seventh Judicial District Court

Catron, Sierra, Socorro and Torrance Counties

Eighth Judicial District Court

Taos, Colfax and Union Counties

Ninth Judicial District Court

Curry and Roosevelt Counties

Tenth Judicial District Court

Harding, Quay and De Baca Counties

Eleventh Judicial District Court

San Juan and McKinley Counties

Twelfth Judicial District Court

Lincoln and Otero Counties

Thirteenth Judicial District Court

Cibola, Sandoval and Valencia Counties

Executive Recommendation*Agency Strategic Directions*

The District Courts play an important role in the safety of all New Mexicans by providing access to justice and the opportunity to resolve disputes in a just and timely manner. District courts look for alternative ways to support the public and continue to develop and expand: DWI programs; adult and juvenile drug court; family court; domestic violence programs; and mental health court. These initiatives support not only public safety, but the goal of making families better by providing alternative sentencing, counseling, parenting classes, education, and parenting skills. These programs aim to reduce recidivism and keep families together.

Key Elements of Recommendation

The Executive recommends \$72,219.2 in General Fund for FY09 for the District Courts. The recommendation supports the districts' efforts in securing federal and other state funding grants. Some forethought needs to take place when entering into grants and setting up new programs as planning for replacement funds is critical. General Fund may not always be available to support those programs created through the use of grant funding. Specific expansions include:

- \$1,191.6 to support three new judgeships in the First, Third and Eighth Judicial Districts, at a cost of \$397.2 for each district
- \$87.9 to support the services provided by Mental Health Court programs in the First Judicial District.
- \$179.1 to support expansion of Access and Supervised Visitation services in the Fourth, Seventh, Eighth, Eleventh and Twelfth Judicial Districts.
- \$532.0 for drug courts in the Fourth, Eighth, Eleventh, Twelfth and Thirteenth districts.
- \$63.2 in the Second district for a domestic violence probation officer.

The Executive supports the courts continued efforts to look for alternative ways to help offenders as well as victims in seeking long-term solutions and avoid possible incarceration.

Recommended Language for the General Appropriation Act

The general fund appropriations to the first, third and eighth district courts include one million one hundred ninety-one thousand six hundred dollars (\$1,191,600) for one new judgeship in each of the districts at a cost of three hundred ninety-seven thousand two hundred dollars (\$397,200). The appropriations are contingent on legislation creating the three judgeships becoming law.

Performance Report

The Executive is encouraged to see that many of the District Courts provided FY07 year end reports for its performance measures. The Executive continues to support the Courts' desire to develop other measures.

It is promising to see that most judicial districts set targets for FY09. Setting targets is an important step for the Courts to continue to work towards full participation in performance based budgeting. The Executive encourages the judiciary to examine those measures that do not lend themselves to setting targets by taking full advantage of providing written narratives on a year-to-year basis for such measures.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar/FTE Change	<u>Percent Change</u>
SOURCES					
General Fund Transfers	61,956.3	69,936.9	72,219.2	2,282.3	3.3
Other Transfers	6,062.2	4,955.0	5,441.9	486.9	9.8
Federal Revenues	127.8	0.0	0.0	0.0	***
Other Revenues	1,569.7	1,713.2	1,698.4	-14.8	-0.9
Fund Balance	565.0	375.3	505.0	129.7	34.6
TOTAL SOURCES	70,281.0	76,980.4	79,864.5	2,884.1	3.7
USES					
Personal Services and Employee Benefits	56,300.3	64,243.3	66,709.8	2,466.5	3.8
Contractual Services	6,401.1	7,866.8	8,187.0	320.2	4.1
Other	6,111.1	4,855.3	4,967.7	112.4	2.3
Other Financing Uses	15.0	15.0	0.0	-15.0	-100.0
TOTAL USES	68,827.5	76,980.4	79,864.5	2,884.1	3.7
FTE					
Permanent	840.29	926.74	950.50	23.76	2.6
Term	62.80	65.80	66.75	0.95	1.4
Temporary	0.50	1.50	0.00	-1.50	-100.0
TOTAL FTE POSITIONS	903.59	994.04	1,017.25	23.21	2.3

First Judicial District Court (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar/FTE Change	<u>Percent Change</u>
SOURCES					
General Fund Transfers	5,971.6	6,474.0	7,023.1	549.1	8.5
Other Transfers	452.3	431.3	426.8	-4.5	-1.0
Other Revenues	364.8	431.2	482.9	51.7	12.0
TOTAL SOURCES	6,788.7	7,336.5	7,932.8	596.3	8.1
USES					
Personal Services and Employee Benefits	5,464.2	6,092.0	6,590.7	498.7	8.2
Contractual Services	741.8	827.3	921.2	93.9	11.4
Other	522.8	417.2	420.9	3.7	0.9
TOTAL USES	6,728.8	7,336.5	7,932.8	596.3	8.1
FTE					
Permanent	75.50	85.00	86.00	1.00	1.2
Term	6.50	7.50	8.75	1.25	16.7
TOTAL FTE POSITIONS	82.00	92.50	94.75	2.25	2.4

Second Judicial District Court (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u>	
				<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	20,003.8	21,793.9	21,935.9	142.0	0.7
Other Transfers	1,694.5	1,440.2	1,525.6	85.4	5.9
Other Revenues	648.9	719.0	641.1	-77.9	-10.8
Fund Balance	330.4	160.8	283.8	123.0	76.5
TOTAL SOURCES	22,677.6	24,113.9	24,386.4	272.5	1.1
USES					
Personal Services and Employee Benefits	20,277.4	22,437.6	22,692.9	255.3	1.1
Contractual Services	586.0	496.2	502.2	6.0	1.2
Other	1,322.5	1,180.1	1,191.3	11.2	0.9
TOTAL USES	22,185.9	24,113.9	24,386.4	272.5	1.1
FTE					
Permanent	312.50	329.50	330.50	1.00	0.3
Term	28.50	28.50	28.50	0.00	0.0
TOTAL FTE POSITIONS	341.00	358.00	359.00	1.00	0.3

Third Judicial District Court (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u>	
				<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	5,929.4	6,471.5	6,933.4	461.9	7.1
Other Transfers	750.9	588.9	708.9	120.0	20.4
Other Revenues	132.9	109.8	111.0	1.2	1.1
Fund Balance	30.0	30.0	30.0	0.0	0.0
TOTAL SOURCES	6,843.2	7,200.2	7,783.3	583.1	8.1
USES					
Personal Services and Employee Benefits	5,110.4	5,701.4	6,265.4	564.0	9.9
Contractual Services	961.8	1,018.7	1,026.5	7.8	0.8
Other	697.0	480.1	491.4	11.3	2.4
TOTAL USES	6,769.2	7,200.2	7,783.3	583.1	8.1
FTE					
Permanent	79.60	79.60	83.25	3.65	4.6
Term	4.30	4.30	6.50	2.20	51.2
Temporary	0.50	0.50	0.00	-0.50	-100.0
TOTAL FTE POSITIONS	84.40	84.40	89.75	5.35	6.3

Fourth Judicial District Court (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u>	
				<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	1,599.7	2,100.7	2,228.5	127.8	6.1
Other Transfers	126.6	14.9	30.0	15.1	101.3
Other Revenues	24.2	25.0	25.0	0.0	0.0
Fund Balance	0.0	2.0	5.0	3.0	150.0
TOTAL SOURCES	1,750.5	2,142.6	2,288.5	145.9	6.8

Fourth Judicial District Court
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar Change	Percent Change
USES					
Personal Services and Employee Benefits	1,319.7	1,744.4	1,835.0	90.6	5.2
Contractual Services	207.2	233.3	271.4	38.1	16.3
Other	215.5	164.9	182.1	17.2	10.4
TOTAL USES	1,742.4	2,142.6	2,288.5	145.9	6.8
FTE					
Permanent	23.50	28.50	29.50	1.00	3.5
TOTAL FTE POSITIONS	23.50	28.50	29.50	1.00	3.5

Fifth Judicial District Court
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar Change	Percent Change
SOURCES					
General Fund Transfers	5,273.8	6,146.6	6,188.9	42.3	0.7
Other Transfers	657.4	333.2	339.1	5.9	1.8
Other Revenues	94.9	95.0	95.0	0.0	0.0
Fund Balance	7.1	20.0	20.0	0.0	0.0
TOTAL SOURCES	6,033.2	6,594.8	6,643.0	48.2	0.7
USES					
Personal Services and Employee Benefits	4,264.5	5,409.3	5,434.2	24.9	0.5
Contractual Services	755.5	780.0	794.5	14.5	1.9
Other	521.2	405.5	414.3	8.8	2.2
TOTAL USES	5,541.2	6,594.8	6,643.0	48.2	0.7
FTE					
Permanent	76.00	80.00	80.00	0.00	0.0
Term	1.00	1.00	1.00	0.00	0.0
TOTAL FTE POSITIONS	77.00	81.00	81.00	0.00	0.0

Sixth Judicial District Court
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar Change	Percent Change
SOURCES					
General Fund Transfers	2,494.4	3,037.6	3,079.4	41.8	1.4
Other Transfers	123.2	91.5	75.0	-16.5	-18.0
Other Revenues	10.5	10.5	10.5	0.0	0.0
Fund Balance	12.0	25.4	13.8	-11.6	-45.7
TOTAL SOURCES	2,640.1	3,165.0	3,178.7	13.7	0.4
USES					
Personal Services and Employee Benefits	1,713.6	2,242.0	2,270.1	28.1	1.3
Contractual Services	705.0	720.8	707.7	-13.1	-1.8
Other	221.5	202.2	200.9	-1.3	-0.6
TOTAL USES	2,640.1	3,165.0	3,178.7	13.7	0.4

Sixth Judicial District Court
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Dollar Change</u>	<u>Percent Change</u>
FTE					
Permanent	28.50	33.50	33.50	0.00	0.0
Term	0.50	0.50	0.50	0.00	0.0
TOTAL FTE POSITIONS	29.00	34.00	34.00	0.00	0.0

Seventh Judicial District Court
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Dollar Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	1,918.3	2,304.9	2,334.6	29.7	1.3
Other Transfers	336.2	368.3	414.5	46.2	12.5
Other Revenues	5.0	22.0	22.0	0.0	0.0
Fund Balance	8.9	6.0	7.0	1.0	16.7
TOTAL SOURCES	2,268.4	2,701.2	2,778.1	76.9	2.8
USES					
Personal Services and Employee Benefits	1,807.0	2,147.0	2,189.1	42.1	2.0
Contractual Services	162.0	329.3	364.9	35.6	10.8
Other	257.2	224.9	224.1	-0.8	-0.4
TOTAL USES	2,226.2	2,701.2	2,778.1	76.9	2.8
FTE					
Permanent	26.50	28.00	32.00	4.00	14.3
Term	4.00	8.00	4.00	-4.00	-50.0
TOTAL FTE POSITIONS	30.50	36.00	36.00	0.00	0.0

Eighth Judicial District Court
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Dollar Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	2,317.5	2,531.3	3,040.6	509.3	20.1
Other Transfers	75.5	105.6	80.0	-25.6	-24.2
Other Revenues	47.2	73.0	71.0	-2.0	-2.7
Fund Balance	68.0	0.0	0.0	0.0	***
TOTAL SOURCES	2,508.2	2,709.9	3,191.6	481.7	17.8
USES					
Personal Services and Employee Benefits	1,543.7	1,692.7	2,084.6	391.9	23.2
Contractual Services	605.0	861.5	952.0	90.5	10.5
Other	235.4	155.7	155.0	-0.7	-0.4
TOTAL USES	2,384.1	2,709.9	3,191.6	481.7	17.8
FTE					
Permanent	25.25	25.25	27.50	2.25	8.9
Term	0.00	0.00	1.00	1.00	***
Temporary	0.00	1.00	0.00	-1.00	-100.0
TOTAL FTE POSITIONS	25.25	26.25	28.50	2.25	8.6

Ninth Judicial District Court
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	3,030.8	3,334.3	3,334.3	0.0	0.0
Other Transfers	463.4	465.6	682.5	216.9	46.6
Other Revenues	70.6	72.6	78.0	5.4	7.4
TOTAL SOURCES	3,564.8	3,872.5	4,094.8	222.3	5.7
USES					
Personal Services and Employee Benefits	3,006.7	3,321.1	3,540.0	218.9	6.6
Contractual Services	193.8	216.7	198.1	-18.6	-8.6
Other	354.3	334.7	356.7	22.0	6.6
TOTAL USES	3,554.8	3,872.5	4,094.8	222.3	5.7
FTE					
Permanent	42.80	43.75	43.75	0.00	0.0
Term	4.00	4.00	6.50	2.50	62.5
TOTAL FTE POSITIONS	46.80	47.75	50.25	2.50	5.2

Tenth Judicial District Court
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	707.3	745.1	765.9	20.8	2.8
Other Revenues	6.7	5.1	7.0	1.9	37.3
Fund Balance	11.6	12.0	14.5	2.5	20.8
TOTAL SOURCES	725.6	762.2	787.4	25.2	3.3
USES					
Personal Services and Employee Benefits	582.8	657.1	677.3	20.2	3.1
Contractual Services	5.5	29.9	32.6	2.7	9.0
Other	103.2	60.2	77.5	17.3	28.7
Other Financing Uses	15.0	15.0	0.0	-15.0	-100.0
TOTAL USES	706.5	762.2	787.4	25.2	3.3
FTE					
Permanent	10.14	10.14	10.00	-0.14	-1.4
TOTAL FTE POSITIONS	10.14	10.14	10.00	-0.14	-1.4

Eleventh Judicial District Court
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	5,038.1	5,600.9	5,798.8	197.9	3.5
Other Transfers	744.4	491.4	552.0	60.6	12.3
Other Revenues	134.6	110.0	114.9	4.9	4.5
Fund Balance	0.0	12.1	18.1	6.0	49.6
TOTAL SOURCES	5,917.1	6,214.4	6,483.8	269.4	4.3

**Eleventh Judicial District Court
(Dollars in Thousands)**

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Dollar Change</u>	<u>Percent Change</u>
USES					
Personal Services and Employee Benefits	4,765.9	5,186.1	5,394.5	208.4	4.0
Contractual Services	432.5	503.4	562.9	59.5	11.8
Other	677.3	524.9	526.4	1.5	0.3
TOTAL USES	5,875.7	6,214.4	6,483.8	269.4	4.3
FTE					
Permanent	74.50	76.00	82.50	6.50	8.6
Term	10.00	8.00	6.00	-2.00	-25.0
TOTAL FTE POSITIONS	84.50	84.00	88.50	4.50	5.4

**Twelfth Judicial District Court
(Dollars in Thousands)**

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Dollar Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	2,519.5	3,174.5	3,210.9	36.4	1.1
Other Transfers	196.4	86.1	90.0	3.9	4.5
Federal Revenues	127.8	0.0	0.0	0.0	***
Other Revenues	29.4	40.0	40.0	0.0	0.0
Fund Balance	0.0	10.0	10.0	0.0	0.0
TOTAL SOURCES	2,873.1	3,310.6	3,350.9	40.3	1.2
USES					
Personal Services and Employee Benefits	2,123.9	2,521.1	2,475.5	-45.6	-1.8
Contractual Services	347.9	608.9	688.3	79.4	13.0
Other	310.3	180.6	187.1	6.5	3.6
TOTAL USES	2,782.1	3,310.6	3,350.9	40.3	1.2
FTE					
Permanent	0.00	39.00	40.50	1.50	3.8
TOTAL FTE POSITIONS	0.00	39.00	40.50	1.50	3.8

**Thirteenth Judicial District Court
(Dollars in Thousands)**

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Dollar Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	5,152.1	6,221.6	6,344.9	123.3	2.0
Other Transfers	441.4	538.0	517.5	-20.5	-3.8
Fund Balance	97.0	97.0	102.8	5.8	6.0
TOTAL SOURCES	5,690.5	6,856.6	6,965.2	108.6	1.6
USES					
Personal Services and Employee Benefits	4,320.5	5,091.5	5,260.5	169.0	3.3
Contractual Services	697.1	1,240.8	1,164.7	-76.1	-6.1
Other	672.9	524.3	540.0	15.7	3.0
TOTAL USES	5,690.5	6,856.6	6,965.2	108.6	1.6
FTE					
Permanent	65.50	68.50	71.50	3.00	4.4
Term	4.00	4.00	4.00	0.00	0.0
TOTAL FTE POSITIONS	69.50	72.50	75.50	3.00	4.1

Performance Measures

		FY07 Target	FY07 Result	FY08 Target	FY09 Recomm
First Judicial District Court					
The mission of the First Judicial District Court is to provide access to justice; resolve disputes justly and timely; and maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the Constitutions of New Mexico and the United States.					
Explanatory	Cases disposed as a percent of cases filed	90%		95%	
Explanatory	Percent change in case filings by case type				
Quality	Recidivism of adult drug-court graduates	9.3%	22.22%	9.3	9.3%
Explanatory	Cost per client per day for adult drug-court participants		\$41.53		
Quality	Recidivism of juvenile drug-court graduates	36.3%	11.11%	20%	
Explanatory	Cost per client per day for juvenile drug-court participants		\$30.93		
Output	Number of adult drug-court graduates	16	21	16	16
Output	Number of juvenile drug-court graduates	16	11	17	17
Output	Median number of days to process vendor payment vouchers		8.4	18	18
Output	Number of days to process juror payment vouchers	14	4.9	14	14
Explanatory	Graduation rate, juvenile drug court	46%	50.0%	50%	50%
Explanatory	Graduation rate, adult drug court	31%	33.3%	45%	45%

Second Judicial District Court					
The mission of the Second Judicial District Court is to provide access to justice; resolve disputes justly and timely; and maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the Constitutions of New Mexico and the United States.					
Explanatory	Cases disposed as a percent of cases filed	90%	99%	95%	95%
Explanatory	Percent change in case filings by case type		-3.6%		
Quality	Recidivism of adult drug-court graduates	11%	9.21%	10%	10%
Explanatory	Cost per client per day for adult drug court participants		\$12.59		
Quality	Recidivism of juvenile drug-court graduates	10%	22.92%	10%	10%
Explanatory	Cost per client per day for juvenile drug-court participants		\$33.99		
Output	Number of adult drug-court graduates	185	122	185	185
Output	Number of juvenile drug-court graduates	17	22	17	17
Output	Median number of days to process vendor payment vouchers	5	2.63	5	5
Output	Number of days to process juror payment vouchers	14	12.3	14	14
Explanatory	Graduation rate, adult drug court	55%	55.0%	55%	55%
Explanatory	Graduation rate, juvenile drug court	52%	51.2%	60%	60%

Third Judicial District Court					
The mission of the Third Judicial District Court is to provide access to justice; resolve disputes justly and timely; and maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the Constitutions of New Mexico and the United States.					
Explanatory	Cases disposed as a percent of cases filed	90%	91.5%	90%	90%
Explanatory	Percent change in case filings by case type				
Quality	Recidivism of adult drug-court graduates	29%	5.13%	15%	15%
Explanatory	Cost per client per day for adult drug-court participants	\$37	\$37.87		
Quality	Recidivism of juvenile drug-court graduates	24%	15.52%	24%	24%
Explanatory	Cost per client per day for juvenile drug-court participants		\$69.59		
Output	Number of adult drug-court graduates	15	37	25	25
Output	Number of juvenile drug-court graduates	18	21	20	20
Output	Median number of days to process vendor payment vouchers	5	5	5	5
Output	Number of days to process juror payment vouchers	14	<30	14	14
Explanatory	Graduation rate, adult drug court	58%	86.0%	65%	65%
Explanatory	Graduation rate, juvenile drug court	70%	67.7%	70%	70%

Fourth Judicial District Court					
The mission of the Fourth Judicial District Court is to provide access to justice; resolve disputes justly and timely; and maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the Constitutions of New Mexico and the United States.					
Explanatory	Cases disposed as a percent of cases filed	90%	98.8%	90%	90%
Explanatory	Percent change in case filings by case type		7.9%		
Output	Median number of days to process vendor payment vouchers	5	2.7	5	5
Output	Number of days to process juror payment vouchers	14	9	12	14
Explanatory	Graduation rate, juvenile drug court	50%	66.7%	60%	60%
Quality	Recidivism of juvenile drug-court graduates	30%	14.29%	20%	20%
Explanatory	Cost per client per day for juvenile drug-court participants		\$42.83		
Output	Number of juvenile drug-court graduates	9	6	9	9

		<u>FY07</u> <u>Target</u>	<u>FY07</u> <u>Result</u>	<u>FY08</u> <u>Target</u>	<u>FY09</u> <u>Recomm</u>
Fifth Judicial District Court					
The mission of the Fifth Judicial District Court is to provide access to justice; resolve disputes justly and timely; and maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the Constitutions of New Mexico and the United States.					
Explanatory	Cases disposed as a percent of cases filed	90%	94%	90%	90%
Explanatory	Percent change in case filings by case type		1.6%		
Output	Median number of days to process vendor payment vouchers	5	13.3	5	5
Output	Number of days to process juror payment vouchers	14		10	10
Explanatory	Graduation rate, family drug court	80%	52.9%	80%	80%
Quality	Recidivism of family drug-court graduates	15%	26.67%	15%	15%
Output	Number of family drug-court graduates	4	9	6	6
Sixth Judicial District Court					
The mission of the Sixth Judicial District Court is to provide access to justice; resolve disputes justly and in a timely manner; and maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the Constitutions of New Mexico and the United States.					
Explanatory	Cases disposed as a percent of cases filed	90%	96.7%	90%	90%
Explanatory	Percent change in case filings by case type		1.6%		
Quality	Recidivism of juvenile drug-court graduates	15%	20.0%	13%	13%
Explanatory	Cost per client per day for juvenile drug-court participants		\$59.10		
Output	Number of juvenile drug-court graduates	4	9		6
Output	Median number of days to process vendor payment vouchers	5	20.3	5	5
Output	Number of days to process juror payment vouchers	14	19.4	14	14
Explanatory	Graduation rate, juvenile drug court	40%	90.0%	40%	60%
Seventh Judicial District Court					
The mission of the Seventh Judicial District Court is to provide access to justice; resolve disputes justly and timely; and maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the Constitutions of New Mexico and the United States.					
Explanatory	Cases disposed as a percent of cases filed	90%	96.7%	90%	90%
Explanatory	Percent change in case filings by case type		-7.2%		
Output	Median number of days to process vendor payment vouchers	5	4.1	5	5
Output	Number of days to process juror payment vouchers	14	18.4	14	14
Eighth Judicial District Court					
The mission of the Eighth Judicial District Court is to provide access to justice; resolve disputes justly and timely; and maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the Constitutions of New Mexico and the United States.					
Explanatory	Cases disposed as a percent of cases filed	90%	80.9%	90%	90%
Explanatory	Percent change in case filings by case type		-4.1%		
Quality	Recidivism of adult drug-court graduates	23%	3.23%	10%	10%
Explanatory	Cost per client per day for adult drug-court participants		\$31.23		
Quality	Recidivism of juvenile drug-court graduates	11%	3.33%	10%	10%
Explanatory	Cost per client per day for juvenile drug-court participants		\$33.52		
Output	Number of adult drug-court graduates	18	11	18	18
Output	Number of juvenile drug-court graduates	8	15	8	9
Output	Median number of days to process vendor payment vouchers	5	4.3	5	5
Output	Number of days to process juror payment vouchers	14		14	14
Explanatory	Graduation rate, juvenile drug court	60%	78.9%	70%	70%
Explanatory	Graduation rate, adult drug court	75%	47.8%	75%	75%
Ninth Judicial District Court					
The mission of the Ninth Judicial District Court is to provide access to justice; resolve disputes justly and timely; and maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the Constitutions of New Mexico and the United States.					
Explanatory	Cases disposed as a percent of cases filed	90%	113.6%	90%	90%
Explanatory	Percent change in case filings by case type		5.7%		
Output	Median number of days to process vendor payment vouchers	5	22.45	5	5
Output	Number of days to process juror payment vouchers	14	9.6	14	14

		<u>FY07</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>
		<u>Target</u>	<u>Result</u>	<u>Target</u>	<u>Recomm</u>
Tenth Judicial District Court					
The mission of the Tenth Judicial District Court is to provide access to justice; resolve disputes justly and timely; and maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the Constitutions of New Mexico and the United States.					
Explanatory	Cases disposed as a percent of cases filed	90%	104.1%	90%	90%
Explanatory	Percent change in case filings by case type		-1.4%		
Output	Median number of days to process vendor payment vouchers		2.5	5	5
Output	Number of days to process juror payment vouchers	14	7.58	14	14

Eleventh Judicial District Court					
The mission of the Eleventh Judicial District Court is to provide access to justice; resolve disputes justly and timely; and maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the Constitutions of New Mexico and the United States.					
Explanatory	Cases disposed as a percent of cases filed	90%	94.5%	90%	90%
Explanatory	Percent change in case filings by case type		-0.6%		
Quality	Recidivism of adult drug-court graduates	15%	7.41%	10%	10%
Explanatory	Cost per client per day for adult drug-court participants		\$9.90		
Output	Number of domestic-violence parties completing counseling				
Output	Number of grade-court clients completing school or obtaining a general-equivalency diploma				
Output	Number of cases resolved with mediation				
Output	Number of clients served who are self-represented litigants				
Quality	Recidivism of juvenile drug-court graduates		0.0%	15%	15%
Explanatory	Cost per client per day for juvenile drug-court participants		\$21.44		
Output	Number of adult drug-court graduates		40	30	30
Output	Number of juvenile drug-court graduates		14	16	16
Output	Median number of days to process vendor payment vouchers	5	9.3	5	5
Output	Number of days to process juror payment vouchers	14	2.17	10	14
Explanatory	Graduation rate, juvenile drug court		73.7%	70%	70%
Explanatory	Graduation rate, adult drug court		54.8%	70%	70%

Twelfth Judicial District Court					
The mission of the Twelfth Judicial District Court is to provide access to justice; resolve disputes justly and timely; and maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the Constitutions of New Mexico and the United States.					
Explanatory	Cases disposed as a percent of cases filed	90%	87.6	90%	90%
Explanatory	Percent change in case filings by case type		3.1		
Quality	Recidivism of juvenile drug-court participants	20%	18.75%	20%	20%
Explanatory	Cost per client per day for juvenile drug-court participants		\$47.98		
Output	Number of juvenile drug-court graduates	14	7	14	14
Output	Median number of days to process vendor payment vouchers	5	2.83	5	5
Output	Number of days to process juror payment vouchers	14	8.7	14	14
Explanatory	Graduation rate, juvenile drug court	65%	53.85%		65%

Thirteenth Judicial District Court					
The mission of the Thirteenth Judicial District Court is to provide access to justice; resolve disputes justly and timely; and maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the Constitutions of New Mexico and the United States.					
Explanatory	Cases disposed as a percent of cases filed	90%	93%	90%	90%
Explanatory	Percent change in case filings by case type		10.3%		
Quality	Recidivism of juvenile drug-court graduates	20%	14.44%	15%	15%
Explanatory	Cost per client per day for juvenile drug-court participants		\$24.74		
Output	Number of juvenile drug-court graduates	44	32	44	44
Output	Median number of days to process vendor payment vouchers	5	6.2	5	5
Output	Number of days to process juror payment vouchers	14	10.3	10	14
Explanatory	Graduation rate, juvenile drug court	65%	78.18%	70%	70%

Executive Summary

The Bernalillo County Metropolitan Court provides lower court judicial services to the citizens of Bernalillo County.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	22,627.4	23,199.9	2.5
Total Sources	26,223.3	26,298.4	0.3
Program			
Bernalillo County Metropolitan Court	26,223.3	26,298.4	0.3
Total Uses	26,223.3	26,298.4	0.3
FTE	341.50	334.60	-2.0

- The expansion recommendation supports replacement of federal funds of \$104.3.
- The Executive recommendation provides a base increase of \$572.5 in General Fund and \$75.1 in total funds over the FY08 operating budget mainly for salaries and benefits.

Agency Mission and Program Purpose

The Bernalillo County Metropolitan Court was established to provide a metropolitan court in a county with over 200,000 inhabitants. The Metro Court has jurisdiction throughout Bernalillo County and is defined as a state magistrate court. Metro Court has jurisdiction over civil complaints involving less than \$10,000 and all misdemeanors filed in Bernalillo County.

Metro Court currently has 19 judges whose terms are consistent with magistrate court law. Judges are required to be members of the New Mexico State Bar, and have practiced in the State for three years. Metro Court judges select and appoint a court administrator who supervises all matters relating to the administration of the court. The court administrator works under the direction of the presiding judge.

The mission of the Bernalillo County Metropolitan Court is to: provide access to justice; to resolve disputes justly and in a timely way; and to maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

Statutory Authority: Article VI, Section 1 of the New Mexico Constitution; Section 34-8A-1 through 34-8A-14, NMSA 1978.

Executive Recommendation*Agency Strategic Directions*

The Metro Court plays an important role in the safety of all New Mexicans by providing access to justice and the opportunity to resolve disputes in a just and timely manner. Metro Court looks for

alternative ways to support the public and continues to develop and expand: DWI programs; adult and juvenile drug court; family court; domestic violence programs; and mental health court. These initiatives support not only public safety, but the goal of making families better by providing: alternative sentencing; counseling; parenting classes; education; and parenting skills. By implementing and supporting such programs, the Court addresses the goal of keeping families together and reducing recidivism.

Key Elements of Recommendation

The Executive recommends an overall budget increase of \$75.1 or 0.3% over the FY08 operating budget. The increase includes \$572.5 in General Fund primarily to fund increases in personal services and employee benefits, contractual services and offset losses from lapsing federal funds. Federal losses are primarily due to the loss of the federal Mental Health Court grant and loss of transfers of federal funds transferred from the New Mexico Traffic Safety Bureau. General Fund replacement of these federal funds will allow these important programs to continue. The Executive recommendation also includes \$55.4 for a DWI program.

Performance Report

The agency met or exceeded all performance measures with the exception of the cost per client per day for adult drug court. The agency reports the cost per client day was high due to a lower number of enrollments. The Executive recommends the agency continue to monitor this metric in order to meet its target for the measure.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)						
	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY09		
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>	
SOURCES						
General Fund Transfers	20,416.4	22,627.4	23,199.9	572.5	2.5	
Other Transfers	656.8	576.7	33.4	-543.3	-94.2	
Federal Revenues	185.9	215.9	0.0	-215.9	-100.0	
Other Revenues	1,650.4	735.7	889.3	153.6	20.9	
Fund Balance	2,063.1	2,067.6	2,175.8	108.2	5.2	
TOTAL SOURCES	24,972.6	26,223.3	26,298.4	75.1	0.3	
USES						
Personal Services and Employee Benefits	17,959.1	19,505.1	19,627.8	122.7	0.6	
Contractual Services	3,174.5	3,381.5	3,441.0	59.5	1.8	
Other	3,392.8	3,283.3	3,164.3	-119.0	-3.6	
Other Financing Uses	125.7	53.4	65.3	11.9	22.3	
TOTAL USES	24,652.1	26,223.3	26,298.4	75.1	0.3	
FTE						
Permanent	285.00	288.00	290.00	2.00	0.7	
Term	53.00	53.50	44.60	-8.90	-16.6	
TOTAL FTE POSITIONS	338.00	341.50	334.60	-6.90	-2.0	

Performance Measures

		<u>FY07</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>
		<u>Target</u>	<u>Result</u>	<u>Target</u>	<u>Recomm</u>
Bernalillo County Metropolitan Court					
The mission of the Bernalillo County Metropolitan Court is to provide access to justice; resolve disputes justly and timely; and to maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the Constitutions of New Mexico and the United States.					
Outcome	Amount of bench warrant revenue collected annually		\$1,332,649		
Explanatory	Cases disposed as a percent of cases filed	95%	99%	95%	98%
Output	Amount of criminal case fees and fines collected, in millions		\$6.3		
Efficiency	Cost per client per day for adult drug-court participants	\$14.00	\$15.71	\$12.30	\$14.00
Quality	Recidivism of DWI/drug-court graduates	7%	4%	6%	6%
Outcome	Number of active cases pending		23,801		
Output	Number of DWI or drug-court graduates	230	244	240	250
Explanatory	Graduation rate of drug-court participants	70%	72%	70%	71%
Outcome	Fees and fines collected as a percent of fees and fines assessed	90%	92%	90%	92%

Executive Summary

The District Attorneys prosecute offenders and defend the state in all district courts in criminal and civil cases where the state or county is a party to the case or may have an interest.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	57,142.4	59,263.9	3.7
Total Sources	60,515.8	63,301.1	4.6
Program			
First Judicial District Attorney	5,142.5	5,219.1	1.5
Second Judicial District Attorney	17,979.7	18,588.3	3.4
Third Judicial District Attorney	5,043.2	5,510.4	9.3
Fourth Judicial District Attorney	3,312.1	3,369.2	1.7
Fifth Judicial District Attorney	4,395.8	4,516.4	2.7
Sixth Judicial District Attorney	2,786.3	2,929.0	5.1
Seventh Judicial District Attorney	2,409.9	2,437.0	1.1
Eighth Judicial District Attorney	2,571.3	2,730.2	6.2
Ninth Judicial District Attorney	2,714.7	2,780.5	2.4
Tenth Judicial District Attorney	980.0	1,031.3	5.2
Eleventh Judicial District Attorney, Division I	3,531.9	3,825.9	8.3
Twelfth Judicial District Attorney	2,859.7	3,185.7	11.4
Thirteenth Judicial District Attorney	4,641.6	4,992.1	7.6
Eleventh Judicial District Attorney, Division II	2,147.1	2,186.0	1.8
Total Uses	60,515.8	63,301.1	4.6
FTE	918.75	950.50	3.5

- The Executive recommends \$2,121.5 in General Fund increases for the state's District Attorneys.
- The Executive recommends \$220.0 in General Fund to support the expansion of the Second District Attorney's domestic violence unit.

Agency Mission and Program Purpose

The New Mexico Constitution provides for the election of a District Attorney in each judicial district. The District Attorney's function is to prosecute offenders and defend the state in all district courts. This includes both criminal and civil cases in which the state or a county is or may be party to or may have an interest. District Attorneys represent counties in matters coming before the County Board of Commissioners or when the board is sitting as a board of equalization (County Valuation Protest Board). The District Attorneys also represent counties in civil cases at the Supreme Court and Court of Appeals, except in suits brought in the name of the state. District Attorneys also provide legal advice to all county and state officers when requested. One District Attorney represents each of the thirteen districts, except for the eleventh district which has two district attorneys.

District Attorneys administer a wide array of programs including: prosecutions; counseling services for victims and perpetrators; victim assistance and advocacy; domestic violence intervention; juvenile justice; public safety and training; pre-prosecution diversion; drug control and prevention; and gang violence reduction. The General Fund provides the major funding for the offices of the District Attorneys although some federal funds are available. Currently several offices have direct contracts with the federal government and may also receive transfers from the Administrative Office of the District Attorneys and the New Mexico Crime Victims Reparation Commission. District Attorneys also receive funds from local entities and tribal governments.

Statutory Authority: New Mexico Constitution, Article VI, Section 24; Sections 36-1-1 through 36-1-28 NMSA 1978

First Judicial District Attorney

Santa Fe, Rio Arriba and Los Alamos Counties

Second Judicial District Attorney

Bernalillo County

Third Judicial District Attorney

Dona Ana County

Fourth Judicial District Attorney

Mora, San Miguel and Guadalupe Counties

Fifth Judicial District Attorney

Chaves, Eddy and Lea Counties

Sixth Judicial District Attorney

Grant, Hidalgo and Luna Counties

Seventh Judicial District Attorney

Torrance, Socorro, Sierra and Catron Counties

Eighth Judicial District Attorney

Taos, Colfax and Union Counties

Ninth Judicial District Attorney

Curry and Roosevelt Counties

Tenth Judicial District Attorney

Harding, Quay and De Baca Counties

Eleventh Judicial District Attorney, Division I

San Juan County

Twelfth Judicial District Attorney

Lincoln and Otero Counties

Thirteenth Judicial District Attorney
Cibola, Valencia and Sandoval Counties

Eleventh Judicial District Attorney, Division II
McKinley County

Executive Recommendation

Agency Strategic Directions

The prosecution of DWI, domestic violence, crimes against children, drug related crimes and gang activity are an integral part of the District Attorney's role to ensure the safety of all New Mexicans. The Executive would like to see aggressive prosecutions of these crimes with maximum sentences being sought for repeat offenders.

Key Elements of Recommendation

In her ongoing efforts to support domestic violence issues, the First Lady is supporting three expansion items for district attorneys in her initiatives for FY09. The recommendation supports \$360.7 from the General Fund and eight FTE for the First, Second and Thirteenth district attorneys. To accommodate the First Lady's initiative for domestic violence, an expansion recommendation for one investigator in the Thirteenth District Attorney is associated with domestic violence cases. The agency requested one investigator for "violent crimes". The FTE is recommended, but with the understanding the position will be assigned to domestic violence cases.

The Executive also is recommending the following expansions:

- \$36.1 for a prosecution special in the First district
- \$78.5 for Metro Court prosecutions in the Second district
- \$91.1 for DWI prosecution in the Third district
- \$47.2 for and administrative secretary in the Fifth district (replaces lost federal funds)
- \$20.0 for vehicles in the Sixth district
- \$78.3 for a senior trial attorney in the Eighth district
- \$38.0 for a senior secretary in the Tenth district
- \$44.3 for a senior victim advocate in the Eleventh district (division one)
- \$53.9 for an associate trial attorney; \$29.9 for a secretary; and \$29.9 for a financial assistant in the Thirteenth district

The District Attorneys' personnel and compensation plan allows for District Attorney offices and the Administrative Office of the District Attorneys to grant out-of-cycle compensation increases to employees who have been employed for more than six months without Department of Finance and Administration approval of budget sufficiency. Out-of-cycle compensation increases are either one-time lump sum payment or a compensation increase to an individual not to exceed 15% per fiscal year. The pay plan also directs District Attorneys to award increases to no more than 20% of their employees per fiscal year.

A number of District Attorneys fund recurring out-of-cycle increases through vacancy savings, thereby increasing the subsequent year's appropriation request. The Executive strongly encourages the District Attorneys to use caution when granting out-of cycle increases where it is apparent that the increases will affect future funding requests. The Executive also strongly encourages the District Attorney's Personnel Review Board to assure that the restrictions to out-of-cycle increases are fully reviewed when approving out-of-cycle increases.

Performance Report

The Executive commends those districts that met or exceeded their performance targets in FY07. The Executive would encourage the District Attorneys to evaluate data-capture and reporting in order to determine that all reported information is accurate. The Executive also encourages the District Attorneys to evaluate targets to ensure such targets are realistic. In addition, the Executive would encourage those districts already achieving targets to set higher standards for themselves rather than maintaining the same targets year after year.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY09	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	50,231.7	57,142.4	59,263.9	2,121.5	3.7
Other Transfers	1,487.6	1,613.5	1,390.6	-222.9	-13.8
Federal Revenues	1,996.7	1,469.4	1,745.5	276.1	18.8
Other Revenues	465.5	193.7	208.7	15.0	7.7
Fund Balance	2,332.1	96.8	692.4	595.6	615.3
TOTAL SOURCES	56,513.7	60,515.8	63,301.1	2,785.3	4.6
USES					
Personal Services and Employee Benefits	48,346.6	55,313.5	57,739.2	2,425.7	4.4
Contractual Services	968.0	933.3	1,072.4	139.1	14.9
Other	4,657.0	4,269.0	4,489.5	220.5	5.2
Other Financing Uses	101.1	0.0	0.0	0.0	***
TOTAL USES	54,072.7	60,515.8	63,301.1	2,785.3	4.6
FTE					
Permanent	701.00	852.50	876.00	23.50	2.8
Term	81.05	63.25	71.50	8.25	13.0
Temporary	0.00	3.00	3.00	0.00	0.0
TOTAL FTE POSITIONS	782.05	918.75	950.50	31.75	3.5

First Judicial District Attorney (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY09	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	4,103.0	4,771.0	5,045.9	274.9	5.8
Other Transfers	200.2	163.4	38.4	-125.0	-76.5
Federal Revenues	197.6	208.1	134.8	-73.3	-35.2
TOTAL SOURCES	4,500.8	5,142.5	5,219.1	76.6	1.5

First Judicial District Attorney
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 Operating <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent</u> <u>Change</u>
USES					
Personal Services and Employee Benefits	3,962.8	4,606.9	4,689.4	82.5	1.8
Contractual Services	38.4	59.9	32.4	-27.5	-45.9
Other	472.8	475.7	497.3	21.6	4.5
TOTAL USES	4,474.0	5,142.5	5,219.1	76.6	1.5
FTE					
Permanent	63.00	68.00	70.00	2.00	2.9
Term	13.50	5.00	3.00	-2.00	-40.0
TOTAL FTE POSITIONS	76.50	73.00	73.00	0.00	0.0

Second Judicial District Attorney
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	15,334.4	16,867.7	17,483.5	615.8	3.7
Other Transfers	611.4	919.5	908.8	-10.7	-1.2
Federal Revenues	190.3	146.5	150.0	3.5	2.4
Other Revenues	257.8	46.0	46.0	0.0	0.0
TOTAL SOURCES	16,393.9	17,979.7	18,588.3	608.6	3.4
USES					
Personal Services and Employee Benefits	15,215.2	16,845.8	17,416.3	570.5	3.4
Contractual Services	270.4	231.3	275.5	44.2	19.1
Other	840.2	902.6	896.5	-6.1	-0.7
TOTAL USES	16,325.8	17,979.7	18,588.3	608.6	3.4
FTE					
Permanent	261.50	274.00	283.00	9.00	3.3
Term	17.75	17.50	15.50	-2.00	-11.4
TOTAL FTE POSITIONS	279.25	291.50	298.50	7.00	2.4

Third Judicial District Attorney
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	3,431.9	4,185.8	4,383.6	197.8	4.7
Other Transfers	85.7	120.9	54.4	-66.5	-55.0
Federal Revenues	1,123.9	736.5	1,072.4	335.9	45.6
TOTAL SOURCES	4,641.5	5,043.2	5,510.4	467.2	9.3
USES					
Personal Services and Employee Benefits	4,226.9	4,654.6	5,127.6	473.0	10.2
Contractual Services	49.5	100.6	64.5	-36.1	-35.9
Other	390.1	288.0	318.3	30.3	10.5
TOTAL USES	4,666.5	5,043.2	5,510.4	467.2	9.3
FTE					
Permanent	53.00	60.00	62.00	2.00	3.3
Term	21.00	8.00	19.00	11.00	137.5
TOTAL FTE POSITIONS	74.00	68.00	81.00	13.00	19.1

Fourth Judicial District Attorney
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	Percent <u>Change</u>
SOURCES					
General Fund Transfers	2,684.6	3,312.1	3,369.2	57.1	1.7
TOTAL SOURCES	2,684.6	3,312.1	3,369.2	57.1	1.7
USES					
Personal Services and Employee Benefits	2,322.0	3,029.9	3,064.7	34.8	1.1
Contractual Services	64.4	72.0	78.8	6.8	9.4
Other	282.0	210.2	225.7	15.5	7.4
TOTAL USES	2,668.4	3,312.1	3,369.2	57.1	1.7
FTE					
Permanent	0.00	41.00	42.00	1.00	2.4
TOTAL FTE POSITIONS	0.00	41.00	42.00	1.00	2.4

Fifth Judicial District Attorney
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	Percent <u>Change</u>
SOURCES					
General Fund Transfers	3,834.0	4,395.8	4,501.4	105.6	2.4
Other Revenues	10.0	0.0	15.0	15.0	***
TOTAL SOURCES	3,844.0	4,395.8	4,516.4	120.6	2.7
USES					
Personal Services and Employee Benefits	3,112.3	3,812.5	3,931.6	119.1	3.1
Contractual Services	115.6	204.6	221.3	16.7	8.2
Other	337.2	378.7	363.5	-15.2	-4.0
TOTAL USES	3,565.1	4,395.8	4,516.4	120.6	2.7
FTE					
Permanent	55.50	58.00	59.00	1.00	1.7
Term	3.00	0.00	0.00	0.00	***
TOTAL FTE POSITIONS	58.50	58.00	59.00	1.00	1.7

Sixth Judicial District Attorney
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	Percent <u>Change</u>
SOURCES					
General Fund Transfers	2,066.4	2,471.0	2,598.8	127.8	5.2
Other Transfers	259.7	214.6	229.5	14.9	6.9
Federal Revenues	104.5	100.7	100.7	0.0	0.0
TOTAL SOURCES	2,430.6	2,786.3	2,929.0	142.7	5.1
USES					
Personal Services and Employee Benefits	2,314.3	2,576.4	2,659.9	83.5	3.2
Contractual Services	16.0	12.1	19.5	7.4	61.2
Other	143.8	197.8	249.6	51.8	26.2
TOTAL USES	2,474.1	2,786.3	2,929.0	142.7	5.1

Sixth Judicial District Attorney
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u>	
				<u>Dollar</u>	<u>Percent</u>
				<u>Change</u>	<u>Change</u>
FTE					
Permanent	0.00	34.00	34.00	0.00	0.0
Term	0.00	6.00	6.00	0.00	0.0
TOTAL FTE POSITIONS	0.00	40.00	40.00	0.00	0.0

Seventh Judicial District Attorney
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u>	
				<u>Dollar</u>	<u>Percent</u>
				<u>Change</u>	<u>Change</u>
SOURCES					
General Fund Transfers	2,103.8	2,380.3	2,437.0	56.7	2.4
Other Transfers	36.0	29.6	0.0	-29.6	-100.0
TOTAL SOURCES	2,139.8	2,409.9	2,437.0	27.1	1.1
USES					
Personal Services and Employee Benefits	1,889.6	2,190.9	2,185.6	-5.3	-0.2
Contractual Services	48.9	50.2	56.1	5.9	11.8
Other	154.6	168.8	195.3	26.5	15.7
TOTAL USES	2,093.1	2,409.9	2,437.0	27.1	1.1
FTE					
Permanent	33.00	36.00	36.00	0.00	0.0
Term	1.00	1.00	1.00	0.00	0.0
TOTAL FTE POSITIONS	34.00	37.00	37.00	0.00	0.0

Eighth Judicial District Attorney
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u>	
				<u>Dollar</u>	<u>Percent</u>
				<u>Change</u>	<u>Change</u>
SOURCES					
General Fund Transfers	2,256.3	2,571.3	2,730.2	158.9	6.2
Other Transfers	75.0	0.0	0.0	0.0	***
Federal Revenues	37.4	0.0	0.0	0.0	***
TOTAL SOURCES	2,368.7	2,571.3	2,730.2	158.9	6.2
USES					
Personal Services and Employee Benefits	1,969.9	2,233.2	2,396.0	162.8	7.3
Contractual Services	115.9	65.4	68.5	3.1	4.7
Other	272.2	272.7	265.7	-7.0	-2.6
TOTAL USES	2,358.0	2,571.3	2,730.2	158.9	6.2
FTE					
Permanent	0.00	32.00	33.00	1.00	3.1
Term	0.00	1.00	1.00	0.00	0.0
Temporary	0.00	3.00	3.00	0.00	0.0
TOTAL FTE POSITIONS	0.00	36.00	37.00	1.00	2.8

**Ninth Judicial District Attorney
(Dollars in Thousands)**

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u>	
				<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	2,524.0	2,714.7	2,780.5	65.8	2.4
TOTAL SOURCES	2,524.0	2,714.7	2,780.5	65.8	2.4
USES					
Personal Services and Employee Benefits	2,284.3	2,562.0	2,632.2	70.2	2.7
Contractual Services	22.4	8.6	11.0	2.4	27.9
Other	207.1	144.1	137.3	-6.8	-4.7
TOTAL USES	2,513.8	2,714.7	2,780.5	65.8	2.4
FTE					
Permanent	38.00	38.00	38.00	0.00	0.0
Term	1.00	1.00	1.00	0.00	0.0
TOTAL FTE POSITIONS	39.00	39.00	39.00	0.00	0.0

**Tenth Judicial District Attorney
(Dollars in Thousands)**

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u>	
				<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	899.0	980.0	1,031.3	51.3	5.2
TOTAL SOURCES	899.0	980.0	1,031.3	51.3	5.2
USES					
Personal Services and Employee Benefits	817.8	858.0	905.2	47.2	5.5
Contractual Services	7.4	10.3	7.9	-2.4	-23.3
Other	73.8	111.7	118.2	6.5	5.8
TOTAL USES	899.0	980.0	1,031.3	51.3	5.2
FTE					
Permanent	12.00	12.00	13.00	1.00	8.3
TOTAL FTE POSITIONS	12.00	12.00	13.00	1.00	8.3

**Eleventh Judicial District Attorney, Division I
(Dollars in Thousands)**

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u>	
				<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	3,004.9	3,423.6	3,467.9	44.3	1.3
Other Transfers	101.3	46.3	46.3	0.0	0.0
Federal Revenues	59.6	62.0	62.0	0.0	0.0
Other Revenues	50.0	0.0	0.0	0.0	***
Fund Balance	1,817.9	0.0	249.7	249.7	***
TOTAL SOURCES	5,033.7	3,531.9	3,825.9	294.0	8.3
USES					
Personal Services and Employee Benefits	3,005.8	3,317.6	3,618.8	301.2	9.1
Contractual Services	23.6	16.2	21.9	5.7	35.2
Other	358.4	198.1	185.2	-12.9	-6.5
TOTAL USES	3,387.8	3,531.9	3,825.9	294.0	8.3

Eleventh Judicial District Attorney, Division I
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u>	
				<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>
FTE					
Permanent	52.00	55.50	56.00	0.50	0.9
Term	10.30	10.25	10.50	0.25	2.4
TOTAL FTE POSITIONS	62.30	65.75	66.50	0.75	1.1

Twelfth Judicial District Attorney
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u>	
				<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	2,292.3	2,551.4	2,556.9	5.5	0.2
Other Transfers	91.8	92.7	49.0	-43.7	-47.1
Federal Revenues	261.5	215.6	225.6	10.0	4.6
Fund Balance	209.0	0.0	354.2	354.2	***
TOTAL SOURCES	2,854.6	2,859.7	3,185.7	326.0	11.4
USES					
Personal Services and Employee Benefits	2,289.1	2,501.0	2,679.8	178.8	7.1
Contractual Services	95.3	19.2	128.3	109.1	568.2
Other	374.5	339.5	377.6	38.1	11.2
TOTAL USES	2,758.9	2,859.7	3,185.7	326.0	11.4
FTE					
Permanent	37.00	39.00	39.00	0.00	0.0
Term	8.50	8.50	8.50	0.00	0.0
TOTAL FTE POSITIONS	45.50	47.50	47.50	0.00	0.0

Thirteenth Judicial District Attorney
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u>	
				<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	3,714.5	4,397.1	4,745.1	348.0	7.9
Other Transfers	0.0	0.0	10.8	10.8	***
Federal Revenues	21.9	0.0	0.0	0.0	***
Other Revenues	147.7	147.7	147.7	0.0	0.0
Fund Balance	305.2	96.8	88.5	-8.3	-8.6
TOTAL SOURCES	4,189.3	4,641.6	4,992.1	350.5	7.6
USES					
Personal Services and Employee Benefits	3,262.9	4,189.8	4,478.7	288.9	6.9
Contractual Services	87.3	73.6	75.0	1.4	1.9
Other	454.3	378.2	438.4	60.2	15.9
Other Financing Uses	101.1	0.0	0.0	0.0	***
TOTAL USES	3,905.6	4,641.6	4,992.1	350.5	7.6
FTE					
Permanent	64.00	72.00	78.00	6.00	8.3
Term	4.00	4.00	4.00	0.00	0.0
TOTAL FTE POSITIONS	68.00	76.00	82.00	6.00	7.9

Eleventh Judicial District Attorney, Division II
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Dollar Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	1,982.6	2,120.6	2,132.6	12.0	0.6
Other Transfers	26.5	26.5	53.4	26.9	101.5
TOTAL SOURCES	2,009.1	2,147.1	2,186.0	38.9	1.8
USES					
Personal Services and Employee Benefits	1,673.7	1,934.9	1,953.4	18.5	1.0
Contractual Services	12.9	9.3	11.7	2.4	25.8
Other	296.0	202.9	220.9	18.0	8.9
TOTAL USES	1,982.6	2,147.1	2,186.0	38.9	1.8
FTE					
Permanent	32.00	33.00	33.00	0.00	0.0
Term	1.00	1.00	2.00	1.00	100.0
TOTAL FTE POSITIONS	33.00	34.00	35.00	1.00	2.9

Performance Measures

		FY07 <u>Target</u>	FY07 <u>Result</u>	FY08 <u>Target</u>	FY09 <u>Recomm</u>
First Judicial District Attorney					
The purpose of the prosecution program is to enforce state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare, and health of the citizens within Santa Fe, Rio Arriba and Los Alamos counties.					
Outcome	Percent of cases dismissed under the six-month rule	<2%	<1%	<1%	<1%
Output	Number of cases dismissed under the six-month rule	<50	3	<50	<25
Efficiency	Average time from filing of petition to final disposition, in months	3	1	2	2
Efficiency	Average attorney caseload	150	109	150	110
Output	Number of cases prosecuted	2,600	2,149	2,800	2,350
Output	Number of cases referred for screening	2,800	2,784	4,400	3,000
Second Judicial District Attorney					
The purpose of the prosecution program is to enforce, improve and ensure the protection, safety, welfare and health of the citizens within Bernalillo county by providing administrative, special programs and litigant support.					
Outcome	Percent of cases dismissed under the six-month rule	<4%	<1.2%	<3%	<2.8%
Output	Number of cases dismissed under the six-month rule	<1,192	37	<1,192	<1,192
Efficiency	Average time from filing of petition to final disposition, in months	6	10.9	11.5	10.5
Efficiency	Average attorney caseload	600	433	550	550
Output	Number of cases prosecuted	29,800	26,290	25,000	26,000
Output	Number of cases referred for screening	45,500	47,586	43,000	43,500
Efficiency	Average number of cases per attorney		239	250	245
Third Judicial District Attorney					
The purpose of the prosecution program is to enforce state laws as they pertain to the District Attorney and to improve and ensure the protection, safety, welfare and health of the citizens within the Dona Ana County.					
Outcome	Percent of cases dismissed under the six-month rule	<.4%	.001	<.3%	<.2%
Efficiency	Average time from filing of petition to final disposition, in months	7	3	7	7
Output	Number of cases dismissed under the six-month rule		1	<6	1
Efficiency	Average attorney caseload	160	336	160	160
Output	Number of cases prosecuted	3,500	4,952	4,100	5,000
Output	Number of cases referred for screening	5,200	7,066	5,400	6,000

		<u>FY07</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>
		<u>Target</u>	<u>Result</u>	<u>Target</u>	<u>Recomm</u>
Fourth Judicial District Attorney					
The purpose of the prosecution program is to provide litigation, special programs and administrative support for the Fourth Judicial District Attorney to enforce, improve and ensure protection, safety, welfare and health for the citizens of Mora, San Miguel and Guadalupe Counties.					
Output	Number of cases referred for screening	5,455	5,943	5,700	5750
Outcome	Percent of cases dismissed under the six-month rule	<1%	<1%	<1%	<1%
Efficiency	Average time from filing of petition to final disposition, in months	6	5	6	6
Efficiency	Average attorney caseload	221	317	250	250
Output	Number of cases prosecuted	1,700	2,221	1,750	1800
Outcome	Total revenue collected from participants in the pre-prosecution diversion program, in thousands	\$5.5	\$16.3	\$6.0	\$6.2
Outcome	Total revenue collected from participants in the worthless check program, in thousands	\$75.0	\$122.1	\$80.0	\$80.0
Output	Average investigator caseload	685	740	685	685
Output	Number of cases referred for follow-up investigation	1,260	1,485	1,275	1280
Output	Number of offenders accepted into pre-prosecution diversion program	50	60	40	45
Output	Number of drug cases prosecuted	130	184	135	140
Output	Number of worthless check cases processed	450	342	345	350
Output	Number of domestic violence cases prosecuted	375	325	380	375
Output	Number of victims assisted by the district attorney office	440	445	450	455
Output	Number of probation violations filed	240	211	245	240
Output	Number of county civil matters handled	450	450	450	450
Output	Number of cases closed	1,560	2,221	1,750	1755
Fifth Judicial District Attorney					
The purpose of the prosecution program is to provide litigation, special programs and administrative support for the Fifth Judicial District Attorney to enforce, improve and ensure protection, safety, welfare and health for the citizens in Eddy, Lea and Chaves Counties.					
Sixth Judicial District Attorney					
The purpose of the prosecution program is to enforce state laws as they pertain to the District Attorney and to improve and ensure the protection, safety, welfare and health of the citizens within the Grant, Hidalgo, and Luna counties.					
Outcome	Percent of cases dismissed under the six-month rule	<1%	<1%	<1%	<1%
Output	Number of cases dismissed under the six-month rule	<5	0	<5	<2
Efficiency	Average time from filing of petition to final disposition, in months	8	2*	5	5
Efficiency	Average attorney caseload	150	249	150	150
Output	Number of cases prosecuted	1,900	2302	1,900	1900
Output	Number of cases referred for screening	2,200	2490	2,200	2200
Output	Average number of cases prosecuted per attorney		230	180	180
Seventh Judicial District Attorney					
The purpose of the prosecution program is to provide litigation, special programs and administrative support for the Seventh Judicial District Attorney to enforce, improve and ensure protection, safety, welfare and health for the citizens in the Seventh Judicial District.					
Outcome	Percent of cases dismissed under the six-month rule	<5%	0.5%	<2%	<2%
Output	Number of cases dismissed under the six-month rule	<100	10	<80	<75
Efficiency	Average time from filing of petition to final disposition, in months	6	5.5	5.5	5.5
Efficiency	Average attorney caseload	130	184	140	140
Output	Number of cases prosecuted	2,280	1978	2,280	2100
Output	Number of cases referred for screening	2,400	1936	2,450	2200
Efficiency	Average time from filing of petition to final disposition for juvenile cases, in months	5	5.5	5	5.5
Efficiency	Average time from filing of petition to final disposition for felony cases, in months	10	9	10	10
Efficiency	Average time from filing of petition to final disposition for misdemeanor cases, in months	4	4.7	4	4.25
Eighth Judicial District Attorney					
The purpose of the prosecution program is to provide litigation, special programs and administrative support for the Eighth Judicial District Attorney to enforce, improve and ensure protection, safety, welfare and health for the citizens in Taos, Colfax, and Union Counties.					
Output	Number of cases referred for screening	3,600	3643	3,500	3600
Outcome	Percent of cases dismissed under the six-month rule	<3.5%	1%	<3%	<3%

		FY07 Target	FY07 Result	FY08 Target	FY09 Recomm
Efficiency	Average time from filing of petition to final disposition, in months	7 mths	6 mths	7 mths	7
Efficiency	Average attorney caseload	200	194	200	200
Output	Number of cases prosecuted	1,700	1546	1,500	1600
Output	Number of cases dismissed under the six-month rule	13	10	13	13
Output	Average number of cases prosecuted per attorney	200	221	200	200

Ninth Judicial District Attorney

The mission of the prosecution program is to provide litigation, special programs and administrative support for the Ninth Judicial District Attorney to enforce, improve and ensure protection, safety, welfare and health for the citizens in Curry and Roosevelt counties.

Output	Number of cases prosecuted	3,888	3076	3000	3000
Output	Number of cases dismissed under the six-month rule	<30	6	<15	<10
Efficiency	Average time from filing of petition to final disposition, in months	4	3	4	4
Efficiency	Average attorney caseload	180	280	180	250
Outcome	Percent of cases dismissed under the six-month rule	<3%	.002	<1%	<1%
Output	Number of cases referred for screening	2,382	3252	2,000	3000

Tenth Judicial District Attorney

The purpose of the prosecution program is to provide litigation, special programs and administrative support for the Tenth Judicial District Attorney to enforce, improve and ensure protection, safety, welfare and health for the citizens in Quay, Harding and De Baca Counties.

Eleventh Judicial District Attorney, Division I

The purpose of the prosecution program is to provide litigation, special programs and administrative support for the 11th Judicial District Attorney, Div. I to enforce, improve and ensure protection, safety, welfare and health for the citizens of San Juan County.

Outcome	Percent of cases dismissed under the six-month rule	<.5%	.02	<.5%	<.5%
Efficiency	Average time from filing of petition to final disposition, in months	6	6.5	6	<6
Efficiency	Average attorney caseload	209	279	209	200
Output	Number of cases prosecuted	3,590	4266	4,100	4300
Output	Number of cases referred for screening	3,900	4597	4,500	4500
Output	Number of cases dismissed under the six-month rule		1	0	<.5%

Twelfth Judicial District Attorney

The purpose of the prosecution program is to provide litigation, special programs and administrative support to the 12th Judicial District Attorney to enforce, improve and ensure protection, safety, welfare and health for the citizens of Lincoln and Otero Counties.

Outcome	Percent of cases dismissed under the six-month rule	<.5%		<.5%	.5%
Efficiency	Average time from filing of petition to final disposition, in months	8		8	8
Efficiency	Average attorney caseload	160		160	160
Output	Number of cases prosecuted	4,300		4,300	5500
Output	Number of cases referred for screening	6,000		6,000	7000
Output	Number of cases dismissed under the six-month rule			3	3
Output	Average investigator caseload			60	60
Output	Average number of cases prosecuted per attorney			300	300
Outcome	Percent of felony cases resulting in a reduction of original formally filed charges			<3%	<3%

Thirteenth Judicial District Attorney

The purpose of the prosecution program is to provide litigation, special programs, and administrative support for the Thirteenth Judicial District Attorney to enforce, improve and ensure protection, safety, welfare and health for the citizens within in Cibola, Sandoval, and Valencia counties.

Outcome	Percent of cases dismissed under the six-month rule	<.2%	<.3%	<.2%	<2%
Output	Number of cases dismissed under the six-month rule	<17	<25	<17	<17
Efficiency	Average time from filing of petition to final disposition, in months	9	6	8	6
Efficiency	Average attorney caseload	190	261	190	190
Output	Number of cases prosecuted	7,500	7942	7,677	8200
Output	Number of cases referred for screening	8,685	7432	8,705	8966

		<u>FY07</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>
		<u>Target</u>	<u>Result</u>	<u>Target</u>	<u>Recomm</u>
Eleventh Judicial District Attorney, Division II					
The purpose of the prosecution program is to enforce state laws as they pertain to the District Attorney and to improve and ensure the protection, safety, welfare and health of the citizens within the McKinley county.					
Outcome	Percent of cases dismissed under the six-month rule	<1.5%	<1.0%	<1.5%	<1.0%
Output	Number of cases dismissed under the six-month rule	<40	<12	<34	<30
Efficiency	Average time from filing of petition to final disposition, in months	7	7.5	8	8
Efficiency	Average attorney caseload	450	490	466	466
Output	Number of cases prosecuted	2,600	2398	2,563	2563
Output	Number of cases referred for screening	4,100	3921	3,726	3951

Executive Summary

The Administrative Office of the District Attorneys (AODA) provides administrative support to all District Attorney Offices.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	2,091.9	2,299.2	9.9
Total Sources	2,262.2	2,449.2	8.3
Program			
Administrative Office of the District Attorneys	2,262.2	2,449.2	8.3
Total Uses	2,262.2	2,449.2	8.3
FTE	12.00	12.00	0.0

- The Executive recommends a \$207.3 increase in General Fund to offset the loss of revenues from other state funds and to maintain the budget at the current level of service.

Agency Mission and Program Purpose

The Administrative Office of the District Attorneys (AODA) provides administrative support to all District Attorney offices. Its mission is to improve the criminal justice system by promoting professionalism among New Mexico's District Attorneys through education, administrative and technical support and through the standardization of fiscal processes, personnel functions, staff development and victim notification.

Statutory Authority: Sections 36-1-25 through 36-1-26 NMSA 1978.

Executive Recommendation*Agency Strategic Directions*

The District Attorneys play a key role in supporting the Executive's performance and accountability policy, *A Safer New Mexico*. The prosecution of DWI, domestic violence, crimes against children, drug related crimes and gang activity are an integral part in ensuring the safety of all New Mexicans. Efficient and effective support from AODA in the areas of fiscal issues, human resources administration and information technology issues aid the District Attorneys' efforts in achieving their goals.

Key Elements of Recommendation

The Executive recommendation includes a General Fund increase of \$20.3 to offset the loss of other state funds from the New Mexico Department of Transportation. An additional \$187.0 in General Fund is recommended for increases to contractual and other services needed to maintain the current level of service provided by this administrative agency.

Performance Report

The agency exceeded the targets set for FY07. The agency has reviewed and increased target for FY09.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	1,369.9	2,091.9	2,299.2	207.3	9.9
Other Transfers	114.5	70.3	50.0	-20.3	-28.9
Federal Revenues	87.3	0.0	0.0	0.0	***
Other Revenues	363.0	80.0	80.0	0.0	0.0
Fund Balance	110.9	20.0	20.0	0.0	0.0
TOTAL SOURCES	2,045.6	2,262.2	2,449.2	187.0	8.3
USES					
Personal Services and Employee Benefits	845.3	945.4	884.8	-60.6	-6.4
Contractual Services	247.4	37.6	259.9	222.3	591.2
Other	944.1	1,279.2	1,304.5	25.3	2.0
TOTAL USES	2,036.8	2,262.2	2,449.2	187.0	8.3
FTE					
Permanent	12.00	12.00	12.00	0.00	0.0
TOTAL FTE POSITIONS	12.00	12.00	12.00	0.00	0.0

Performance Measures

		<u>FY07 Target</u>	<u>FY07 Result</u>	<u>FY08 Target</u>	<u>FY09 Recomm</u>
Administrative Office of the District Attorneys					
The purpose of the administrative support program is to provide fiscal, human resource, staff development, automation, victim program services and support to all District Attorneys' offices in New Mexico and to members of the NM Children's Safe house Network so that they may obtain and access the necessary resources in order to effectively and efficiently carry out their prosecutorial, investigative and programmatic functions.					
Output	Number of victim notification events and escapes reported, monthly	5,000	6,500	6,000	6,500
Output	Number of district attorney employees receiving training	800	972	850	1,000

Executive Summary

The Attorney General's (AG) duties include, but are not limited to, prosecuting and defending all cases in which the State is an interested party in the Supreme Court, Court of Appeals, or any other court or tribunal.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	15,570.0	15,814.9	1.6
Total Sources	17,151.6	17,511.4	2.1
Program			
Legal Services	15,162.7	15,407.6	1.6
Medicaid Fraud	1,988.9	2,103.8	5.8
Total Uses	17,151.6	17,511.4	2.1
FTE	178.00	178.00	0.0

- The Executive recommendation includes a 1.6% increase in General Fund above the FY08 operating level.
- The recommendation applies a 4% vacancy factor to the Legal Services and Medicaid Fraud programs.

Agency Mission and Program Purpose

The Attorney General (AG) serves to educate New Mexico residents with regard to their rights concerning governmental access and consumer protection. The AG also provides legal opinions to various governmental entities as requested and investigates and prosecutes violations of criminal laws pertaining to Medicaid fraud.

Statutory Authority: Article V, Section 1, New Mexico Constitution; Sections 8-5-1 through 8-5-15 NMSA 1978.

Legal Services

Duties within the Legal Services Program include mediating consumer complaints and providing written legal opinions on any questions of law submitted by the legislature, any member of the legislature, the governor, state officials or any district attorney. The AG investigates: violence against women; environmental crimes; antitrust violations; economic crimes; public corruption; violations of the Open Meetings Act, Governmental Conduct Act, and Inspection of Public Records Act; and election violations. Other duties include prosecuting and defending all causes in which the State is an interested party in the Supreme Court, Court of Appeals, or any other court or tribunal. The AG will also act in criminal cases if the district attorney fails or refuses to act, and if the AG determines it advisable.

Medicaid Fraud

The Medicaid Fraud Division investigates and prosecutes individuals for violations of criminal laws with respect to provider fraud and recipient abuse, neglect, or exploitation in the provision or

administration of New Mexico's Medicaid Program. Allegations are received from individuals and the Human Services Department. The mission of the AG is to reduce incidents of fraud and abuse within the New Mexico Medicaid Program.

Executive Recommendation

Agency Strategic Directions

The AG is dedicated to providing New Mexico residents with independent legal advice and representation in accordance with state laws. The AG's Office employs a well-trained, highly motivated, and innovative team, committed to the protection of consumer rights and the provision of equitable access to governmental resources. The AG is also committed to providing leadership across the legal profession while delivering superior legal services to its clients.

Evidence of the AG's commitment to the protection of consumers is illustrated by the recent actions taken against an Illinois debt collection company for violating New Mexico's Unfair Practices Act, while attempting to collect debts that are legally unenforceable because the statute of limitations has run out, without disclosing material information to debtors. In an effort to mitigate the impact of recently developed scams, the AG's Office seeks to inform the public of fraudulent activity involving identity theft, counterfeit checks, lottery scams and other harmful schemes targeted toward New Mexico residents.

Most recently, the AG demonstrated a commitment to the international inter-agency agreement involving the Border Violence Division. This agreement is intended to combat the problems being experienced along the United States-Mexico border, including stolen vehicles, human trafficking, and contraband smuggling. This agreement provides an opportunity for greater cooperation and sharing of information among stateside law enforcement.

In addition, the AG produces and distributes news releases dedicated to the apprehension of suspects involved in criminal activity and public awareness including safety at public schools and university campuses.

Lastly, the AG continues to maintain cooperative agreements with the State Engineer, Interstate Stream Commission, and the Environment Department in preparation for pending litigation with regard to water issues involving the state of Texas.

Key Elements of Recommendation

The Executive recommendation includes an additional \$244.9 from the General Fund to support the operating activities of the Legal Services Program including \$241.5 for personal services and employee benefits assuming a 4% vacancy rate. The recommendation also includes \$3.4 to cover increases to general operating activities in the Legal Services Program.

The recommendation includes \$114.9 in federal funds to support the operating activities of the Medicaid Fraud Division. The recommendation includes an additional \$16.4 and applies a 4% vacancy factor to the personal services and employee benefits category, while maintaining contractual services flat from FY08 operating levels, as requested by the AG. Lastly, the recommendation includes an additional \$98.5 to support projected increases to the base operating activities related to the investigation and prosecution of Medicaid Fraud.

Performance Report

The Legal Services Program achieved two of five performance targets in FY07 and the Medicaid Fraud Program achieved one of four performance targets. The AG is currently evaluating the feasibility of the existing measures and their relevance considering the revised strategic plan under the newly elected AG.

Recommended Language for the General Appropriation Act

All revenue generated from antitrust cases and consumer protection settlements through the attorney general on behalf of the state, political subdivisions or private citizens shall revert to the general fund.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY09	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	11,667.1	15,570.0	15,814.9	244.9	1.6
Other Transfers	1.6	0.0	0.0	0.0	***
Federal Revenues	1,291.0	1,581.6	1,696.5	114.9	7.3
Other Revenues	2.5	0.0	0.0	0.0	***
TOTAL SOURCES	12,962.2	17,151.6	17,511.4	359.8	2.1
USES					
Personal Services and Employee Benefits	12,154.2	14,116.9	14,374.8	257.9	1.8
Contractual Services	500.0	612.2	612.6	0.4	0.1
Other	2,130.2	2,318.5	2,420.0	101.5	4.4
Other Financing Uses	104.0	104.0	104.0	0.0	0.0
TOTAL USES	14,888.4	17,151.6	17,511.4	359.8	2.1
FTE					
Permanent	170.00	177.00	177.00	0.00	0.0
Term	0.00	1.00	1.00	0.00	0.0
Temporary	1.00	0.00	0.00	0.00	***
TOTAL FTE POSITIONS	171.00	178.00	178.00	0.00	0.0

Legal Services (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY09	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	11,264.6	15,058.7	15,303.6	244.9	1.6
Other Transfers	1.6	0.0	0.0	0.0	***
Federal Revenues	431.2	104.0	104.0	0.0	0.0
Other Revenues	2.5	0.0	0.0	0.0	***
TOTAL SOURCES	11,699.9	15,162.7	15,407.6	244.9	1.6

		Legal Services (Dollars in Thousands)			FY09	
		FY07	FY08	Recom-	Budget to Recommendation	
		<u>Actuals</u>	<u>Operating Budget</u>	<u>mendation</u>	<u>Dollar/FTE Change</u>	<u>Percent Change</u>
USES						
	Personal Services and Employee Benefits	10,792.4	12,542.7	12,784.2	241.5	1.9
	Contractual Services	497.0	583.3	583.7	0.4	0.1
	Other	1,947.3	2,036.7	2,039.7	3.0	0.1
	TOTAL USES	13,236.7	15,162.7	15,407.6	244.9	1.6
FTE						
	Permanent	149.00	156.00	156.00	0.00	0.0
	Term	0.00	1.00	1.00	0.00	0.0
	Temporary	1.00	0.00	0.00	0.00	***
	TOTAL FTE POSITIONS	150.00	157.00	157.00	0.00	0.0

		Medicaid Fraud (Dollars in Thousands)			FY09	
		FY07	FY08	Recom-	Budget to Recommendation	
		<u>Actuals</u>	<u>Budget</u>	<u>mendation</u>	<u>Dollar Change</u>	<u>Percent Change</u>
SOURCES						
	General Fund Transfers	402.5	511.3	511.3	0.0	0.0
	Federal Revenues	859.8	1,477.6	1,592.5	114.9	7.8
	Other Revenues	0.0	0.0	0.0	0.0	***
	TOTAL SOURCES	1,262.3	1,988.9	2,103.8	114.9	5.8
USES						
	Personal Services and Employee Benefits	1,361.8	1,574.2	1,590.6	16.4	1.0
	Contractual Services	3.0	28.9	28.9	0.0	0.0
	Other	182.9	281.8	380.3	98.5	35.0
	Other Financing Uses	104.0	104.0	104.0	0.0	0.0
	TOTAL USES	1,651.7	1,988.9	2,103.8	114.9	5.8
FTE						
	Permanent	21.00	21.00	21.00	0.00	0.0
	TOTAL FTE POSITIONS	21.00	21.00	21.00	0.00	0.0

Performance Measures

		FY07	FY07	FY08	FY09
		<u>Target</u>	<u>Result</u>	<u>Target</u>	<u>Recomm</u>
Legal Services					
To deliver quality legal services (opinions, counsel, and representation) to state government entities and to enforce state law on behalf of the public so that New Mexicans have an open, honest, efficient government and enjoy the protection of state law.					
Outcome	Percent of initial responses for attorney general opinions made within three days of request	95%	78%	95%	95%
Output	Number of crime victims receiving information and advocacy	640	648	640	650
Outcome	Percent of mediation processes initiated within seventy-two hours of receipt of completed complaint	90%	77%	90%	90%
Outcome	Percent of investigations of Open Meetings Act, Inspection of Public Records Act, Governmental Conduct Act and Campaign Reporting Act, with complaints or referrals initiated within thirty days of referral	100%	100%	100%	100%
Outcome	Percent of inquiries resolved within sixty days of complaint or referral receipt	90%	*	90%	
Efficiency	Number of outreach presentations conducted throughout the state	19	14	19	19

		FY07 Target	FY07 Result	FY08 Target	FY09 Recomm
Medicaid Fraud					
To investigate and prosecute Medicaid provider fraud, recipient abuse and neglect in the Medicaid program.					
Outcome	Three-year projected savings resulting from fraud investigations, in millions	\$9.5	\$10.0	\$12.0	\$12.2
Output	Number of program improvement recommendations forwarded to department of health and human services department	4	1	5	5
Efficiency	Percent of case investigations completed within one hundred twenty days of receipt	75%	28%	80%	80%
Explanatory	Total medicaid recoveries, in thousands	\$1,700	\$1,221.5	\$1,900	\$2,000.00

Executive Summary

The State Auditor is responsible for assuring that financial affairs of governmental entities in New Mexico are audited annually.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	2,691.1	2,693.3	0.1
Total Sources	3,326.0	3,293.1	-1.0
Program			
State Auditor	3,326.0	3,293.1	-1.0
Total Uses	3,326.0	3,293.1	-1.0
FTE	33.00	33.00	0.0

- The Executive recommends a \$2.2 General Fund increase over the FY08 operating level to fund rising contractual costs.
- The Executive recommendation includes a \$35.0 decrease in other revenue and the use of fund balance which impacts salaries and benefits and the other cost categories.

Agency Mission and Program Purpose

The Office of the State Auditor is responsible for examining and auditing the financial accounts of governmental entities in New Mexico as required in the Audit Act. Government agencies subject to the Audit Act include state and local governmental entities, school districts, colleges and universities. The State Auditor conducts financial, compliance and information technology audits in accordance with governmental auditing, accounting and financial reporting standards; federal, state and local laws; applicable rules, regulations and policies; the Audit Act; and the State Auditor Rules. The office performs selected audits, while independent public accountants conduct most of the audits as approved by the State Auditor.

Statutory Authority: Section 8-1-1 NMSA 1978 and Sections 12-6-1 through 12-6-14 NMSA 1978.

Executive Recommendation

Agency Strategic Directions

The Office of the State Auditor will meet its constitutional responsibilities to audit the financial affairs of every agency annually. The agency will work to help improve the accountability and performance of state and local governments for the benefit of the citizens of New Mexico.

In FY07, the State Auditor’s office increased quality in financial reporting and accountability of government entities and participated with the attorney general, district attorneys and law enforcement regarding the possible violations of criminal statutes in connection with government financial affairs. In addition, the Office of the State Auditor provided technical and professional support to government entities and certified public accounting firms.

Key Elements of Recommendation

The Executive recommends a \$2.2 General Fund increase over the FY08 operating level to fund the rising audit rate. The Executive recommendation also includes a \$35.0 decrease in other revenues and the use of fund balance, which impacts the personal services and employee benefits category, as well as funding for office supplies and equipment.

Performance Report

The Office of the State Auditor did not meet four out of six performance measure targets in FY07. The agency cited that the total audit fees generated were \$150,000 below target because anticipated interim field work did not occur due to budget constraints of the agencies being audited. In addition, the State Auditor indicated that fee generation was lower since the previous administration limited financial audits conducted to one audit engagement due to vacancies in audit positions. The State Auditor cited that agencies do not have financial information prepared in anticipation of their financial audit, so the percent of audits completed by regulatory due date by the Office of the State Auditor fell from 74% in FY06 to 50% in FY07. The Office of State Auditor only reviewed 36 working papers from independent public accountants in FY07 which was six less than in FY06. The percent of statutory reviews of audit reports completed within ten days fell from 75% in FY06 to 61% in FY07 because of the level of turnover during the change of administration. For all measures not met, the Executive recommends the Office of the State Auditor raise the performance levels to FY05 and FY06 levels. One of two targets the State Auditor did meet was conducting training sessions, 20 in total. Additionally, the State Auditor did meet 100% of agency auditor selection requests processed within five days of receipt in FY07; however, the number of rejections has decreased from FY06.

Budget Summary Tables

	Agency Budget Summary (Dollars in Thousands)			FY09	
	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	<u>Recom- mendation</u>	<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	2,411.8	2,691.1	2,693.3	2.2	0.1
Other Revenues	250.0	401.0	400.0	-1.0	-0.2
Fund Balance	0.0	233.9	199.8	-34.1	-14.6
TOTAL SOURCES	2,661.8	3,326.0	3,293.1	-32.9	-1.0
USES					
Personal Services and Employee Benefits	1,906.3	2,580.7	2,561.9	-18.8	-0.7
Contractual Services	145.9	219.3	221.2	1.9	0.9
Other	419.6	526.0	510.0	-16.0	-3.0
TOTAL USES	2,471.8	3,326.0	3,293.1	-32.9	-1.0
FTE					
Permanent	30.00	32.00	32.00	0.00	0.0
Term	1.00	1.00	1.00	0.00	0.0
TOTAL FTE POSITIONS	31.00	33.00	33.00	0.00	0.0

Performance Measures

		<u>FY07 Target</u>	<u>FY07 Result</u>	<u>FY08 Target</u>	<u>FY09 Recomm</u>
State Auditor					
To audit the financial affairs of every agency annually so they can improve accountability and performance, and to assure New Mexico citizens that funds are expended properly.					
Output	Total audit fees generated	\$400,000	\$250,000	\$400,000	\$400,000
Outcome	Percent of statutory reviews of audit reports completed within ten days	75%	61%	75%	75%
Outcome	Percent of audits completed by regulatory due date	70%	50%	74%	74%
Outcome	Percent of agency auditor selection requests processed within five days of receipt	100%	100%	100%	100%
Output	Number of training sessions performed	16	20	16	23
Output	Number of working paper reviews of independent public accountants	42	36	42	42

Executive Summary

Taxation and Revenue Department's mission is to collect all the revenues due the state with a focus on quality service, efficiency and accuracy.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	67,805.5	68,604.8	1.2
Total Sources	84,380.2	84,698.6	0.4
Program			
Program Support	21,411.1	22,428.5	4.8
Tax Administration	31,061.8	30,915.3	-0.5
Motor Vehicle	26,075.1	25,435.6	-2.5
Property Tax	3,239.3	3,324.3	2.6
Compliance Enforcement	2,592.9	2,594.9	0.1
Total Uses	84,380.2	84,698.6	0.4
FTE	1,219.70	1,219.70	0.0

- The Executive base General Fund recommendation reflects a \$799.3 increase to provide for increases in Department of Information Technology information systems services and independent audit costs.
- The Executive recommendation transfers an attorney from the Property Tax Program to Program Support. The transfer requires no additional funding.

Agency Mission and Program Purpose

The Taxation and Revenue Department (TRD) administers and enforces New Mexico's Tax Administration Act and Motor Vehicle Code in a manner resulting in the highest degree of accuracy and fairness to taxpayers, while ensuring that all taxes owed are paid in a timely manner.

The Department collects over seven billion dollars in revenue annually from the general public. This includes revenue received from the various tax programs administered by TRD, as well as fees collected by the Motor Vehicle Division. Revenue is deposited with the state treasurer and distributed to the General Fund and other recipients as designated by law.

Statutory Authority: Sections 9-11-1 through 9-11-13 NMSA 1978.

Compliance Enforcement

The Compliance Enforcement Program supports TRD's overall mission by enforcing criminal statutes relative to the New Mexico Tax Administration Act and other related financial crimes, as they impact New Mexico state taxes, in order to encourage and achieve voluntary compliance with State of New Mexico tax laws. The Tax Fraud Investigations Division is comprised of three bureaus -- internal audit, internal investigations and tax fraud investigations.

The Internal Audit Bureau promotes efficiency, effectiveness, equity, honesty and accountability within the Taxation and Revenue Department. The Internal Audit Bureau will effect change when needed and support existing practices with technical assistance, advocacy, management advisory services and audits. The Internal Audit Bureau provides audit services for the department to promote the efficient use of, and prevent fraud and abuse of, department assets as well as to ensure compliance with applicable federal, state and local rules and regulations.

The Internal Investigations Bureau conducts independent administrative and criminal investigations, both internal and external. The bureau also provides inspections to prevent deter and detect fraud, waste and abuse in agency programs and operations. The bureau conducts criminal and administrative investigations involving employee misconduct, fraud involving driver's license issuance, motor vehicle title fraud, embezzlement, theft and other related crimes.

The Tax Fraud Investigations Bureau conducts investigations of persons suspected of criminal tax violations to determine if prosecution is warranted. In the investigative process, the bureau will obtain sufficient evidence from financial records, witnesses and other sources in order to sustain convictions through the New Mexico judicial system.

Program Support

Program Support provides management and administration for the Taxation and Revenue Department through the Office of the Secretary, Administrative Services Division, Information Technology Division and ONGARD Service Center. The Administrative Services Division provides human resources, finance and accounting services to the department. The Information Technology Division, created in 2005, provides system support to all tax and motor vehicle systems. The ONGARD Service Center (OSC) serves the Commissioner of Public Lands, Taxation and Revenue Department and Energy, Minerals and Natural Resources Department. OSC provides a centralized database and software support, with decentralized operations management, within the three user agencies to ensure the agencies are receiving the oil and gas tax and royalty revenues to which they are entitled. The mission of Program Support is to assure the Department meets its vision, mission and objectives by providing: management and guidance; sound tax policy and accurate information; administrative and fiscal management support; and taxpayer customer service. The program's major goals are to: deliver superior service; respond to the public; foster collaboration within the department and with other agencies; ensure accountability; and value staff.

Tax Administration

The Tax Administration Program (TAP) includes the Audit and Compliance Division (ACD) and Revenue Processing Division (RPD). The Tax Administration Program is responsible for return processing, auditing, collections, fraud investigations and taxpayer assistance functions. The mission of TAP is to protect the revenue of the State of New Mexico through the fair and impartial enforcement of New Mexico tax laws and by enforcing statutes, both civil and criminal, as they relate to the New Mexico Tax Administration Act, and to encourage voluntary tax compliance. The major goals for the Tax Administration Program are to administer all tax programs in order to achieve maximum compliance and to improve the accuracy, efficiency and timeliness of processing returns and revenues.

Motor Vehicle

The Motor Vehicle Division Program (MVD) administers and enforces the Motor Vehicle Code. MVD operates 33 state-run field offices and oversees 37 municipal and 12 full-service private agent locations. The mission of MVD is to coordinate and administer the New Mexico Motor Vehicle Code to provide Motor Vehicle Division customers with quality products and services to enhance safe and efficient motor vehicle operations. MVD's major goals and initiatives are to improve: customer service; transaction efficiency; system security; and driving safety, while creating a better workplace for MVD employees.

Property Tax

The Property Tax Division Program (PTD) administers the Property Tax Code in a professional and efficient manner to ensure fair and equitable valuation of all property classes in the State. The program's major initiatives are to: implement a statewide geographic information system (GIS); automate the State Assessed Properties Bureau reporting and certification process; convert delinquent property tax records to electronic storage; institute an electronic certified mailing system; identify and cure property tax under-reporting and non-compliance; and replenish delinquent property tax collection teams.

Executive Recommendation*Agency Strategic Directions*

The Taxation and Revenue Department directly supports the Executive's performance and accountability policy, *Efficient Services for New Mexicans*. Three of four goals relate directly to TRD: enhance revenue collection and regulatory compliance; increase convenience of motor vehicle services; and reduce the percentage of uninsured motorists in New Mexico. During FY07, TRD processed approximately \$7.0 billion in revenues from the general public. In FY07, TRD exceeded its delinquent tax collection baseline and above baseline targets. The delinquent tax collection initiative was started by the Executive in 2003. Prior to this initiative, TRD tracked collections of about \$58 million in total delinquent taxes collected per year. By the end of FY07, this delinquent tax collection rate had grown to about \$176 million per year. Of this amount, about \$132 million is distributed to the General Fund.

During FY07, TRD assisted the U.S. Department of Interior in finalizing two federal royalty settlements from TRD audits totaling \$38.9 million; New Mexico received 50% of the settlements (\$19.45 million). In addition, as a result of a TRD audit, a Minerals Management settlement of \$47,387,691 went to the General Fund.

During FY07, the Tax Fraud Investigations Division successfully prosecuted 100% of its tax fraud cases. It also paid for its operations with tax collections related to fraud cases. Since its creation in 2004, TFID fraud cases have resulted in \$8 million in tax collections: cash collected of \$2.4 million; disallowance of fraudulent refunds of \$3.8 million; and tax assessments of \$1.8 million.

During FY07, the Property Tax Division increased property tax value of state assessed property by 10% to approximately \$4.2 billion and increased property tax values by \$15 million by addressing non-complaint taxpayer issues.

During FY07, MVD exceeded its performance target for average wait-time in field offices of 15 minutes; average wait-time statewide was 14 minutes, which equated to a 59% decrease, compared with FY05. MVD also reduced the uninsured rate in New Mexico from 33.03% in FY03 to 11.8% in FY07, equating to a 64% decrease.

During FY08, TRD plans to: collect more delinquent tax revenue; continue to minimize tax fraud; encourage more electronic filing of taxes to increase efficiency; continue to improve motor vehicle services; increase the net taxable value of state assessed property; assure residential property sold is adjusted on the tax rolls to current and correct value; and address human resources and information technology issues.

Key Elements of Recommendation

The Executive base General Fund recommendation reflects a \$799.3 increase to provide for increases in Department of Information Technology information systems (DoIT-ISD) services and independent audit costs. Increased DoIT-ISD services require an additional base recommendation of \$769.9. This increase is offset by a slight decrease of \$69.9 in General Services Department (GSD) risk insurance and Department of Information Technology telecommunication costs. The Executive recommendation also includes \$99.3 for increased independent audit costs. The Executive recommendation reflects a decrease of \$44.8 in other transfers and a decrease of \$506.5 other revenues. The decrease in other transfers is due to the loss of administration fees for processing royalty payments for the Commissioner of Public Lands. The agency has opted to perform this function itself. The decrease in other revenues is due to TRD estimating higher revenues in FY08 than it now projects to receive within the Motor Vehicle Division. According to TRD, programmatic effects should be minimal.

The Executive also recommends the transfer of one position between programs with no funding implications. The transfer will move a lawyer from the Property Tax Program into Program Support. The Legal Services Bureau within Program Support is responsible for all department litigation. The position in question was in the Property Tax Division in response to the need for a specialized attorney to handle property tax cases. There are currently seven (7) property tax cases pending in the district court and thirty-one (31) administrative protests. While many of the administrative protests are settled each year prior to hearing, a percentage of the protests go to hearing requiring an attorney. Much of the Property Tax Division's legal work is dependent on a statutory annual schedule for filing protests and district court refund cases, so the litigation work is cyclical. Having this position as part of the Legal Services Bureau will provide continuity of legal services and will more efficiently allocate legal resources.

In Program Support, the base increase in contractual services is attributable to the above mentioned increase in audit costs, the transfer of software maintenance for ongoing tri-agency modifications from the Audit and Compliance Division to the Information Technology Division and an increase in software maintenance for the ONGARD system. The base increase in the other category is attributable to increases in DoIT-ISD costs.

Within the Tax Administration Program, the base decrease in personal services and employee benefits is attributable to vacant positions budgeted at minimum and a decrease in GSD rates for workers' compensation and unemployment compensation. The base decrease in contractual services

is attributable to the net effect of the transfer of software maintenance for tri-agency services from the Audit and Compliance Division to the Information Technology Division and an increase in software maintenance in the Revenue Processing Division for new capital improvement plan equipment. The base increase in the other category is attributable to increases in third-party vehicle lease rates, rent of buildings, leases and postage rates. The Executive recommendation also funds advertising in the Revenue Processing Division to encourage e-filing, rent of a new bar code sorter and increases in out-of-state travel for additional auditors authorized in FY08.

Performance Report

Program Support met all targeted performance levels for FY07. The Executive recommendation for FY09 includes one new outcome measure, percent of Department of Information Technology certified projects completed within budget. The Executive recommended target for this measure is 100%.

The Tax Administration Program (TAP) failed to meet its targeted performance in one measure, percent of electronically filed returns--personal income tax (PIT) and combined reporting system (CRS). The targeted performance level was 45% and the actual performance level was 37.4%. The Tax Administration Program fell short of the target percentage because it originally implemented this measure for PIT only. Total PIT electronically filed returns in this fiscal year totaled 54.7%, and CRS totaled 19%. The Tax Administration Program implemented a new tri-agency web-filing system in the last quarter for use by bulk filers in FY08. This will increase the percentage closer to the target amount. The Executive recommendation for TAP also includes the following new measures: percent of baseline and funded delinquent tax collection targets above baseline met; and percent of taxpayer correspondence requests answered in an average of 10 working days. The recommended target for both measures is 100%. The recommended target for the third new measure, collections as a percent of collectable outstanding balances from the end of the prior year, is 20%.

The Motor Vehicle Program met its targeted performance levels in four of five measures. The average call center wait-time to reach an agent was 4.91 minutes, compared with the target of 3.75. The call center integrated voice response system handled 200,766 calls, averaging 66,922 per month. A total of 71,834 calls were offered to call center agents of which 51,839 were answered. Citations, and clerks providing helpful information to callers, continue to drive call volume up. The Executive recommends a new explanatory measure, average call center wait-time, based on 12,828 calls per week, to add clarity and create a baseline performance level for the call center wait times measure.

The Property Tax Program did not meet targeted performance levels in one of two measures. The percent of delinquent accounts that are resolved was 66% compared with the target of 88%. The FY07 resolution equates to approximately 17% of New Mexico's 78,580 total delinquent property tax accounts. Because this measure depends on a moving annual target, the Executive recommends it be replaced with the amount of delinquent property tax collected and distributed to counties, in millions, with a baseline target of \$6.5 million. The Executive also recommends a second new measure, percent of counties in compliance with sales ratio standards of 85% assessed value to market value, with a targeted performance level of 90%. This measure will provide a mechanism for measuring New Mexico counties' compliance with sales ratio standards.

The Compliance Enforcement Program met all targeted performance levels. The Executive recommends an additional measure, percent of internal audit recommendations implemented by department, with a targeted level of 80%. This measure will judge the agencies ability to implement internal audit recommendations.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 Operating <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	59,691.5	67,805.5	68,604.8	799.3	1.2
Other Transfers	517.1	547.5	502.7	-44.8	-8.2
Federal Revenues	1,244.0	1,466.2	1,536.6	70.4	4.8
Other Revenues	16,320.7	14,561.0	14,054.5	-506.5	-3.5
Fund Balance	893.8	0.0	0.0	0.0	***
TOTAL SOURCES	78,667.1	84,380.2	84,698.6	318.4	0.4
USES					
Personal Services and Employee Benefits	51,420.9	60,025.3	59,153.7	-871.6	-1.5
Contractual Services	3,651.1	6,575.3	6,494.1	-81.2	-1.2
Other	18,725.7	17,683.3	19,050.8	1,367.5	7.7
Other Financing Uses	500.0	96.3	0.0	-96.3	-100.0
TOTAL USES	74,297.7	84,380.2	84,698.6	318.4	0.4
FTE					
Permanent	1,053.00	1,144.00	1,144.00	0.00	0.0
Term	36.00	40.00	40.00	0.00	0.0
Temporary	35.70	35.70	35.70	0.00	0.0
TOTAL FTE POSITIONS	1,124.70	1,219.70	1,219.70	0.00	0.0

Compliance Enforcement (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 Operating <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	2,315.4	2,592.9	2,594.9	2.0	0.1
Other Revenues	0.1	0.0	0.0	0.0	***
TOTAL SOURCES	2,315.5	2,592.9	2,594.9	2.0	0.1
USES					
Personal Services and Employee Benefits	1,972.0	2,124.3	2,073.7	-50.6	-2.4
Contractual Services	2.6	3.1	9.5	6.4	206.5
Other	291.3	369.2	511.7	142.5	38.6
Other Financing Uses	0.0	96.3	0.0	-96.3	-100.0
TOTAL USES	2,265.9	2,592.9	2,594.9	2.0	0.1
FTE					
Permanent	33.00	34.00	34.00	0.00	0.0
TOTAL FTE POSITIONS	33.00	34.00	34.00	0.00	0.0

		Program Support (Dollars in Thousands)			FY09	
		FY07	FY08	Recom-	Budget to Recommendation	
		<u>Actuals</u>	<u>Budget</u>	<u>mendation</u>	<u>Dollar</u>	<u>Percent</u>
					<u>Change</u>	<u>Change</u>
SOURCES						
	General Fund Transfers	18,019.6	20,545.0	21,620.8	1,075.8	5.2
	Other Transfers	517.1	547.5	502.7	-44.8	-8.2
	Federal Revenues	48.5	0.0	0.0	0.0	***
	Other Revenues	280.4	318.6	305.0	-13.6	-4.3
	TOTAL SOURCES	18,865.6	21,411.1	22,428.5	1,017.4	4.8
USES						
	Personal Services and					
	Employee Benefits	12,381.1	14,558.6	14,558.4	-0.2	0.0
	Contractual Services	1,698.7	2,626.6	3,126.1	499.5	19.0
	Other	4,840.0	4,225.9	4,744.0	518.1	12.3
	TOTAL USES	18,919.8	21,411.1	22,428.5	1,017.4	4.8
FTE						
	Permanent	202.00	210.00	211.00	1.00	0.5
	Term	4.00	0.00	0.00	0.00	***
	TOTAL FTE POSITIONS	206.00	210.00	211.00	1.00	0.5

		Tax Administration (Dollars in Thousands)			FY09	
		FY07	FY08	Recom-	Budget to Recommendation	
		<u>Actuals</u>	<u>Budget</u>	<u>mendation</u>	<u>Dollar</u>	<u>Percent</u>
					<u>Change</u>	<u>Change</u>
SOURCES						
	General Fund Transfers	26,030.9	28,659.8	28,395.3	-264.5	-0.9
	Federal Revenues	527.6	1,466.2	1,536.6	70.4	4.8
	Other Revenues	721.0	935.8	983.4	47.6	5.1
	TOTAL SOURCES	27,279.5	31,061.8	30,915.3	-146.5	-0.5
USES						
	Personal Services and					
	Employee Benefits	20,977.1	24,664.1	23,991.5	-672.6	-2.7
	Contractual Services	389.4	236.5	105.6	-130.9	-55.3
	Other	6,124.0	6,161.2	6,818.2	657.0	10.7
	TOTAL USES	27,490.5	31,061.8	30,915.3	-146.5	-0.5
FTE						
	Permanent	467.00	493.00	493.00	0.00	0.0
	Term	22.00	26.00	26.00	0.00	0.0
	Temporary	31.70	31.70	31.70	0.00	0.0
	TOTAL FTE POSITIONS	520.70	550.70	550.70	0.00	0.0

		Motor Vehicle (Dollars in Thousands)			FY09	
		FY07	FY08	Recom-	Budget to Recommendation	
		<u>Actuals</u>	<u>Budget</u>	<u>mendation</u>	<u>Dollar</u>	<u>Percent</u>
					<u>Change</u>	<u>Change</u>
SOURCES						
	General Fund Transfers	12,523.9	15,243.7	15,287.5	43.8	0.3
	Federal Revenues	667.9	0.0	0.0	0.0	***
	Other Revenues	12,968.6	10,831.4	10,148.1	-683.3	-6.3
	Fund Balance	893.8	0.0	0.0	0.0	***
	TOTAL SOURCES	27,054.2	26,075.1	25,435.6	-639.5	-2.5

		Motor Vehicle (Dollars in Thousands)			FY09	
		FY07	FY08	Recom-	<u>Budget to Recommendation</u>	
		<u>Actuals</u>	<u>Budget</u>	<u>mendation</u>	Dollar	Percent
					<u>Change</u>	<u>Change</u>
USES						
	Personal Services and Employee Benefits	14,004.0	16,161.5	15,909.6	-251.9	-1.6
	Contractual Services	1,486.6	3,582.8	3,126.3	-456.5	-12.7
	Other	6,789.1	6,330.8	6,399.7	68.9	1.1
	Other Financing Uses	500.0	0.0	0.0	0.0	***
	TOTAL USES	22,779.7	26,075.1	25,435.6	-639.5	-2.5
FTE						
	Permanent	307.00	363.00	363.00	0.00	0.0
	Term	4.00	8.00	8.00	0.00	0.0
	Temporary	4.00	4.00	4.00	0.00	0.0
	TOTAL FTE POSITIONS	315.00	375.00	375.00	0.00	0.0

		Property Tax (Dollars in Thousands)			FY09	
		FY07	FY08	Recom-	<u>Budget to Recommendation</u>	
		<u>Actuals</u>	<u>Budget</u>	<u>mendation</u>	Dollar	Percent
					<u>Change</u>	<u>Change</u>
SOURCES						
	General Fund Transfers	801.7	764.1	706.3	-57.8	-7.6
	Other Revenues	2,350.6	2,475.2	2,618.0	142.8	5.8
	TOTAL SOURCES	3,152.3	3,239.3	3,324.3	85.0	2.6
USES						
	Personal Services and Employee Benefits	2,086.7	2,516.8	2,620.5	103.7	4.1
	Contractual Services	73.8	126.3	126.6	0.3	0.2
	Other	681.3	596.2	577.2	-19.0	-3.2
	TOTAL USES	2,841.8	3,239.3	3,324.3	85.0	2.6
FTE						
	Permanent	44.00	44.00	43.00	-1.00	-2.3
	Term	6.00	6.00	6.00	0.00	0.0
	TOTAL FTE POSITIONS	50.00	50.00	49.00	-1.00	-2.0

Performance Measures

		FY07	FY07	FY08	FY09
		<u>Target</u>	<u>Result</u>	<u>Target</u>	<u>Recomm</u>
Compliance Enforcement					
The purpose of the Compliance Enforcement Program is to support the overall mission of the Taxation and Revenue Department by enforcing criminal statutes relative to the New Mexico Tax Administration Act and other related financial crimes, as they impact New Mexico state taxes, in order to encourage and achieve voluntary compliance with State of New Mexico tax laws.					
Outcome	Successful tax fraud prosecutions as a percent of total cases prosecuted	80%	100%	90%	90%
Output	Percent of internal audit recommendations implemented by department				80%
Program Support					
The purpose of program support is to provide information system resources, human resource services, finance and accounting services, revenue forecasting, and legal services in order to give agency personnel the resources needed to meet departmental objectives. For the general public, the program conducts hearings for resolving taxpayer protests and provides stakeholders with reliable information regarding the state's tax programs.					
Outcome	Percent of driving-while-intoxicated drivers license	2%	.7%	1%	1%

		<u>FY07 Target</u>	<u>FY07 Result</u>	<u>FY08 Target</u>	<u>FY09 Recomm</u>
	revocations rescinded due to failure to hold hearings in ninety days				
Outcome	Number of driving-while-intoxicated drivers' license revocations rescinded due to failure to hold hearings in ninety days	13			
Outcome	Percent of Department of Information Technology certified projects completed within budget				100%
Outcome	Number of tax protest cases resolved	728	802	735	775

Tax Administration

The purpose of the tax administration program is to provide registration and licensure requirements for tax programs and to ensure the administration, collection, and compliance of state taxes and fees that provide funding for support services for the general public through appropriations.

Outcome	Collections as a percent of collectable outstanding balances from June 30, 2006	10%	18.2%		
Outcome	Collections as a percent of collectable audit assessments generated in the current fiscal year	40%	40%	40%	40%
Outcome	Revenue collections as a percent of audit assessments				
Outcome	Collections as a percent of collectable audit assessments generated in prior fiscal years	10%			
Outcome	Collections as a percent of collectable outstanding balance				
Outcome	Amount of revenue assessed as a result of audits, in millions				
Outcome	Percent of audit assessments collected compared with the uncollected balance				
Output	Percent of electronically filed returns (PIT, CRS)	45%	37.4%	45%	50%
Output	Number of field audits conducted for corporate income tax and combined reporting system taxes				
Output	Number of federal oil and gas audits conducted				
Output	Number of international fuel tax agreement and international rate program audits conducted				
Output	Number of electronically filed tax returns processed				
Efficiency	Average cost per audit				
Efficiency	Tax fraud convictions as a percent of cases prosecuted				
Explanatory	Average percent of auditor positions filled compared with approved full-time equivalent				
Outcome	Percent of baseline and funded delinquent tax collection targets above baseline met				100%
Outcome	Percent of taxpayer correspondence requests answered in an average of 10 working days				100%
Outcome	Successful tax fraud prosecutions as a percent of total cases prosecuted	80%			
Outcome	Collections as a percent of collectable outstanding balances from the end of the prior fiscal year				20%
Outcome	Collections as a percent of collectable outstanding balances from June 30, 2007			20%	

Motor Vehicle

The purpose of the motor vehicle program is to register, title and license vehicles, boats, and motor vehicle dealers and to enforce operator compliance with the motor vehicle code and federal regulations by conducting tests, investigations, and audits.

Efficiency	Average call center wait time to reach an agent, in minutes	3.75	4.91	3.75	3.75
Outcome	Percent of registered vehicles with liability insurance	87%	89%	90%	90%
Efficiency	Average wait time in Q-Matic equipped offices, in minutes	15	14	14	14
Efficiency	Average number of days to post "court action" driving-while-intoxicated citations to drivers' records upon receipt	2.5	1	1	1
Outcome	Percent increase in kiosk transactions as a percentage of same-type transactions a field office agent could perform	7%			
Explanatory	Average call center customer wait time based on 12,828 calls per week	3.75	4.91	3.75	3.75

		<u>FY07</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>
		<u>Target</u>	<u>Result</u>	<u>Target</u>	<u>Recomm</u>
Property Tax					
The purpose of property tax program is to administer the property tax code, to ensure the fair appraisal of property and to assess property taxes within the state.					
Outcome	Percent of delinquent accounts that are resolved	88%	66%	88%	
Output	Number of appraisals and valuations for corporations conducting business within the state				
Output	Number of appraisals or valuations for companies conducting business within the state that are subject to state assessment	510	511	510	510
Output	Amount of delinquent property tax collected and distributed to counties, in millions				\$6.5
Outcome	Percent of counties in compliance with sales ratio standards of 85% assessed value to market value				90%

Executive Summary

The State Investment Council is responsible for the investment activities of the Severance Tax Permanent Fund, the Land Grant Permanent Fund and the Tobacco Settlement Permanent Fund.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	0.0	0.0	***
Total Sources	29,794.7	33,471.4	12.3
Program			
State Investment Council	29,794.7	33,471.4	12.3
Total Uses	29,794.7	33,471.4	12.3
FTE	32.00	32.00	0.0

- The Executive recommendation reflects a 12.3% increase over FY08.
- The Executive recommends an increase of \$3,576.0 in the contractual services category to fund anticipated increases in money management fees, software services with fee increases, and additional necessary software.
- The recommendation provides \$127.1 in other costs to support increased operational expenditures.

Agency Mission and Program Purpose

The State Investment Council (SIC) establishes investment policies carried out by investment office personnel under the direction of the State Investment Officer (SIO). These policies include authorizing the SIO to make purchases, sales, exchanges, investments and reinvestments. SIC's fiduciary responsibility is to ensure that money invested is handled at all times in the best interest of the State and its citizens. Funds managed are detailed below.

Severance Tax Permanent Fund (STPF)

New Mexico imposes severance taxes on the extraction of oil, gas, minerals and other natural resources because these natural resources will one day be depleted. The Severance Tax Permanent Fund was created in 1976 and consists of all beginning balances and severance tax revenue in excess of annual payments on the debt service of severance tax bonds. The investment proceeds are used to retire state bond debt. On June 30, 2006, the STPF was valued at \$4.15 billion (audited) compared with \$4.70 billion (unaudited) on June 30, 2007.

Land Grant Permanent Fund (LGPF)

The fund was established by the federal Ferguson Act of 1898 and confirmed by the Enabling Act for New Mexico of 1910. The State holds 9.2 million surface acres and 13.1 million subsurface acres in trust for the benefit of 20 state institutions, including public schools, the New Mexico Boy's School and Miner's Colfax Medical Center. The Fund consists of proceeds from the sale of state lands, royalties from natural resource production and five percent of the proceeds from the sales of federal public lands in the state. Rental, bonus and other public land income are also distributed to the trust beneficiaries. On June 30, 2006 the LGPF was valued at \$9,131,128,448 (audited) compared with \$10,648,892,696 (unaudited) on June 30, 2007.

For FY05 through FY12, the distribution to public schools will be 5.8% of the most recent five-year average market value of the fund, which receive approximately 83% of the trust income. Other beneficiaries, such as higher education institutions, the Corrections Department and the Children Youth and Families Department receive the remainder.

Tobacco Settlement Permanent Fund (TSPF)

The fund was established by Laws of 1999, Chapter 207, and contains 50% of proceeds received from the settlement with tobacco product manufacturers. Settlement payments and earned income are deposited to the TSPF and 50% of the payments are transferred to the Tobacco Settlement Program Fund for expenditure on eligible programs. On June 30, 2006, the TSPF was valued at \$84,680,806 (audited) compared with \$116,373,542 (unaudited) on June 30, 2007.

Water Trust Fund (WTF)

In 2006, the Legislature created the Water Trust Fund with a \$40 million allocation. The Water Fund was valued at \$46,082,127 (unaudited) on June 30, 2007. The Water Trust Fund is used to support critically needed projects that preserve and protect New Mexico's water supply. An annual distribution is made from the fund for water projects consistent with a state water plan. Eligible projects from this fund include: large infrastructure water supply projects; restoration and management of watersheds; conservation projects; Endangered Species Act collaborative programs; and flood control projects. The investment return of the growing Water Trust Fund endowment provides a continuing revenue stream to fund needed water projects across the state.

Client Funds

In addition to the specific funds above, SIC also oversees funds for clients. SIC has executed joint-powers agreements with 20 clients since 1992. Under the agreements, SIC invests client's monies, including New Mexico Military Institute, New Mexico Institute of Mining and Technology, Los Alamos County and Luna County.

Statutory Authority: Sections 6-8-2 through 6-8-21 NMSA 1978.

Executive Recommendation

Agency Strategic Directions

SIC supports the Executive's performance and accountability policy, *Promoting and Growing New Mexico* by investing in and providing financing for New Mexico companies, both through direct investments and its partnerships with New Mexico private equity funds. As of June 30, 2007, and the latest data available, the New Mexico Private Equity program has invested \$182 million in 45 companies that have attracted \$1.2 billion in additional investment dollars to the state. The creation of 2,361 jobs with an average salary of \$60,380 has had an annual economic impact of more than \$250 million.

The SIC is also creating jobs for New Mexicans through its investments in film and television production. SIC offers principle guaranteed interest free loans to film and television production in New Mexico in return for a share of the project's profit and for hiring New Mexico residents to fill 60% or more of their crews. Since its inception in 2002, the program has invested in 24 film or television projects which have employed 3,261 New Mexicans as crew.

SIC has enhanced its overall performance through investments in some of the growing number of

alternative investments such as hedge funds, collateralized debt obligations (CDO), and real estate or private equity partnerships. These types of investments were made possible through the passage of legislation in the 2005 session and have benefited the performance of the permanent funds portfolios.

Key Elements of Recommendation

The Executive recommendation reflects a 12.3% increase over FY08 operating levels. The Executive recommends an increase of \$3,576.0 in the contractual services category to fund anticipated increases in money management fee. The increase is due primarily to growth of assets under management. Total net assets grew by \$2,311,861,327, or 16.76% from the end of FY06 to the end of FY07. Redistributing the portfolio and increased investment in alternative assets has increased SIC's legal and consultant/advisor fees. The recommended increase in contractual services also includes funding for software services with fee increases, and additional necessary software. The recommendation provides an increase of \$127.1 in other costs to support rising operational costs including rent, supplies, training and travel.

Performance Report

SIC met or exceeded all of its performance measures for FY07. SIC outperformed the one-year annualized investment returns, to exceed internal benchmarks in basis points, by 60 basis points, the internal benchmark measure was set at 25 basis points. The State Investment Council also significantly outperformed the one-year annualized percentile performance ranking in endowment investment peer universe. The FY07 target for one-year annualized percentile performance ranking in endowment investment peer universe was incorrectly set, and should have reflected less than the 49th percentile ranking, rather than greater than the 49th percentile ranking. SIC achieved the 27th percentile ranking, significantly lower than the target of 49th.

Recommended Language for the General Appropriation Act

The state investment council may request budget increases from other state funds up to two million dollars (\$2,000,000) for investment manager fees and custody fees, provided that this amount may be exceeded if the department of finance and administration approves a certified request from the state investment council that additional increases from other state funds are required for increased investment manager fees and custody fees and may request transfers to any other category except that only five hundred thousand dollars (\$500,000) of the money appropriated for investment manager fees in the contractual services category may be transferred.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent Change</u>
SOURCES					
Other Transfers	29,156.7	29,344.7	32,521.4	3,176.7	10.8
Other Revenues	1,146.6	450.0	950.0	500.0	111.1
TOTAL SOURCES	30,303.3	29,794.7	33,471.4	3,676.7	12.3
USES					
Personal Services and Employee Benefits	3,034.2	3,443.7	3,417.3	-26.4	-0.8
Contractual Services	23,426.0	25,520.7	29,096.7	3,576.0	14.0
Other	762.9	830.3	957.4	127.1	15.3
TOTAL USES	27,223.1	29,794.7	33,471.4	3,676.7	12.3
FTE					
Permanent	29.00	32.00	32.00	0.00	0.0
TOTAL FTE POSITIONS	29.00	32.00	32.00	0.00	0.0

Performance Measures

		FY07 <u>Target</u>	FY07 <u>Result</u>	FY08 <u>Target</u>	FY09 <u>Recomm</u>
State Investment Council					
The purpose of the state investment program is to provide investment management of the state's permanent funds for the citizens of New Mexico in order to maximize distributions to the state's operating budget while preserving the real value of the funds for future generation of New Mexicans.					
Outcome	Five-year annualized investment returns to exceed internal benchmarks, in basis points	>25	30	>25	>25
Outcome	One-year annualized percentile performance ranking in endowment investment peer universe	>49	27	<49	<49
Outcome	One-year annualized investment returns to exceed internal benchmarks, in basis points	>25	60	>25	> 25
Outcome	Five-year annualized percentile performance ranking in endowment investment peer universe	>49	46	<49	<49

Executive Summary

The Department of Finance and Administration is a central service agency charged with oversight in matters specified in statute concerning state and local government budget and financial operations.

	FY08 Operating Budget	FY09 Recommendation	% Change
General Fund	30,326.5	31,688.4	4.5
Total Sources	88,060.1	92,582.3	5.1
Program			
Policy Development Fiscal Analysis and Budget Oversight	3,799.4	4,025.6	6.0
Program Support	1,651.1	1,741.2	5.5
Community Development, Local Government Assist, Fiscal	54,031.2	57,245.4	5.9
Fiscal Management and Oversight	6,132.7	6,783.8	10.6
DFA Special Appropriations	22,445.7	22,786.3	1.5
Total Uses	88,060.1	92,582.3	5.1
FTE	176.80	178.50	1.0

- The Executive recommendation includes a General Fund increase of \$1,361.9 and a \$4,522.2 total funds increase above FY08 levels in both the operating and non-operating programs.
- The Executive recommendation includes an additional one-half FTE to provide public information services regarding DFA activities; and \$79.5 and one FTE dedicated to the Financial Management Bureau in the Local Government Division.
- The Executive recommendation includes \$500.0 in support of the development of well-planned water and wastewater projects in local communities; \$3,000.0 in support of the statewide Youth Mentoring Program; and a \$700.0 increase over FY08 in continued support for the New Mexico Rodeo Initiative.

Agency Mission and Program Purpose

The Department of Finance and Administration (DFA) provides the Governor, other agencies and local entities with fiscal and policy analysis and budgetary services to ensure responsive and fiscally responsible governance for the citizens of New Mexico.

Statutory Authority: Sections 9-6-1 through 9-6-6 NMSA 1978; Sections 6-3-1 through 6-3-25 NMSA 1978; Sections 6-3A-1 through 6-3A-8 NMSA 1978; Sections 6-5-1 through 6-5-11 NMSA 1978; 6-1-1 NMSA 1978; 9-6-15 NMSA 1978; 6-4-1 NMSA 1978; 6-6-2 NMSA 1978.

Policy Development, Fiscal Analysis, Budget Oversight and Education Accountability

The Policy Development, Fiscal Analysis, Budget Oversight and Education Accountability Program provides professional, coordinated policy development, analysis and oversight to the Governor, the legislature and state agencies so they may advance the state's policies and initiatives using appropriate and accurate data to make informed decisions for the prudent use of the public's tax dollars. The program consists of the Office of the Secretary, State Board of Finance Division, State Budget Division, Economic Analysis Unit and Office of Education Accountability.

The Office of the Secretary is responsible for maximizing the resources that go "out the door" in direct services to the citizens of New Mexico. In addition to providing leadership to each of the Department's divisions, the Cabinet Secretary is a member of the State Board of Finance, Public School Capital Outlay Council, New Mexico Finance Authority Board, Risk Management Advisory Board, and the State Investment Council as well as several other committees and task forces critical to the operation of state government activities.

The State Board of Finance Division provides administrative and analytical support to the State Board of Finance in accordance with statutory mandates. The Board has broad statutory responsibilities for general supervision of the fiscal affairs of the State, in addition to other regulatory and oversight functions.

The State Budget Division (SBD) provides professional and coordinated policy development, financial analysis, and fiscal and programmatic oversight on behalf of the taxpayers for the Governor, legislature and state agencies. This is done in order to advance the Governor's initiatives, assist state government to operate more effectively and ensure the State's budget policies and legal requirements are followed.

The Economic Analysis Unit provides the Office of the Secretary with economic analyses, revenue tracking, revenue estimates and bond capacity estimates.

The Office of Education Accountability (OEA) provides independent oversight of educational reform and assistance to the Governor, legislature, agencies, and citizens as part of the effort to improve New Mexico's public education system. The Office works cooperatively with the Public Education Department, state public school districts and other state agencies and monitors and facilitates the improvement of education for all students attending public schools in New Mexico.

Program Support

Program Support provides other DFA programs with central direction and oversees agency management processes to ensure consistency, legal compliance and financial integrity; administers the Executive's exempt salary plan; and reviews and approves professional services contracts.

Community Development, Local Government Assistance and Fiscal Oversight

The Community Development, Local Government Assistance and Fiscal Oversight Program provides federal and state oversight assistance to counties, municipalities and special districts with planning, implementation and development of fiscal management so that these entities can maintain strong, lasting communities.

The Capital Outlay Bureau is responsible for coordinating the funding and administration of capital projects. It prepares the capital budget request for the Governor, administers the capital budgeting process, and ensures the timely completion of capital projects for the State of New Mexico. It also provides training, assistance and oversight to agencies on the planning and administration of capital project funding. This support includes maintaining the State's "Infrastructure Capital Improvement Plan" and the Capital Monitoring System to track appropriations and balances for capital projects.

Fiscal Management and Oversight

The Fiscal Management and Oversight program provides for and promotes financial accountability for public funds throughout state government and provides state government agencies and the citizens of New Mexico with timely, factual and comprehensive information on the financial status and expenditures of the state. The Fiscal Management and Oversight Program is organized under one division, the Financial Control Division.

Executive Recommendation

Agency Strategic Directions

The Department of Finance and Administration (DFA) continues to fulfill its commitment of ensuring sound fiscal management practices and accountability in the use of taxpayer dollars. DFA has successfully implemented the Statewide Human Resource, Accounting and Management Reporting System (SHARE) in order to establish sound and reliable financial and human resource practices throughout state government. SHARE has firmly established accounting standards consistent with generally accepted accounting principals while improving financial reporting services as well as the standardization of workflow processes among state agencies. The implementation of SHARE is consistent with the provision of sound fiscal and financial management services to all state agencies.

DFA continues to enhance financial management practices in an effort to raise New Mexico's bond rating from AA to AAA. In order to achieve this goal, DFA continues to cooperate and support agencies to ensure the timely completion of agency audited financial statements in order to produce the comprehensive annual financial report for the state within seven months of the end of the fiscal year. In addition, DFA will produce an Executive Budget Recommendation that provides a minimum reserve balance at 10% of recurring appropriations for FY08 and will monitor revenue performance to ensure that reserves are maintained as forecasted.

DFA continues to participate in the development of Performance and Accountability contracts in coordination with the Governor's Office and state agencies in an effort to align agency budget recommendations with Executive initiatives. DFA is in the process of automating the budget processes by upgrading and expanding the use of the Budget Preparation System used by agencies to prepare the Appropriation and Operating Budget Requests. In addition, DFA is working toward the implementation of a File Transfer Protocol site to be used for online system updates and data distribution to agencies. DFA is also working toward developing a web-based application for its budget system.

DFA strives to provide analytical, operational and administrative support in order to ensure sound fiscal management of state operations. Furthermore, DFA provides policy development, analysis,

and fiscal and programmatic oversight on behalf of the New Mexico citizens. Combined, these functions advance the Governor's initiatives by affirming the operational and financial efficiency of state agencies through conformity with State budget policies and legal requirements.

Key Elements of Recommendation

The Executive recommendation supports an overall General Fund increase of 4.5% which includes an additional \$4,067.5 for all operating funds and a decrease of \$1,484.4 for non-operating funds. The overall increase serves to provide adequate support for the operating activities and services provided by the department. The recommendation further supports a broad variety of activities in pursuit of achieving fiscal and financial integrity throughout state government.

The Executive recommendation for Policy Development, Fiscal Analysis and Budget Oversight program includes a base increase of \$156.6 in General Fund and \$191.6 totals funds to support items such as the Pre-K Evaluation contract overseen by the OEA, moderate increases to general operating costs and continued support for the recruitment and retention of highly valued and well qualified personnel.

The Executive recommendation reflects a General Fund increase of \$90.1 to support the base operating activities of the Program Support section including Department of Information Technology, information systems and telecommunication charges. This program continues to be responsible for the administration and dissemination of all DFA non-operating appropriations.

The Executive recommendation supports a General Fund increase of \$9.4 and a \$3,134.7 total funds increase to the Community Development, Local Government Assistance and Fiscal Oversight program. While general operating expenditures in this program have been held to or are below FY07 levels; the Executive recommendation continues to increase support for the DWI Grants program in an effort to combat the DWI epidemic that afflicts New Mexico communities. Additionally, the recommendation supports the addition of one FTE and \$79.5 in General Fund that will enable the Financial Management Bureau to provide additional oversight and accountability to the clients that it serves.

The Executive recommendation supports a General Fund increase of \$651.1 in order to support increases related to the Fiscal Management and Oversight program. This program anticipates an increase in the costs associated with auditing the state Comprehensive Annual Financial Report. Additional increases are attributable to software updates and maintenance services as well as Department of Information Technology services. The recommendation further supports the programs ability to recruit and retain highly valued and well qualified personnel.

The Executive recommendation includes \$1,200.0 in General Fund in continued support for the promotion and development of the sport of rodeo in New Mexico. Funding for this initiative is directed at conducting rodeo clinics, educational outreach and rodeo events. The Executive further recommends an additional \$500.0 in General Fund to provide one-to-one youth mentoring services throughout the state in community and school-based settings. This program serves to mentor at-risk youth in an effort to reduce school drop-out rates, juvenile crime, teen pregnancy and alcohol/drug abuse.

Performance Report

DFA met or exceeded most of its performance targets for FY07. The percent of time the budget preparation and review system is operational reached above the targeted amount to 99%. The number of state budget training sessions was triple the targeted goal and the level of general fund reserves maintained as a percent of recurring appropriations was above the targeted amount. The State Board of Finance far exceeded the average number of bids received at competitive bond sales as well the percent of bond proceeds balances not reauthorized and older than five years for inactive projects that are reverted by June 30 of each year. In addition, DFA continues to achieve the targeted percentage of local government officials expressing satisfaction in training received.

Some performance targets were not reached. The percent of key agencies reporting key performance data by specified deadlines was 76%, just slightly below the targeted performance measure. However, SBD continues to advise key agencies of reporting requirements and deadlines and supports them in their effort to provide complete and timely performance information. SBD did not meet its target for processing budget adjustment requests within five days primarily due to the number of instances in which additional supporting information was requested from the submitting agency and was not received within the five-day window. Other measures that were not achieved are being addressed by the agency in effort to address and improve operational efficiencies.

The Executive recommendation includes a significant number of new performance measures for FY09 including: General Fund reserves as a percent of recurring appropriations; percent of payments to vendors within the parameters set by the Procurement Code and contractual provisions; percent of payroll payments to employees made by scheduled payday; percent of per-diem payments to employees made within three business days of receipt at the Financial Control Division; percent of local entity budgets submitted to the Local Government Division by established deadline; number of local entities operating without an approved budget for a portion of the fiscal year; percent of tax rate certifications that are accurate in the initial submission to the local entity; number of local entities participating in the Infrastructure Capital Improvement Planning program; average number of days from availability of funds to grant award; number of special appropriation contracts or grant agreements older than one fiscal year that are unexpended (not expended or reverted); dollar amount of open special appropriation contracts or grant agreements older than one fiscal year (not expended or reverted); number of capital projects older than five years that are unexpended (not expended, reauthorized, or reverted); dollar amount of capital projects older than five years that are unexpended (not expended, reauthorized, or reverted); percent of population served by Public Safety Answering Points (PSAPs) equipped to provide enhanced wireless service; percent of state agencies monitored that are operating within available resources and submit reports evaluating implementation of the School Personnel Act.

These new performance measures provide a more accurate indication of DFA's overall performance and align the reporting of such measures in a manner consistent with the Accountability in Government Act. These measures were developed after consideration of current initiatives and thorough evaluation of the agency-wide strategic plan. The incorporation of the revised performance measures is a clear and concise effort to measure and report quantifiable data representative of DFA's operation. Measures that are no longer being tracked or do not represent a clear and concise indication of programmatic performance have been revised or deleted and replaced with the previously mentioned measures.

Recommended Language for the General Appropriation Act

The Executive also recommends the following language for the Board of Finance relative to the distribution of emergency funds:

Upon certification by the state board of finance pursuant to Section 6-1-2 NMSA 1978 that a critical emergency exists that cannot be addressed by disaster declaration or other emergency or contingency funds and upon review of the legislative finance committee, the secretary of finance and administration is authorized to transfer from the general fund operating reserve to the state board of finance emergency fund the amount necessary to meet the emergency. Such transfers shall not exceed an aggregate amount of three million dollars (\$3,000,000) in fiscal year 2009. Repayments of emergency loans made pursuant to this paragraph shall be deposited in the board of finance emergency fund pursuant to the provisions of Section 6-1-5 NMSA 1978, provided that, after the total amounts deposited in fiscal year 2009 exceed five hundred thousand dollars (\$500,000), any additional repayments shall be transferred to the general fund.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 Operating <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	19,710.6	30,326.5	31,688.4	1,361.9	4.5
Other Transfers	1,188.3	919.8	954.8	35.0	3.8
Federal Revenues	11,284.5	14,298.9	14,614.5	315.6	2.2
Other Revenues	53,103.7	35,817.7	40,888.5	5,070.8	14.2
Fund Balance	12,700.0	6,697.2	4,436.1	-2,261.1	-33.8
TOTAL SOURCES	97,987.1	88,060.1	92,582.3	4,522.2	5.1
USES					
Personal Services and Employee Benefits	10,262.7	12,951.0	13,362.7	411.7	3.2
Contractual Services	6,075.1	11,529.1	12,691.7	1,162.6	10.1
Other	47,398.4	63,205.0	65,802.9	2,597.9	4.1
Other Financing Uses	1,800.0	375.0	725.0	350.0	93.3
TOTAL USES	65,536.2	88,060.1	92,582.3	4,522.2	5.1
FTE					
Permanent	147.80	155.80	157.50	1.70	1.1
Term	20.00	21.00	21.00	0.00	0.0
TOTAL FTE POSITIONS	167.80	176.80	178.50	1.70	1.0

**Policy Development, Fiscal Analysis, Budget Oversight and Education Accountability
(Dollars in Thousands)**

	FY07 <u>Actuals</u>	FY08 Operating <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	3,322.8	3,509.4	3,700.6	191.2	5.4
Other Transfers	224.3	290.0	325.0	35.0	12.1
TOTAL SOURCES	3,547.1	3,799.4	4,025.6	226.2	6.0

Policy Development, Fiscal Analysis, Budget Oversight and Education Accountability
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent Change</u>
USES					
Personal Services and Employee Benefits	2,632.6	3,080.8	3,241.8	161.0	5.2
Contractual Services	351.4	469.2	502.4	33.2	7.1
Other	205.8	249.4	281.4	32.0	12.8
TOTAL USES	3,189.8	3,799.4	4,025.6	226.2	6.0
FTE					
Permanent	34.80	34.80	35.50	0.70	2.0
TOTAL FTE POSITIONS	34.80	34.80	35.50	0.70	2.0

Program Support
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	1,543.5	1,651.1	1,741.2	90.1	5.5
TOTAL SOURCES	1,543.5	1,651.1	1,741.2	90.1	5.5
USES					
Personal Services and Employee Benefits	1,346.0	1,525.7	1,554.7	29.0	1.9
Contractual Services	44.6	73.9	92.5	18.6	25.2
Other	70.8	51.5	94.0	42.5	82.5
TOTAL USES	1,461.4	1,651.1	1,741.2	90.1	5.5
FTE					
Permanent	20.00	20.00	20.00	0.00	0.0
TOTAL FTE POSITIONS	20.00	20.00	20.00	0.00	0.0

Community Development, Local Government Assistance and Fiscal Oversight
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	2,334.6	5,026.8	5,115.7	88.9	1.8
Federal Revenues	11,284.5	14,298.9	14,614.5	315.6	2.2
Other Revenues	41,253.1	28,008.3	33,079.1	5,070.8	18.1
Fund Balance	12,700.0	6,697.2	4,436.1	-2,261.1	-33.8
TOTAL SOURCES	67,572.2	54,031.2	57,245.4	3,214.2	5.9
USES					
Personal Services and Employee Benefits	2,998.4	3,747.6	3,871.0	123.4	3.3
Contractual Services	2,078.4	4,547.6	4,699.0	151.4	3.3
Other	38,022.4	45,436.0	48,375.4	2,939.4	6.5
Other Financing Uses	1,800.0	300.0	300.0	0.0	0.0
TOTAL USES	44,899.2	54,031.2	57,245.4	3,214.2	5.9
FTE					
Permanent	33.00	34.00	35.00	1.00	2.9
Term	20.00	21.00	21.00	0.00	0.0
TOTAL FTE POSITIONS	53.00	55.00	56.00	1.00	1.8

Fiscal Management and Oversight
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	Percent <u>Change</u>
SOURCES					
General Fund Transfers	5,372.0	5,692.9	6,344.0	651.1	11.4
Other Transfers	0.0	439.8	439.8	0.0	0.0
TOTAL SOURCES	5,372.0	6,132.7	6,783.8	651.1	10.6
USES					
Personal Services and Employee Benefits	3,285.7	4,596.9	4,695.2	98.3	2.1
Contractual Services	451.1	860.4	1,169.8	309.4	36.0
Other	887.8	675.4	918.8	243.4	36.0
TOTAL USES	4,624.6	6,132.7	6,783.8	651.1	10.6
FTE					
Permanent	60.00	67.00	67.00	0.00	0.0
TOTAL FTE POSITIONS	60.00	67.00	67.00	0.00	0.0

Department of Finance and Administration Special Appropriations
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	Percent <u>Change</u>
SOURCES					
General Fund Transfers	5,925.60	14,446.30	14,786.90	340.60	2.36%
Other Transfers	964.00	190	190	0.00	0.00%
General Revenue	11,850.60	7,809.40	7,809.40	0.00	0.00%
TOTAL SOURCES	18,740.20	22,445.70	22,786.30	340.60	1.52%
USES					
Membership and Dues	622.6	646.2	682.6	36.4	5.63%
Soil Conservation Districts	0	500	0	-500	100.00%
Citizens Review Board	599.6	600.00	750.00	150	25.00%
Board of Finance Emergency Water Fund	0	150	150	0.0	0.00%
Board of Finance Fiscal Agent Contract	63.6	1050	1050	0.0	0.00%
State Treasurer Audit	0	24	24.00	0.0	0.00%
Mortgage Loans to Low-Income Homeowners	0	75	75.00	0.0	0.00%
Youth Mentoring Program	892.4	2392.4	2892.4	500	20.90%
New Mexico Rodeo Initiative	0.0	375	1200	825	220.00%
New Mexico Acequia Commission	27.5	330	330	0.0	0.00%
E911 Principal & Interest	778.6	0.0	0.0	0.0	0.00%
Technical Assistance Local Communities-Water/Wastewater	0	0.0	500	500	0.00%
Cat/Dog Spay and Neuter Services	136.40	0.0	0.0	0.0	0.00%
Youth Mentorship (Albuquerque)	150	0.0	0.0	0.0	0.00%
Tutoring Services to Youth	35.00	0.0	0.0	0.0	0.00%
Counseling Services: Children of Domestic Violence	20	0.0	0.0	0.0	0.00%

Department of Finance and Administration Special Appropriations
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u>	
				<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>
DWI Alcohol & Drug Treatment/Rehabilitation	137.6	0.0	0.0	0.0	0.00%
Emergency Medical and Firefighter	344	0.0	0.0	0.0	0.00%
Homeless, Abused & Neglected Youth Mentorship (Central New Mexico)	19.5	0.0	0.0	0.0	0.00%
Law Enforcement Sponsored Athletics	75	0.0	0.0	0.0	0.00%
Crash & Fire Protection Services	50	0.0	0.0	0.0	0.00%
Emergency Medical & Fire-Pojoaque	100	0.0	0.0	0.0	0.00%
Job Training for Low-Income Women -Albuquerque	0.0	25	0.0	-25	100.00%
Transitional Housing Program - Albuquerque	0.0	25	0.0	-25	100.00%
Workforce Development Program -Bernalillo	0.0	50	0.0	-50	100.00%
Fetal Alcohol Syndrome Awareness Program	0.0	25	0.0	-25	100.00%
Homeless Veterans Shelter Svcs - Las Cruces	0.0	30	0.0	-30	100.00%
Domestic Violence Shelter - Lincoln County	0.0	62	0.0	-62	100.00%
Teen Court Program - Luna County	0.0	25	25	0.0	0.00%
Food Banks	399.6	399.6	399.6	0.0	0.00%
Native American Voting Rights Program - Sandoval County	0.0	25	0.0	-25	100.00%
Methamphetamine Treatment - San Juan County	0.0	360	0.0	-360	100.00%
Community Drug & Alcohol Program - Talpa	0.0	70	0.0	-70	100.00%
Agri-Business Task Force of Mid-Region	0.0	150	0.0	-150	100.00%
Fire Suppression at the SF Airport	0.0	250	0.0	-250	100.00%
County Detention of Prisoners	0.0	5000	5000	0	0.00%
Methamphetamine, Other Drug & Alcohol - San Juan County	0.0	125	0	-125	100.00%
Weatherization Program	799.2	800	800	0.0	0.00%
State Planning Districts	842.1	873.3	873.3	0.0	0.00%
Teen Court - Hobbs	20	0.0	0.0	0.0	0.00%
Teen Court - Santa Fe	82.8	75	75	0.0	0.00%
Law Enforcement Enhancement Fund	4992.4	7809.4	7809.4	0.0	0.00%
Leasehold Community Assistance	123.8	123.8	150	26.2	21.16%
Computer Clubhouses	49.5	0.0	0.0	0.0	0.00%
TOTAL USES	11,361.20	22,445.70	22,786.30	340.60	-10.07

Performance Measures

		<u>FY07 Target</u>	<u>FY07 Result</u>	<u>FY08 Target</u>	<u>FY09 Recomm</u>
Policy Development, Fiscal Analysis, Budget Oversight and Education Accountability					
The purpose of the Policy Development, Fiscal Analysis, Budget Oversight and Education Accountability program is to provide professional, coordinated policy development and analysis and oversight to the governor, the legislature and state agencies so they can advance the state's policies and initiatives using appropriate and accurate data to make informed decisions for the prudent use of the public's tax dollars.					
Outcome	Error rate for eighteen-month general fund revenue forecast	2.75%	16.82%-FY06	3%	
Outcome	Percent of bond proceeds balances not reauthorized and older than five years for inactive projects that are reverted by June 30	90%	99%		
Outcome	Percent of bond proceeds older than five years that are expended, reauthorized or reverted			90%	90%
Outcome	Yield achieved by private investment managers exceeding the Merrill one- to three-year government index	90%	N/A		
Outcome	Return on state treasurer's office investments exceeding the board of finance approved state investment office internal benchmark, in basis points			5	
Output	Average number of bids received at competitive bond sales	3	11	3	7
Output	Date of bond sale following appropriate authorization and certificate of project readiness			June 30	June 30
Efficiency	Percent of state payments processed electronically				minimum
Quality	Unimpaired capital of fiscal agent			50%	50%
Outcome	Average number of working days to process budget adjustment requests			\$20.0	\$20 Million
Efficiency	Percent of operating budget requests approved by the state budget division and accepted by the financial control division as correct	5	5.5	5	5
Efficiency	Percent of budget adjustment requests approved by the state budget division within five days and accepted by the financial control division as correct			100%	
Quality	Percent of time the budget preparation and review system is operational	90%	88%	100%	
Outcome	New Mexico bond rating	AAA	AA+		
Quality	Level of general fund reserves maintained as a percent of recurring appropriations	9%	10.2%		
Output	Percent of key agencies reporting key performance data by specified deadlines	100%	76%		
Output	Number of state agency budget training sessions	4	12	4	
Output	Number of agencies monitored by a monthly budget monitoring and control system	5	0		
Efficiency	Percent of assigned fiscal impact reports completed within 48 hours			98%	
Outcome	Percent of policy recommendations ready for presentation to the office of the secretary on schedule			98%	
Output	Percent of public education department strategic plan education initiatives targets met	80%	57%		
Efficiency	Submit reports on the PED's implementation of reform initiatives			June 30	
Efficiency	Submit reports on implementation of the Assessment and Accountability Act			June 30	
Output	Percent of school districts reviewed for quality implementation of the annual evaluation component of the three-tiered licensure system	50%	100%	100%	100%
Outcome	Percent of decision-making policies of schools and school districts relating to the recruitment and retention of school employees reviewed			80%	
Output	Number of reports using information about education reform nationally and in other states to benchmark New Mexico's progress	2	2	4	3
Outcome	Percent change in distribution of educational newsletters			50%	
Output	Number of policies, rules or regulations recommended in office of education accountability reports that were adopted			5	

		<u>FY07 Target</u>	<u>FY07 Result</u>	<u>FY08 Target</u>	<u>FY09 Recomm</u>
Output	Number of principals and other staff aimed at increasing educational leaders ability to gather and use accountability data more effectively			150	
Output	Percent of state agencies monitored that are operating within available resources				100%
Output	Percent of state agency budgets monitored on a quarterly basis				100%

Program Support

The purpose of Program Support is to provide other Department of Finance and Administration programs with central direction to agency management processes to ensure consistency, legal compliance and financial integrity; to administer the executive's exempt salary plan; and to review and approve professional services contracts.

Output	Percent of department fund accounts reconciled within two months following the closing of each month	100%	N/A		
Output	Percent of monthly reconciliations completed within fifteen days of receiving central accounting system reports, correcting entries made within fifteen days of receiving central accounting system reports and correcting entries made within fifteen days aft	100%	N/A		
Output	Percent of applicable contracts containing at least one performance measure in all newly issued contracts procured through the request for proposals process	100%	100%	100%	
Output Quality	Replacement and full implementation of the financial system Number of "responsibility for the accounting function" standards achieved at the end of fiscal year	100%	100%		
Outcome	Percent of funds "certified in compliance" to the state controller as required, within 15 days after month end			90%	90%
Efficiency	Financial statements issued timely to include auditor's unqualified opinion, in days			90	
Output	Number of exceptions identified through post-audit and assurance procedures performed to include a sample of the transaction population in relation to predefined attributes			TBD	
Quality	Department of finance administration employee retention rate			TBD	
Outcome	Percent of contracts rejected			TBD	15%

Community Development, Local Government Assistance and Fiscal Oversight

The purpose of the Community Development, Local Government Assistance and Fiscal Oversight program is to provide federal and state oversight assistance to counties, municipalities and special districts with planning, implementation and development of fiscal management so that entities can maintain strong, lasting communities.

Output	Percent of community development block grant closeout letters issued within forty-five days of review of final report	70%	100%	95%	
Outcome	Percent of capital outlay projects closed by the reversion date	75%	N/A		
Outcome	Percent of capital appropriations older than five years that are closed			90%	
Outcome	Percent of water and wastewater infrastructure appropriations that were requested through the uniform application process			25%	
Output	Number of entities that submit projects through the uniform application process	183		TBD	
Output	Number of projects submitted through the uniform application process			TBD	
Outcome	Percent of eligible grant agreements sent out to local governments 45 days after the capital outlay bill is signed			95%	
Output	Number of capital project trainings held			4	
Outcome	Number of alcohol-related fatalities in New Mexico	183	41		
Outcome	Number of alcohol-related fatal crashes in New Mexico	158	167 (FY05)		
Quality	Percent of local government officials expressing satisfaction in training received	90%	90%	90%	
Outcome	Percent of local government entities provided with training within a period of two fiscal years			100%	
Quality	Percent of interim budget, final budget and budget resolutions approved by statutory deadlines	100%	100%		
Outcome	Percent of fiscal year financial reports submitted electronically by local governments			50%	
Outcome	Percent of capital appropriations managed by the community development bureau older than three years that are closed			65%	

		<u>FY07 Target</u>	<u>FY07 Result</u>	<u>FY08 Target</u>	<u>FY09 Recomm</u>
Outcome	Percent of acceptable payment requests processed within five working days of receipt			95%	
Outcome	Percent of state population served by enhanced landline service			90%	
Outcome	Percent of New Mexico communities served with wireless enhanced E-911 service	90%	83%	90%	
Outcome	Percent of state population served by wireless enhanced E-911 service			70%	
Output	Number of county site visits by E-911 staff			30	
Output	Number of county site visits by DWI staff			40	
Output	Satisfaction rating for training provided by the special programs bureau			90%	
Output	Percent of population served by Public Safety Answering Points (PSAPs) equipped to provide enhanced wireless service				90%
Output	Number of capital projects older than five years that are unexpended				180
Output	Dollar amount of capital projects older than five years that are unexpended				\$50.0 milli
Efficiency	Average number of days from availability of funds to grant award				75
Quality	Percent of tax rate certifications that are accurate in the initial submission to the local entity				99%
Output	Number of local entities participating in the Infrastructure Capital Improvement Planning program				325

Fiscal Management and Oversight

The purpose of the Fiscal Management and Oversight program is to provide for and promote financial accountability for public funds throughout state government and to provide state government agencies and the citizens of New Mexico with timely, factual and comprehensive information on the financial status and expenditures of the state.

Quality	Percent of time the central payroll system is operational	100%	100%		
Quality	Percent of time the central accounting system is operational	100%	97%		
Quality	Percent of business days SHARE is available to end-users			100%	
Efficiency	Average number of business days needed to process payments utilizing the SHARE system	2	3	2	
Efficiency	Length of time to issue the comprehensive annual financial report after the end of the fiscal year, in months	6 months	N/A	7 months	7 months
Quality	Number of state agencies achieving five or more of the six "responsibility for the accounting function" standards	50	N/A		
Output	Number of reissued warrants			TBD	
Outcome	Costs avoided due to SHARE best practice implementation, in millions			\$7.0	
Outcome	Savings realized through maintenance of a consolidated accounting, procurement and human resource system, in millions			3%	
Efficiency	Percent of payments made to vendors within the parameters set by the Procurement Code and contractual provisions				95%
Efficiency	Percent of payroll payments to employees made by the scheduled payday				100%
Efficiency	Percent of per-diem payments to employees made within three business days of receipt at the Financial Control Division				TBD

Executive Summary

The Public School Insurance Authority provides group health, property, liability, and workers compensation insurance to eligible educational entities.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	0.0	0.0	***
Total Sources	321,515.7	344,063.2	7.0
Program			
Benefits Program	268,865.9	286,289.8	6.5
Risk Program	51,462.5	56,513.8	9.8
Program Support	1,187.3	1,259.6	6.1
Total Uses	321,515.7	344,063.2	7.0
FTE	11.00	11.00	0.0

- The Executive recommendation reflects a \$22,547.5 increase over FY08.
- The Executive recommends an increase of \$21,649.2 in contractual services to fund increases in claim processing, payment, adjudication costs, and premiums for group health and risk insurance for FY09.
- The Executive recommendation includes \$27.2 for increased operating costs for building and other maintenance and for information technology supplies.

Agency Mission and Program Purpose

The Public School Insurance Authority (PSIA) provides comprehensive core insurance programs for public school districts (except for the Albuquerque district), charter schools and other educational entities in New Mexico. PSIA currently serves 173 institutions. PSIA provides insurance for over 25,000 employees and insures public school buildings worth over seven billion dollars as well as building contents and all vehicles. The agency is governed by an eleven-member board and is administered by an executive director.

Statutory Authority: Sections 22-29-1 through 22-29-10 NMSA 1978.

Benefits Program

The Benefits Program provides a group health insurance package to educational employees and their eligible family members to protect against personal financial losses due to medical problems, disability, or death. The program focuses on: providing a stable, comprehensive and cost-effective employee benefits plan; reducing the frequency and severity of medical claims; and educating the members on various healthcare and benefit issues. PSIA's benefits package includes health, prescription drugs, dental, vision, life, and long-term disability insurance. Member institutions may choose to offer some or all of these types of insurance to their employees.

The Benefits Program is funded by employer contributions and employee premiums from eligible institutions. PSIA's medical, prescription and dental programs are self-insured. In general, members' contributions and premiums must cover expected claim costs and administration fees. Vision, life, and long-term disability coverages are fully insured.

Risk Program

The Risk Program provides property, liability, and workers compensation programs to public educational entities. PSIA promotes the awareness of risk-management techniques to control the frequency and severity of loss. The program focuses on: providing a stable, comprehensive and cost-effective means of funding claims and lawsuits filed against member institutions; promoting a safe environment for students, employees and other users in member institutions; and reducing the frequency of events, which result in accidents and loss of resources for member institutions.

The Risk Program is funded by assessments on member institutions. The program is self-insured for claims up to \$750,000 and has taken out excess insurance coverage for any claims above that amount. Property coverage includes deductibles ranging from \$750 to \$25,000, as determined by the appraised value of the member's buildings.

Program Support

Program Support provides administrative support to the Benefits and Risk Programs, and assists the agency in delivering services to its constituents. Program Support is funded by a transfer from revenues received in the Benefits and Risk Programs.

Executive Recommendation

Agency Strategic Directions

PSIA continues to provide educational entities with comprehensive and cost-effective insurance protection. PSIA strives to provide the broadest coverage possible, using sound financial practices. In the Benefits Program, claims payments for FY05, FY06 and FY07 have been below the national trend by an average of 3%. Also, there has been a steady increase in the PSIA fund balance for the past four years. This has allowed the use of fund balance, and the annual premiums assessed PSIA's membership, to be a more moderate increase than anticipated. Budgeted use of fund balance for FY08 is \$7,257.9 and the use of fund balance in the FY09 Executive Recommendation is \$2,060.2. In FY08, the improvement in unrestricted cash reserves (fund balance) also allowed the projected medical increase of 7.4%, planned for October 1, 2007, to be deferred until February 1, 2008.

The cost-effectiveness of the Risk Program is much more difficult to assess, due to the nature of losses incurred. The Risk Program is very much affected by "acts of God". For example, floods, hail, snow and wind, and the damage sustained, are beyond the control of the PSIA. The events which can be influenced by the PSIA Loss Control Program have shown improvements. Safety audits of buildings, playgrounds and the work environment have reduced the frequency and severity of incidents. Training provided to the membership have shown that liability issues, such as employment-related claims and sexual molestation, are being provided the attention necessary to adequately control the potential losses. This can best be documented by the most recent actuarial study for the period ending June 30, 2007 (this study has not been approved by the Board of Directors as of the date of this publication). Initial projections indicated that claims reserving requirements would require an increase of approximately \$2.2 million. The actuarial study indicates

that just the opposite will occur. Instead of an increase of \$2.2 million, a reduction of \$1.2 million is anticipated. This is a direct result of actions taken in loss control services and training provided.

Because the cost of health care continues to rise, high utilization trends in the medical and prescription drug programs have required PSIA to implement plan changes and premium increases in order to control health care costs within the Benefits Program. PSIA's objective is to stabilize costs by evaluating provider reimbursement arrangements in relation to actual services delivered, in order to adjust insurance plans to minimize premium increases. In addition, PSIA continues to review prescription drug formulary and copay options that provide cost savings to the plan. PSIA also strives to manage the frequency and severity of medical claims by actively promoting preventative healthcare and educating members regarding healthcare services and benefit issues. A comprehensive health management program offering members health coaching services, health risk assessments, and self-care guides is part of PSIA's strategy to educate members to consume healthcare services wisely.

For the past several years, the Risk Program has incurred substantial losses within the property and liability coverage areas, which have resulted in increased costs for the program. Several factors have affected the increased costs. In the property area, the vast majority of increases can be attributed to water and hail damage claims. PSIA has taken several steps to address these increases, including revising deductible schedules as well as identifying abandoned school buildings. PSIA then asks school districts to remove these buildings from coverage. PSIA is also working with the Public School Facilities Authority to address maintenance and the condition of older buildings and to ensure new buildings are constructed properly.

The liability area has also experienced large increases relating to sexual molestation, violations of civil rights, and discrimination claims. In an effort to control costs, PSIA is working with the Public Education Department to develop policies designed to keep students safe. These measures include providing training to administrators and staff on the identification and procedures to be followed when inappropriate conduct is suspected.

Increases in property and liability claims payments have resulted in the Risk Program being underfunded, based on actuarial requirements to cover current and future liabilities. In FY07, premiums were increased substantially in an effort to restore the Risk Program's actuarial soundness. As a result, a \$9 million fund deficit was eliminated. Although the FY07 audit and actuarial reports have not been completed, all indications are that the Risk Program's fund balance will be a positive amount for the first time in several years. While FY08 premiums are being reduced from this elevated level, PSIA must still work to control the factors driving the increases in property and liability payments. FY08 is projected to result in continued losses for property and liability activities of approximately \$1 million.

PSIA continues to try to stabilize workers' compensation costs. While expenses are not increasing as rapidly as in the past, FY09 premiums are estimated to increase significantly after previous premium decreases that will result in losses of approximately \$700,000 for FY08. One major factor which has contributed to the program's increased costs is the rise in medical costs.

PSIA continues efforts to promote a safe environment for public education institutions by identifying and eliminating unsafe conditions and by providing training and enforcement of loss control rules. To reduce the frequency of civil-rights and other employment-related claims, PSIA provides training to improve awareness of proper procedures among all employees.

Key Elements of Recommendation

The Executive recommendation reflects an overall increase of \$22,547.5 or 7.0% in other revenues over the FY08 operating budget. The recommendation reflects a decrease of \$5,197.7 in the use of fund balance. The Executive recommends an increase of \$21,649.2 in contractual services to fund the increases in claim processing, payment, adjudication costs and premiums for group health and risk insurance for FY09. The Executive recommendation also includes \$27.2 for increased other costs for building and other maintenance and for information technology supplies.

For public schools, the employer's share of the cost increase is funded through General Fund. The net general fund cost increase to the public schools is estimated to be \$18.6 million, including Albuquerque Public Schools (APS). The recommendation for the Benefits Program reflects an increase of 8.6% to cover higher medical insurance costs that will translate into premium increases of 9.9% for educational employees and employers effective October 1, 2008. Estimated premium increases to educational employees are estimated to range from \$13 per month, for single coverage, to \$43 per month, for family coverage, depending on the type of insurance plan. Premium cost increases are being partially subsidized through use of slightly over \$2 million in fund balance.

The Risk Program recommendation includes an overall increase of 9.8% in revenues to reflect an estimated net increase in premium charges to educational entities of 10.2%. The increase in property and liability insurance is 10.1%, which represents a larger proportion of the budget, while workers compensation premiums are expected to increase by 10.6%. PSIA estimates a positive actuarial fund balance at the end of FY07. FY08 premiums are being decreased, while revised projections for both property and liability and workers compensation claims expenses indicate a deficit of approximately \$4 million. This negative fund balance, expected by the end of FY08, should be eliminated during FY09 by a surplus of revenues over expenditures in the same amount.

Performance Report

PSIA met or exceeded all but one of its performance targets for FY07. In the Benefits Program, the target for percent variance of dental premium change between the public school insurance authority and industry average was plus 4%, 1% greater than the target of less than or equal to 3%. The Risk Program substantially exceeded the target (less than or equal to 8%) of percent variance of workers' compensation premium change between public school insurance authority and industry average. The actual FY07 result for this measure was minus 35%, significantly higher than the target of less than or equal to 8%. PSIA has requested a workers compensation insurance broker to provide an explanation for this large variance. The target for percent of employees expressing satisfaction with group health benefits was not available for use in this recommendation. Based on the FY06 actual result of 89%, the Executive recommends increasing this target to 87% for FY09.

In the Risk Program, PSIA substantially exceeded the target for the number of workers compensation claims in the area of ergonomics. The target was set at 284 and the FY07 result was 40. The Executive recommends reducing this target from 176 for FY08 to 100 for FY09. The agency also exceeded the target for the number of educational entities enrolled in the risk insurance program. The target was set at 148 and the agency enrolled 158. The Executive recommendation is to increase the target for FY09 to 158 to more accurately reflect the actual results.

PSIA exceeded the target for satisfaction rating of administrative services provided to all programs in program support. The FY07 target was 85% and the actual result was 94.5%. The Executive recommends increasing the target for FY09 to 90% from the FY08 target of 85%.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 Operating <u>Budget</u>	Recom- mendation	FY09	
				<u>Budget to Recommendation</u> Dollar/FTE Change	<u>Percent</u> Change
SOURCES					
Other Transfers	1,102.3	1,187.3	1,259.6	72.3	6.1
Other Revenues	299,432.5	313,070.5	340,743.4	27,672.9	8.8
Fund Balance	0.0	7,257.9	2,060.2	-5,197.7	-71.6
TOTAL SOURCES	300,534.8	321,515.7	344,063.2	22,547.5	7.0
USES					
Personal Services and Employee Benefits	728.8	806.5	836.0	29.5	3.7
Contractual Services	282,475.6	319,318.9	341,737.4	22,418.5	7.0
Other	161.6	203.0	230.2	27.2	13.4
Other Financing Uses	1,102.3	1,187.3	1,259.6	72.3	6.1
TOTAL USES	284,468.3	321,515.7	344,063.2	22,547.5	7.0
FTE					
Permanent	10.00	11.00	11.00	0.00	0.0
TOTAL FTE POSITIONS	10.00	11.00	11.00	0.00	0.0

Benefits Program (Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 Operating <u>Budget</u>	Recom- mendation	FY09	
				<u>Budget to Recommendation</u> Dollar/FTE Change	<u>Percent</u> Change
SOURCES					
Other Revenues	241,098.9	261,608.0	284,229.6	22,621.6	8.6
Fund Balance	0.0	7,257.9	2,060.2	-5,197.7	-71.6
TOTAL SOURCES	241,098.9	268,865.9	286,289.8	17,423.9	6.5
USES					
Contractual Services	233,678.0	268,272.2	285,660.0	17,387.8	6.5
Other Financing Uses	551.2	593.7	629.8	36.1	6.1
TOTAL USES	234,229.2	268,865.9	286,289.8	17,423.9	6.5
FTE					
TOTAL FTE POSITIONS	0.00	0.00	0.00	0.00	***

Risk Program (Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- mendation	FY09	
				<u>Budget to Recommendation</u> Dollar Change	<u>Percent</u> Change
SOURCES					
Other Revenues	58,333.6	51,462.5	56,513.8	5,051.3	9.8
TOTAL SOURCES	58,333.6	51,462.5	56,513.8	5,051.3	9.8

Risk Program (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent</u> <u>Change</u>
USES					
Contractual Services	48,633.4	50,868.9	55,884.0	5,015.1	9.9
Other Financing Uses	551.1	593.6	629.8	36.2	6.1
TOTAL USES	49,184.5	51,462.5	56,513.8	5,051.3	9.8
FTE					
TOTAL FTE POSITIONS	0.00	0.00	0.00	0.00	***

Program Support (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
Other Transfers	1,102.3	1,187.3	1,259.6	72.3	6.1
TOTAL SOURCES	1,102.3	1,187.3	1,259.6	72.3	6.1
USES					
Personal Services and Employee Benefits	728.8	806.5	836.0	29.5	3.7
Contractual Services	164.2	177.8	193.4	15.6	8.8
Other	161.6	203.0	230.2	27.2	13.4
TOTAL USES	1,054.6	1,187.3	1,259.6	72.3	6.1
FTE					
Permanent	10.00	11.00	11.00	0.00	0.0
TOTAL FTE POSITIONS	10.00	11.00	11.00	0.00	0.0

Performance Measures

		FY07 <u>Target</u>	FY07 <u>Result</u>	FY08 <u>Target</u>	FY09 <u>Recomm</u>
Benefits Program					
To provide an effective health insurance package to educational employees and their eligible family members so they can be protected against catastrophic financial losses due to medical problems, disability, or death.					
Outcome	Average number of days to resolve customer-service-claims related inquiries and appeals	14	12	14	14
Outcome	Percent of participants receiving recommended preventive care	70%	TBD	70%	70%
Efficiency	Percent variance of medical premium change between the public school insurance authority and industry average	</=3%	-2.95%	</=3%	</=3%
Efficiency	Percent variance of dental premium change between the public school insurance authority and industry average	</=3%	+4%	</=3	</=3%
Quality	Percent of employees expressing satisfaction with group health benefits	86%	TBD	86%	87%
Output	Number of participants covered by health plans	59,000	60,309	61,000	61,000

Risk Program

To provide economical and comprehensive property, liability, and workers' compensation programs to educational entities so they are protected against injury and loss.

Outcome	Percent variance of public property premium change between public school insurance authority and industry average	</=15%	7%	</=15%	</=15%
Outcome	Percent variance of workers' compensation premium change between public school insurance authority and industry average	</=8%	-35%	</=7%	</=7%
Outcome	Percent variance of public liability premium change between public school insurance authority and industry average	</=8%	-12%	</=15%	</=15%
Outcome	Number of workers' compensation claims in the area of ergonomics	284	40	176	100
Quality	Percent of educational entities satisfied with risk insurance claim-processing service	98%	98%	98%	98%
Output	Number of educational entities enrolled in the risk insurance program	148	158	150	158
Output	Number of loss prevention training seminars	85	89	87	87

Program Support

To provide administrative support for the Benefits and Risk programs and to assist the agency in delivering services to its constituents.

Efficiency	Percent of employee files that contain performance appraisal development plans completed by employees anniversary dates	95%	100%	100%	100%
Efficiency	Satisfaction rating of administrative services provided to all programs	85%	94.5%	85%	90%
Outcome	Number of prior-year audit findings that recur	</=1	0	</=1	</=1

Executive Summary

The Retiree Health Care Authority provides comprehensive group health insurance to retirees of certain public service agencies in New Mexico and their dependents.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	8.9	10.0	12.4
Total Sources	187,398.6	212,223.8	13.2
Program			
Healthcare Benefits Administration	184,549.9	209,409.1	13.5
Program Support	2,839.8	2,804.7	-1.2
Discount Prescription Drug	8.9	10.0	12.4
Total Uses	187,398.6	212,223.8	13.2
FTE	24.00	24.00	0.0

- The Executive recommendation provides for an overall increase of \$24,825.2.
- The recommendation reflects an increase of 13.7% for medical claims and related costs.
- A \$1.1 General Fund increase in the Senior Prescription Drug Program is recommended to accommodate growth in this program.
- The recommendation supports a decrease of \$35.1 in Program Support.
- The recommendation includes a vacancy factor of 1% in personal services and employee benefits.

Agency Mission and Program Purpose

The Retiree Health Care Authority (RHCA) provides core group and optional health care benefits and life insurance for persons who have retired from state agencies and certain educational institutions, counties, cities, towns, villages and other public entities in New Mexico. Eligible retirees, their spouses, dependents and surviving spouses receive health insurance consisting of a plan or optional plans of benefits for which they pay premiums and co-payments or out-of-pocket payments as necessary. The agency is governed by a board composed of not more than 12 members and is administered by an executive director selected by the board.

RHCA was created in 1990 and is committed to advocating and sustaining an affordable, high-quality, comprehensive health care program for present and future eligible retirees and their dependents.

RHCA is a non-reverting agency. Funding is derived from employer contributions, employee contributions, retiree and dependent contributions, Taxation and Revenue Department suspense fund disbursements, and investment income.

Other than the \$10.0 the agency receives for the Discount Prescription Drug Program, formerly the Senior Prescription Drug Program, RHCA does not receive direct General Fund appropriations.

Statutory Authority: Sections 10-7C-1 through 10-7C-19 NMSA 1978.

Healthcare Benefits Administration

The Healthcare Benefits Administration Program manages the core group and optional health care benefits and life insurance provided to current and future eligible retirees and their dependents. The benefits plan offers medical, prescription drug, dental, vision, basic life, voluntary life and long-term care coverage. RHCA must generate sufficient revenue to pay for the incurred costs of health-related benefits that it provides to participants and build sufficient reserves to ensure the continued viability of the program. The program continues to increase enrollment. Participating employers in RHCA include all State of New Mexico agencies, all public school districts, 10 higher education institutions, 59 charter schools, 19 counties, 21 cities, 8 towns, 14 villages and 9 other public entities. Enrollment in the program includes over 29,000 retirees and 12,700 dependents.

Program Support

Program Support provides all administrative functions necessary to provide and process insurance benefits for retirees. The Program is funded from a transfer from the Healthcare Benefits Administration Program.

Discount Prescription Drug

This program provides a prescription drug discount card to any New Mexico resident. New Mexicans who are already enrolled in a prescription benefits plan also qualify for the card, which can provide discounts for prescriptions not covered by their current plan. The program was started in FY03 as a program targeted towards seniors but was expanded to all New Mexicans through a statutory change enacted in the 2006 session. As of the end of FY07, 6,642 individuals were enrolled in the program, an increase of 31.7% over the previous year.

Executive Recommendation

Agency Strategic Directions

RHCA strives to provide an ongoing high-quality health care and life insurance benefits program to eligible retirees at affordable rates so that they may have access to quality medical care. RHCA also works to provide an efficient and effective Discount Prescription Drug Program. RHCA's objective is to provide a reasonable variety of medical plans and other optional coverage that meet the needs of program participants. The rising cost of health care, pharmaceutical costs and low Medicare reimbursement levels to health care providers pose many challenges. One of the changes implemented to reduce projected cost increases has been the addition of non-Medicare preferred provider organization (PPO) plans.

In addition, RHCA participates in an interagency purchasing coalition with three other New Mexico entities for the procurement of prescription drugs benefits. As additional entities participate, prescription drug costs are projected to decrease. RHCA also implemented the federal Medicare Part D prescription drug benefit, which became effective January 1, 2006. Implementation of the new federal benefit has mitigated RHCA's prescription drug costs for approximately 55% of the program's members through a 28% federal subsidy on claims between \$250 and \$5,000. In the first calendar year of participation, this translated into approximately \$9 million in savings.

To ensure long-term viability of the program, RHCA's goal is to achieve and maintain a long-term

actuarial solvency period of at least 15 years. A 15-year solvency period means that RHCA will be able to pay all its expenses for fifteen years and is calculated based on estimated revenues and expenditures for those years. To achieve this, RHCA must adjust members' premium payments and implement benefit plan modifications as necessary to ensure this 15-year solvency period. However, some members of the RHCA HB 728 work group believe a more appropriate solvency goal is 25 years. Currently, the RHCA fund was determined to have an eight-year solvency. This was discovered when the solvency report's assumptions were updated; most specifically the participation rate was updated from 30% to 75%, causing a drop from a 25-year to an eight-year solvency period. Both the solvency and the other actuarial measurements will be addressed in the light of the fact that the program is currently a "pay as you go" benefit program and needs to migrate to a prefunded program, as is found in the funding of pension programs. In August, 2007, the RHCA Board approved a number of measures intended to extend the solvency period. The measures that will take effect January 1, 2008 include: move the self-funded Medicare prescription drug coverage to an RHCA sponsored prescription drug plan; adjust benefit designs including increases to certain co-payments and out-of-pocket expenses; and an average nine percent increase in premiums across the benefit plans, while committing to tying future premium increases to medical and pharmacy trends.

RHCA must now comply with a new standard set by the Government Accounting Standards Board (GASB). GASB Statement Number 43 requires state governments to disclose the cost of post-retirement benefits such as health care for its current employees by 2008. While there is no requirement that this future cost be funded in the current budget, it is important to know the total cost of the future benefits promised to employees. A GASB 43 valuation was produced and has placed the unfunded actuarial accrued liability (UAAL) at \$3.7 billion with the annual required contribution (ARC) at \$352 million. The gap between the ARC and actual contributions is about \$178 million.

The GASB 43 valuation prompted the enactment of HB 728 in 2007. The measure requires the study of the agency's financial status. The HB 728 work group includes participants from RHCA and the RHCA Board of Directors, the Governor's Office, the Legislative Council Service, Legislative Finance Committee and the Department of Finance and Administration. A final report of the group's findings and recommendations is due on December 15, 2007.

Key Elements of Recommendation

The Executive recommendation reflects an overall increase of 13.2% over FY08. The recommendation includes a 13.7% increase for medical claims and related costs in the Healthcare Benefits Administration Program. The additional funding is to accommodate an anticipated growth rate of 6% as well as inflation rate of 7.7% as predicted by industry experts. For FY09, retirees will only be paying 48.8% of the total cost of the health care provided by RHCA.

The Executive recommendation supports a decrease of \$35.1 for Program Support including actuarial services, postage and rent. The recommendation includes a vacancy factor of one percent for personal services and employee benefits.

The recommendation provides a \$1.1 increase in General Fund for the Senior Prescription Drug Program to accommodate the unanticipated growth in this program. The expenses associated with this program were inadvertently paid out of Program Support in FY07.

Performance Report

RHCA met or exceeded most of its performance targets for FY07. Total healthcare benefits program claims paid was below target level as was the average monthly per-participant claim cost, non-Medicare eligible. RHCA exceeded all of the Program Support and Discount Prescription Drug targets. In retrospect, however, the performance targets are now regarded as incomplete given the exclusion of targets related to the funding of the annual required contribution (ARC) needed to fund the unfunded accrued actuarial liability (UAAL). As expected, participation in the retiree healthcare program continues to increase. RHCA did not meet its target for minimum number of years of long term actuarial solvency. The agency exceeded the target for total revenue generated in millions. However, the cost of claims exceeded the total revenue generated by \$5.3 million. This excess of expense over revenue has been a trend over the past several years, resulting in the agency liquidating long term investments to meet claims costs. This has contributed to the reduction in solvency.

RHCA managed to keep dental premium increase below industry averages although the medical premium change exceeded industry averages. The claims experience in dental was not necessarily bad in the prior year, so the increase in premium was less. It is hard to compare the claims experience of RHCA medical to industry averages because its population includes mostly retirees from age 38 – 90, with the vast majority of them between 55 and 69 (Non-Medicare stops at 65). Industry averages include healthier people, from ages 0 – 37, that are not as likely to have the health issues of an older population.

The number of Prescription Drug Program participants has increased over the target level for FY08. The Executive recommends an increase to the target level for FY09 to accommodate this growth.

Recommended Language for the General Appropriation Act

The Executive recommends the following language be included in the General Appropriation Act of 2007 to clarify the fund to which reversions are due:

Any unexpended balance in the program support program of the retiree health care authority remaining at the end of fiscal year 2009 shall revert to the healthcare benefits administration program.

Budget Summary Tables

	Agency Budget Summary (Dollars in Thousands)			FY09	
	FY07	FY08	Recom- mendation	Budget to Recommendation	
	<u>Actuals</u>	<u>Operating Budget</u>		<u>Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	8.9	8.9	10.0	1.1	12.4
Other Transfers	0.0	0.0	2,804.7	2,804.7	***
Other Revenues	167,132.6	177,389.7	189,373.3	11,983.6	6.8
Fund Balance	13,500.0	10,000.0	20,035.8	10,035.8	100.4
TOTAL SOURCES	180,641.5	187,398.6	212,223.8	24,825.2	13.2

Agency Budget Summary
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent Change</u>
USES					
Personal Services and Employee Benefits	1,272.0	1,480.9	1,608.1	127.2	8.6
Contractual Services	166,428.6	182,211.6	207,151.0	24,939.4	13.7
Other	634.5	866.3	660.0	-206.3	-23.8
Other Financing Uses	2,802.6	2,839.8	2,804.7	-35.1	-1.2
TOTAL USES	171,137.7	187,398.6	212,223.8	24,825.2	13.2
FTE					
Permanent	24.00	24.00	24.00	0.00	0.0
TOTAL FTE POSITIONS	24.00	24.00	24.00	0.00	0.0

Healthcare Benefits Administration
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent Change</u>
SOURCES					
Other Revenues	164,662.4	174,549.9	189,373.3	14,823.4	8.5
Fund Balance	13,500.0	10,000.0	20,035.8	10,035.8	100.4
TOTAL SOURCES	178,162.4	184,549.9	209,409.1	24,859.2	13.5
USES					
Contractual Services	165,864.9	181,710.1	206,604.4	24,894.3	13.7
Other Financing Uses	2,802.6	2,839.8	2,804.7	-35.1	-1.2
TOTAL USES	168,667.5	184,549.9	209,409.1	24,859.2	13.5
FTE					
TOTAL FTE POSITIONS	0.00	0.00	0.00	0.00	***

Program Support
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent Change</u>
SOURCES					
Other Transfers	0.0	0.0	2,804.7	2,804.7	***
Other Revenues	2,470.2	2,839.8	0.0	-2,839.8	-100.0
TOTAL SOURCES	2,470.2	2,839.8	2,804.7	-35.1	-1.2
USES					
Personal Services and Employee Benefits	1,272.0	1,480.9	1,608.1	127.2	8.6
Contractual Services	563.7	501.5	546.6	45.1	9.0
Other	634.5	857.4	650.0	-207.4	-24.2
TOTAL USES	2,470.2	2,839.8	2,804.7	-35.1	-1.2
FTE					
Permanent	24.00	24.00	24.00	0.00	0.0
TOTAL FTE POSITIONS	24.00	24.00	24.00	0.00	0.0

		Discount Prescription Drug (Dollars in Thousands)			FY09	
		FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	<u>Budget to Recommendation</u> Dollar <u>Change</u>	Percent <u>Change</u>
SOURCES						
	General Fund Transfers	8.9	8.9	10.0	1.1	12.4
	TOTAL SOURCES	8.9	8.9	10.0	1.1	12.4
USES						
	Other	0.0	8.9	10.0	1.1	12.4
	TOTAL USES	0.0	8.9	10.0	1.1	12.4
FTE						
	TOTAL FTE POSITIONS	0.00	0.00	0.00	0.00	***

Performance Measures

		FY07 <u>Target</u>	FY07 <u>Result</u>	FY08 <u>Target</u>	FY09 <u>Recomm</u>
Healthcare Benefits Administration					
To provide core group and optional health care benefits and life insurance to current and future eligible retirees and their dependents so they may access covered and available core group and optional health care benefits and life insurance benefits when they need them.					
Output	Minimum number of years of long-term actuarial solvency	15	9	15	15
Outcome	Total revenue generated, in millions	\$161.9	\$164.6	\$177	\$189.0
Efficiency	Total revenue credited to the reserve fund, in millions		0		
Efficiency	Total healthcare benefits program claims paid, in millions	\$171.1	\$165.9	\$181	\$219
Efficiency	Average monthly per-participant claim cost, non-Medicare eligible	\$482	\$466.3	\$525	\$555
Output	Average monthly per-participant claim cost, Medicare eligible	\$283	\$257.5	\$299	\$346
Outcome	Percent of participants satisfied with the healthcare benefits program	83%	88%	85%	85%
Efficiency	Percent variance of medical premium change between retiree health care authority and industry average	+/-4%	5.2%	+/-4%	+/-4%
Efficiency	Percent variance of dental premium change between retiree health care authority and industry average	+/-2%	1.6%	+/-2%	+/-2%
Efficiency	Percent change in medical premium to participants	8%	8%	8%	8%
Efficiency	Average number of days to resolve customer service claims related to inquiries and appeals	7	7	7	7
Efficiency	Percent of medical plan premium subsidy	51%	56.1%	45%	45%
Explanatory	Number of retiree healthcare participants	35,190	38,991	40,750	43,800

Program Support

The purpose of Program Support is to provide administrative support for the Health Care Benefits Administration Program to assist the agency in delivering its services to its constituents.

Outcome	Number of prior-year audit findings that recur	2	0	1	0
Efficiency	Percent of employee files that contain performance appraisal development plans completed by employees anniversary date	95%	100%	100%	100%
Efficiency	Satisfaction rating of administrative services provided to all programs	80%	86%	80%	85%

Discount Prescription Drug

To administer the Discount Prescription Drug Program aimed at reducing prescription drug expenditures for those covered participants.

Output	Number of senior prescription drug program participants	4,500	6,642	5,500	7,500
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Executive Summary

The General Services Department provides consolidated business functions and services to state and local government agencies.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	16,776.9	17,655.3	5.2
Total Sources	471,811.8	526,610.0	11.6
Program			
Program Support	3,162.4	3,892.4	23.1
Procurement Services	2,131.2	2,121.0	-0.5
Information Technology	2,636.6	2,766.8	4.9
Risk Management	90,728.8	108,208.5	19.3
Employee Group Benefits	347,738.9	382,388.0	10.0
Business Office Space Management and Maintenance	14,320.6	15,151.2	5.8
Transportation Services	11,093.3	12,082.1	8.9
Total Uses	471,811.8	526,610.0	11.6
FTE	358.00	368.00	2.8

- The Executive recommendation includes \$74.8 and one FTE in the Risk Management program to provide actuarial support.
- The recommendation provides \$109.5 and one FTE in the Risk Management program for customer service staffing to manage agency and local public body premium development.
- The Executive recommendation includes \$232.4 and four FTE to improve the staff to workload ratio of the Risk Management Benefits Bureau to support increasing participation in the state's group health benefit program.
- \$260.0 is provided to create a Technology Systems and Support Bureau within Program Support.
- The recommendation includes \$45.5 and one FTE to improve the loss control staffing ratio in order to implement and maintain proactive processes in mitigating insurable loss.
- The Executive recommendation provides \$595.0 to hybridize existing vehicles and replace existing vehicles with hybrid models.

Agency Mission and Program Purpose

The General Services Department was created to make state government more efficient and responsive by consolidating government services delivery to achieve economies that would assist state agencies in performing their missions in a cost effective manner.

Statutory Authority: Section 9-17-3 NMSA 1978.

Program Support

The program, consisting of the Office of the Secretary and the Administrative Services Division, provides policy direction and oversight for the Department, including general administration, legal compliance, human resource management, fiscal services and financial management.

Procurement Services

The Procurement Services Program is responsible for the procurement of services, including construction and items of tangible personal property, for all state agencies except those excluded from the requirements of the Procurement Code. The program administers the Procurement Code for those state agencies not excluded from the requirement of procurement through the state purchasing agent.

State Printing Services

This program provides a wide variety of high-quality, cost-effective printing services for state and local government entities from basic business stationery to reports, banners, manuals and educational publications. The program also provides volume printing during legislative sessions of all proposed legislation, amendments, committee substitutes and reports.

Risk Management

The Risk Management Program protects the state's assets against property losses, public liability and workers' compensation claims, state and local public bodies unemployment compensation claims and surety bond losses. Major program responsibilities are comprehensive protection of buildings and their contents, fidelity bonds, general and automobile liabilities, physical damage, civil rights liability and medical malpractice. Loss control focuses on evaluating agency programs and recommending implementation of innovative approaches to promote safety and avoid losses.

Employee Group Benefits

The Employee Group Health Benefits Program designs and administers comprehensive group benefit plans for state employees and local public bodies to facilitate the recruitment and retention of qualified employees. The department is a member of the Interagency Benefits Advisory Committee (IBAC), which is responsible for consolidated purchasing of public employee health benefits. The group benefits plans offered are medical, pharmacy, dental, vision, life, disability, employee assistance and pre-tax flexible accounts. More than 80,000 state and local government employees and their dependents are covered by the Employee Group Health Benefits Program.

Business Office Space Management and Maintenance Services

This program maintains, cleans and operates 49 Santa Fe buildings, improvements, and grounds under the control of the department (approximately 1.5 million square feet), as well as the Albuquerque State Government Center and Fort Stanton in Lincoln County. The program also administers the state's natural gas marketing contract, develops implementation plans for energy and water conservation measures and pays the utility costs for the buildings under its purview.

Transportation Services

This program provides centralized state motor pool vehicle and aircraft transportation services, including long and short-term leasing of passenger vehicles and state aircraft. The program also makes federal surplus property available to state and local government entities and provides warehousing and distribution services.

Executive Recommendation*Agency Strategic Directions*

Transition at the General Services Department

Institutionalize Core Values in All General Services Department (GSD) Operations and Activities to Revitalize the Department and Transform Its Image. By enhancing professionalism and staff competency with training and mentoring and by strengthening collaboration with GSD business partners, GSD intends to significantly improve customer service.

Modernize and Streamline Government Purchasing Practices. GSD will continue efforts to introduce new technology resources and enhance use of strategic sourcing by leveraging the state's purchasing power to achieve "best value" agreements for goods and services that ensures fair competition and balances high quality with best price. GSD will expand procurement training for state and local governments and vendors. Compliance with the State Procurement Code is enhanced by implementing the state agency Procurement Advisory Council and the local public body Statewide Procurement Council. Renewed efforts to recruit and train small businesses will focus on how to participate in competition for state government business.

Manage State Assets With Comprehensive Master Planning and Best Practices. GSD will actively pursue cost-effective master planning to meet future growth needs and fully implement project management software to enhance tracking of project schedules and budgets, achieve maximum energy efficiency and water conservation building standards and improve the management, protection and preservation of statewide real estate assets.

Revitalize GSD's Financial Management Systems and Practices. GSD will work to address and correct audit findings through vigorous corrective action plans and monitoring. To enhance the financial management process, GSD will increase its staff training and cross-training, and establish standards for contract review and monitoring. GSD also plans to implement a paperless billing system for GSD customers.

Expand Health Benefits Programs to Uninsured and Underinsured New Mexicans. With this initiative, GSD will work in tandem with the *Insure New Mexico!* efforts of the Human Services Department to maximize health insurance coverage for public employees, their dependents, and New Mexico employees of companies doing business with the state. GSD will also continue the "Get Well New Mexico" campaign to promote employee health and wellness with the initial focus on smoking and obesity.

Implement Responsible and Environmentally Friendly Practices To Protect and Preserve Resources. GSD will implement the New Mexico Climate Change Program to reduce greenhouse gas emissions from state-owned vehicles and buildings, and to conserve energy. This initiative will also result in better landscape and watering practices, greater energy conservation by purchasing equipment and supplies that reduce utility use, and the careful application of products and practices that are sustainable and sensitive to air and water quality.

Implement Energy Saving, Fuel Efficient Practices Within the State Vehicle Fleet Operations. The state Transportation Services Division's (TSD) clean energy plan has targeted 2010 to achieve 15% renewable fuel usage for all state fleet vehicles. GSD will encourage manufacturers to offer more

alternative fuel vehicles for fleet operations and work to increase the availability of alternative fuels in New Mexico.

Increase Use of "Green", Renewable Energy in State Buildings. GSD Building Services Division (BSD) will continue a substantial purchase of renewable energy to meet electricity demands in state-owned buildings. GSD purchases 90% of the electricity used in buildings under its jurisdiction from renewable sources.

Reduce Business Risk and Enhance Protection of State Assets. GSD loss control programs are tailored to the needs and experience of each state agency and root cause analysis of losses is shared with customer agency managers, and prevention and mitigation training programs are offered at statewide locations.

Improve Dispute Prevention and Resolution in The Workplace Through Progressive and Meaningful Alternatives. The newly established Office of Dispute Prevention and Resolution will spearhead efforts to standardize and promote mediation, arbitration and other alternative dispute resolution strategies which foster conciliation of office conflicts and work related differences.

Expand High-Quality Affordable Printing and Graphic Services. State Printing and Graphic Services will expand its operation to provide direct services in Albuquerque and grow its state-of-the-art digital printing services.

Key Elements of Recommendation

The Executive recommendation provides for an overall increase of 5.2% in General Fund and 11.6% in total funds.

Program Support. In FY08, the Department of Information Technology was established and included the transfer of two GSD divisions and 10 Program Support staff. The Executive recommendation for FY09 provides a base increase of \$470.0 over FY08 levels to accommodate increased audit, salaries and benefits, telecommunication rates and other operational costs. The recommendation provides an expansion of \$260.0 and two FTE to create a Technical Services Support Bureau to provide information technology staff, and to support and maintain the agency's computer systems.

Procurement Services Program. The Executive recommendation provides a reduction of \$10.2 from FY08. This funding level accommodates increases in information systems services and personal services and benefits costs.

State Printing Program. The Executive base budget recommendation for FY09 includes an increase of \$130.2 over FY08 operating levels. This funding level accommodates increases in personal services and benefits, rent of equipment and supplies.

Risk Management Operating Program. To ensure that the Risk Management Division (RMD) can meet the increasing service demands resulting from the rapid growth in the state Employee Group Health Program, the Executive recommendation includes \$462.2 to expand the current staff by seven FTE. These positions, as well as the operating costs of RMD, are funded by operational assessments to the various risk funds. The positions include actuarial services, loss control support and customer service staffing.

Risk Management Funds Program. All risk management funds are recommended at \$96.8 million, the level requested by the agency. Insurance funds, included as part of this recommendation are: the Public Liability Fund; the Surety Bond Fund; the Public Property Reserve Fund; the Local Public Body Unemployment Compensation Fund; the Workers' Compensation Fund; and the State Employee Unemployment Compensation Fund. The combined Executive recommendation for FY09 reflects an increase of \$15.3 million over FY08. The increase as a percentage, occurred substantially in the Public Property Fund (200%) and in the Local Public Body Unemployment Fund (77.62%). The soundness (assets divided by actuarial estimated liabilities) of the Workers' Compensation Fund is critically low at approximately seven to eight percent. This percentage indicates that the fund has sufficiently more liabilities than assets needed to pay workers' compensation claims and other obligations. A 100% soundness level is achieved when assets equal liabilities. Because of the inadequate soundness, the fund ran out of money before the end of FY07. The Risk Management Advisory Board recommends that risk funds be at 50% soundness. The Executive recommendation provides a \$10 million increase in workers' compensation premiums to achieve 45% soundness.

The large increase in property insurance premiums is the result of increasing insurance costs due to natural disasters both in New Mexico and nationwide. The solvency of insurance companies was adversely impacted by last year's severe winter weather and heavy snowfall. The cost of construction materials has increased, driving up replacement costs for state-owned buildings and structures. The minimum losses covered by the state (deductible) have increased from \$100.0 per incident to \$500.0 per incident. Preliminary estimates suggest that the cost of obtaining property insurance will triple in FY08.

The increased funding for the Public Liability Fund is the result of an increase of 10% in the anticipated claims payments for FY08 as calculated by an actuary. Risk Management is implementing enhanced loss control and prevention training in an effort to reduce the state's liability exposure and mitigate future claims.

Employee Group Health Program. The Executive recommendation of \$382,388.0 supports the Risk Management Division's goal of keeping employee premiums as low as possible, while expanding the group health pool by attracting more local governments and higher educational institutions. This represents an increase of 9.6% over FY08. In FY08, participation in the Employee Group Health Program has grown to approximately 87,000 employees and dependants compared with 78,800 at the end of FY07, including the addition of seven local public bodies in the first half of FY08. In FY09, participation is expected to also grow significantly. This recommendation also supports the Executive's goal of achieving a healthy New Mexico by increasing the insurance options available to New Mexicans.

Business Office Maintenance Services Program. The Executive recommendation provides an increase of \$830.6 to accommodate increased rates for property insurance, maintenance services and utilities.

Transportation Services Program. The Executive base budget increase of \$318.1 results primarily from increased property insurance rates, personal services and benefits. The recommendation includes \$75.7 and one FTE for a pilot in the Aviation Division to reduce the use of temporary pilots. The Executive recommendation also provides \$895.0 for the purchase of hybrid vehicles as replacement vehicles and the hybridization of existing vehicles in the fleet.

Performance Report

Employee Group Health Program. Working toward the goals of *Insure New Mexico!*, the Risk Management Division is reaching out to employees of state and local governments alike to increase the number of New Mexicans covered under the state's Employee Group Health Program. Increasing the size of the insurance pool will also lower the stress of premium increases to program participants. No membership target was established for FY08; however, total growth in the number of covered state and local government employees and their dependents increased by nearly 33% from FY06 to mid-year of FY08 (approximately 20,000 participants), and is expected to increase significantly by the end of FY08. Most large government employers are already enrolled in the plan, and the goal for FY09 is to add ten smaller (less than 50 employee) local public bodies.

RMD attempts to keep annual premium increases lower than the average yearly increase in the health insurance industry. For FY07, the premium increase for the State Group Health Insurance Program was three percent less than the average increase throughout the industry.

Risk Management Program. Even with increases in medical costs and indemnity awards, RMD was able to exceed its FY07 target of reducing workers' compensation claims by 20% from FY06. Industrial trends indicate that this level of reduction in workers' compensation claims may be more difficult to reach in future years.

Business Office Maintenance Program. The Building Services Division (BSD) manages all state-owned buildings in Santa Fe and must provide a clean, safe and well maintained work environment for state employees. The cost of operating state buildings over the last six years has increased due to increases in utilities and maintenance costs, but the target measure of \$5.14 per square foot has remained unchanged through FY07. While paying salary and benefit increases, utilities, and maintenance costs, it is unreasonable to assume operating costs per square foot will remain unchanged. For FY07, the average operating cost per square foot for Santa Fe buildings was \$7.22, 40% above the target amount; however, it is four percent below the FY08 target of \$7.52, which is based on the Building Owners and Managers Association's (BOMA) 2004 published average public/private sector per-square-foot cost. The FY07 cost increase includes the purchase of utilities. GSD is one of the largest purchasers of renewable resources in the state with 90% of GSD electricity purchased from the Public Service Company of New Mexico's Blue Sky program.

Transportation Program. The Transportation Services Division (TSD) leases passenger cars, trucks, vans and other vehicles to state agencies, both on a long-term and short-term basis. In doing so, TSD must charge a lease rate which will recover the cost of vehicle maintenance, program administration and vehicle replacement. Of the 22 different classes of vehicles provided to agencies by TSD, the goal for FY07 was that 70% of those 22 classes (15) would have lease rates at least five percent lower than the average lease rates charged by the three lowest competitors for the same class of vehicle. TSD exceeded its goal by charging lease rates for all vehicle classes (100%) that were at least five percent lower than the competition.

Procurement Program. The *Save Smart* program was established to leverage the state's purchasing power to achieve the best price agreements for the purchase of goods and services. Targeted savings for FY07 were \$16,022.0, but the State Purchasing Division was able to realize savings for state government purchases of \$16,035.0.

The Small Business Assistance Program administered by the State Purchasing Division (SPD) provides assistance, training and information to help small businesses succeed in providing goods and services to state agencies. For FY07, the program set a target of a 50% increase in the number of small businesses doing business with state agencies, but achieved no increase. The lack of improvement was caused when the program was discontinued due to the loss of federal funds in September 2006. GSD was funded in FY07 to restore the program and has a 14% percent increase in clients assisted in the first quarter of FY08.

Budget Summary Tables

**Agency Budget Summary
(Dollars in Thousands)**

	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	13,625.9	16,776.9	17,655.3	878.4	5.2
Other Transfers	0.0	0.0	9,401.5	9,401.5	***
Other Revenues	335,224.0	451,665.1	497,554.0	45,888.9	10.2
Fund Balance	0.0	3,369.8	1,999.2	-1,370.6	-40.7
TOTAL SOURCES	348,849.9	471,811.8	526,610.0	54,798.2	11.6
USES					
Personal Services and Employee Benefits	15,800.1	18,831.7	20,259.0	1,427.3	7.6
Contractual Services	34,718.7	52,612.2	59,088.9	6,476.7	12.3
Other	291,248.6	394,675.5	437,860.6	43,185.1	10.9
Other Financing Uses	6,577.6	5,692.4	9,401.5	3,709.1	65.2
TOTAL USES	348,345.0	471,811.8	526,610.0	54,798.2	11.6
FTE					
Permanent	358.00	358.00	368.00	10.00	2.8
TOTAL FTE POSITIONS	358.00	358.00	368.00	10.00	2.8

**Program Support
(Dollars in Thousands)**

	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent Change</u>
SOURCES					
Other Transfers	0.0	0.0	3,892.4	3,892.4	***
Other Revenues	3,727.7	1,988.3	0.0	-1,988.3	-100.0
Fund Balance	0.0	1,174.1	0.0	-1,174.1	-100.0
TOTAL SOURCES	3,727.7	3,162.4	3,892.4	730.0	23.1
USES					
Personal Services and Employee Benefits	2,763.4	2,573.5	2,894.5	321.0	12.5
Contractual Services	43.2	197.6	332.5	134.9	68.3
Other	717.7	233.2	664.4	431.2	184.9
Other Financing Uses	44.3	158.1	1.0	-157.1	-99.4
TOTAL USES	3,568.6	3,162.4	3,892.4	730.0	23.1
FTE					
Permanent	38.00	38.00	40.00	2.00	5.3
TOTAL FTE POSITIONS	38.00	38.00	40.00	2.00	5.3

Procurement Services

(Dollars in Thousands)					
			FY09		
			<u>Budget to Recommendation</u>		
	<u>FY07</u>	<u>FY08</u>	<u>Recom-</u>	<u>Dollar</u>	<u>Percent</u>
	<u>Actuals</u>	<u>Budget</u>	<u>mendation</u>	<u>Change</u>	<u>Change</u>
SOURCES					
General Fund Transfers	1,268.7	1,625.2	1,662.3	37.1	2.3
Other Revenues	457.2	310.3	458.7	148.4	47.8
Fund Balance	0.0	195.7	0.0	-195.7	-100.0
TOTAL SOURCES	1,725.9	2,131.2	2,121.0	-10.2	-0.5
USES					
Personal Services and					
Employee Benefits	840.7	1,616.2	1,708.9	92.7	5.7
Contractual Services	18.5	34.3	35.0	0.7	2.0
Other	181.5	291.8	290.6	-1.2	-0.4
Other Financing Uses	62.0	188.9	86.5	-102.4	-54.2
TOTAL USES	1,102.7	2,131.2	2,121.0	-10.2	-0.5
FTE					
Permanent	26.00	26.00	26.00	0.00	0.0
TOTAL FTE POSITIONS	26.00	26.00	26.00	0.00	0.0

State Printing Services (Dollars in Thousands)					
			FY09		
			<u>Budget to Recommendation</u>		
	<u>FY07</u>	<u>FY08</u>	<u>Recom-</u>	<u>Dollar</u>	<u>Percent</u>
	<u>Actuals</u>	<u>Budget</u>	<u>mendation</u>	<u>Change</u>	<u>Change</u>
SOURCES					
Other Revenues	2,647.0	2,636.6	2,766.8	130.2	4.9
TOTAL SOURCES	2,647.0	2,636.6	2,766.8	130.2	4.9
USES					
Personal Services and					
Employee Benefits	1,289.8	1,235.9	1,365.6	129.7	10.5
Contractual Services	0.0	13.0	13.0	0.0	0.0
Other	111.4	1,312.2	1,325.7	13.5	1.0
Other Financing Uses	0.0	75.5	62.5	-13.0	-17.2
TOTAL USES	1,401.2	2,636.6	2,766.8	130.2	4.9
FTE					
Permanent	26.00	26.00	26.00	0.00	0.0
TOTAL FTE POSITIONS	26.00	26.00	26.00	0.00	0.0

Risk Management (Dollars in Thousands)					
			FY09		
			<u>Budget to Recommendation</u>		
	<u>FY07</u>	<u>FY08</u>	<u>Recom-</u>	<u>Dollar</u>	<u>Percent</u>
	<u>Actuals</u>	<u>Budget</u>	<u>mendation</u>	<u>Change</u>	<u>Change</u>
SOURCES					
Other Transfers	0.0	0.0	5,509.1	5,509.1	***
Other Revenues	75,830.8	90,228.8	101,699.4	11,470.6	12.7
Fund Balance	0.0	500.0	1,000.0	500.0	100.0
TOTAL SOURCES	75,830.8	90,728.8	108,208.5	17,479.7	19.3
USES					
Personal Services and					
Employee Benefits	3,500.4	3,785.0	4,309.8	524.8	13.9
Contractual Services	16,769.9	32,288.6	35,808.7	3,520.1	10.9
Other	33,694.5	50,932.9	61,531.7	10,598.8	20.8
Other Financing Uses	5,415.2	3,722.3	6,558.3	2,836.0	76.2
TOTAL USES	59,380.0	90,728.8	108,208.5	17,479.7	19.3

Risk Management
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar Change	Percent Change
FTE					
Permanent	58.00	58.00	65.00	7.00	12.1
TOTAL FTE POSITIONS	58.00	58.00	65.00	7.00	12.1

Employee Group Benefits
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar Change	Percent Change
SOURCES					
Other Revenues	243,678.4	347,738.9	381,388.8	33,649.9	9.7
Fund Balance	0.0	0.0	999.2	999.2	***
TOTAL SOURCES	243,678.4	347,738.9	382,388.0	34,649.1	10.0
USES					
Contractual Services	16,704.4	19,600.0	22,356.4	2,756.4	14.1
Other	245,512.2	327,257.0	357,843.6	30,586.6	9.3
Other Financing Uses	881.9	881.9	2,188.0	1,306.1	148.1
TOTAL USES	263,098.5	347,738.9	382,388.0	34,649.1	10.0
FTE					
TOTAL FTE POSITIONS	0.00	0.00	0.00	0.00	***

Business Office Space Management and Maintenance Services
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar Change	Percent Change
SOURCES					
General Fund Transfers	11,535.4	14,320.6	15,151.2	830.6	5.8
TOTAL SOURCES	11,535.4	14,320.6	15,151.2	830.6	5.8
USES					
Personal Services and Employee Benefits	5,632.2	7,442.5	7,804.1	361.6	4.9
Contractual Services	471.1	446.0	509.3	63.3	14.2
Other	4,756.0	6,094.5	6,675.1	580.6	9.5
Other Financing Uses	174.2	337.6	162.7	-174.9	-51.8
TOTAL USES	11,033.5	14,320.6	15,151.2	830.6	5.8
FTE					
Permanent	173.00	173.00	173.00	0.00	0.0
TOTAL FTE POSITIONS	173.00	173.00	173.00	0.00	0.0

		Transportation Services (Dollars in Thousands)			FY09	
		FY07	FY08	Recom-	Budget to Recommendation	
		Actuals	Budget	mendation	Dollar	Percent
					Change	Change
SOURCES						
	General Fund Transfers	821.8	831.1	841.8	10.7	1.3
	Other Revenues	8,882.9	8,762.2	11,240.3	2,478.1	28.3
	Fund Balance	0.0	1,500.0	0.0	-1,500.0	-100.0
	TOTAL SOURCES	9,704.7	11,093.3	12,082.1	988.8	8.9
USES						
	Personal Services and					
	Employee Benefits	1,773.6	2,178.6	2,176.1	-2.5	-0.1
	Contractual Services	711.6	32.7	34.0	1.3	4.0
	Other	6,275.3	8,553.9	9,529.5	975.6	11.4
	Other Financing Uses	0.0	328.1	342.5	14.4	4.4
	TOTAL USES	8,760.5	11,093.3	12,082.1	988.8	8.9
FTE						
	Permanent	37.00	37.00	38.00	1.00	2.7
	TOTAL FTE POSITIONS	37.00	37.00	38.00	1.00	2.7

Performance Measures

		FY07	FY07	FY08	FY09
		Target	Result	Target	Recomm
Program Support					
To manage the program performance process to demonstrate success.					
Quality	Average time to respond to legislative requests for information		2 days		
Explanatory	Dollar value of aged accounts receivable (30, 60, 90 days)	\$20,000,000		\$20,344.2	
Efficiency	Percent of employee files that contain current performance appraisal development plans completed by the department's established focal period		99%		
Outcome	Percent of audit corrective action plan commitments completed on schedule			85%	85%
Quality	Percent of prior year audit findings resolved		70%	25%	95%
Quality	Percent of GSD customers satisfied with internal IT services		new service	85%	85%
Quality	Percent of GSD internal customers satisfied with ASD services			58.4%	85%
Output	Percent of accounts receivable dollars collected within 60 days of the invoice due date			95%	95%
Efficiency	Average number of working days to process purchase orders and invoices			baseline	PO4/Inv8
Quality	Percent of external customers satisfied with GSD billing services		new measure	85%	85%
Procurement Services					
The purpose of the Procurement Services Program is to procure and support the procurement of tangible personal property, services and construction for government entities to ensure compliance with the Procurement Code so that agencies can perform their missions in an efficient and responsive manner.					
Output	Percent increase in small business clients		0%	0%	10%
Outcome	Percent of all price agreement renewals considered for "best value" strategic sourcing option				5%
Output	Total annual audited savings from the save smart New Mexico program in thousands	\$16,022.0		\$36,991.0	\$42,000.0
Efficiency	Average cycle-completion times for construction projects, in days		50	103.3	
Efficiency	Average cycle-completion times for small purchases, in days		15		
Efficiency	Average cycle-completion times for tangible products and services, in days		45		
Efficiency	Average cycle-completion times for information technology projects, in days		80		

		<u>FY07 Target</u>	<u>FY07 Result</u>	<u>FY08 Target</u>	<u>FY09 Recomm</u>
Quality	Percent of customers satisfied with procurement services	95%	58.8%	69%	80%
Outcome	Number of small business clients assisted			50	75
Output	Number of government employees trained on Procurement Code compliance and methods	300	810	500	500

State Printing Services

The purpose of the State Printing and Graphic Art Services Program is to provide cost-effective printing and publishing services for governmental agencies.

Efficiency	Percentage of printing operations that break even, including sixty days of operating reserve	75%	71.5%	95%	95%
Outcome	Compliance with federal cost reimbursement rules	100%	100%		
Efficiency	Percent of individual communication services that break even, including sixty days of operating reserve	91%	106%		
Quality	Customer satisfaction with printing and graphics services	85%	Not Rpt		
Output	Revenue generated per employee compared with previous fiscal year			\$101,000	\$128,000
Outcome	Sales growth in state printing revenue compared with previous fiscal year			40%	25%

Risk Management

The purpose of the risk management program is to protect the state's assets against property losses, public liability and workers' compensation claims, state and local public bodies unemployment compensation claims and surety bond losses so that agencies can perform their missions in an efficient and responsive manner.

Outcome	Percent decrease of state government workers' compensation claims	6%	20%		
Quality	Percent of public property clients rating the risk management program's claims processing services as satisfactory or better	95%	82%		
Output	Number of new liability claims	TBD			
Output	Dollar value of new liability claims	TBD			
Output	Number of risk prevention programs offered in high-claim agencies to prevent future claims	8	8		
Outcome	Number of state workers' compensation claimants on modified duty (early return to work)			550	
Explanatory	Projected financial position of the Public Property Fund		283%	400%	300%
Explanatory	Projected financial position of Workers Compensation Fund		8%	35%	50%
Explanatory	Projected financial position of state and local Unemployment Funds		19.9%	25%	30%
Explanatory	Projected financial position of the Public Liability Fund		40%	45%	50%
Outcome	Percent of total liability claims resolved without litigation		90%	75%	85%
Output	Percent of total RMD accounts receivable dollars uncollected 120 days after invoice due date			20%	

Employee Group Benefits

The purpose of the employee group health benefits program is to effectively administer comprehensive health-benefit plans to state and local government employees.

Efficiency	Percent change in state employee medical premium lower than industry average	</=3%	3%	3%	3%
Efficiency	Percent of employees expressing satisfaction with the group health benefits	90%			
Efficiency	Percent change in dental premium compared to the national average	</=3%	12%	</=3%	</=3%
Output	Number of state employees participating in state group health plan	20,000	20,218		
Output	Percent of state employees earning less than \$25,000 who participate in state employee health plan	TBD			
Outcome	Percentage of state group prescriptions filled with generic drugs		70%	75%	80%
Explanatory	Percent of eligible state employees purchasing state health insurance		88%	89%	90%
Outcome	Number of small local public bodies (fewer than 50 employees) newly enrolled in state group health plans		5	5	10

		<u>FY07</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>
		<u>Target</u>	<u>Result</u>	<u>Target</u>	<u>Recomm</u>
Business Office Space Management and Maintenance Services					
The purpose of the Business Office Maintenance Services Program is to provide effective maintenance and protection of Santa Fe area office buildings.					
Quality	Percent of customers satisfied with custodial and maintenance services	90%	90%	90%	92%
Efficiency	Percent increase in average cost per square foot of both leased and owned office space in Santa Fe	1%	estimated		
Explanatory	Percent of state-controlled space occupied	90%	89.6	90%	90%
Outcome	Average number of days to process lease requests	150			
Efficiency	Operating costs per square foot in Santa Fe for state-owned buildings	\$5.14	\$7.22	\$7.52	\$7.52
Quality	Percent of customers satisfied with property control services	95%	95.7%	95%	95%
Efficiency	Percent of property control capital projects on schedule within approved budget	90%	90%	90%	90%
Efficiency	Percent of operating costs for Santa Fe state-owned buildings below industry standard			</=5%	</=5%
Output	Percent of fully funded projects under \$500,000 in warranty within 18 months of budget approval			85%	85%
Output	Number of funded projects greater than \$500,000 not complete				baseline
Outcome	Annual percent reduction of greenhouse gas emissions for state-owned buildings served by Building Services Division			3%	3%
Quality	Percent of Building Services Division employees satisfied with administrative support, management direction and employee training			85%	87%
Output	Percent of major facility equipment replaced in Santa Fe buildings that reached expected life			80%	85%
Explanatory	Unspent dollars for projects greater than \$1 million				baseline
Outcome	Percent of electricity purchased by state agencies from renewable energy sources		10%	90%	90%
Transportation Services					
The purpose of the Transportation Services Program is to provide centralized administration of the state's motor pool and aircraft transportation services so that agencies can perform their missions in a cost-efficient and responsive manner.					
Outcome	Reduce greenhouse gas emissions from Transportation Service Division passenger vehicles			baseline	10%
Efficiency	Percent of long-term auto lease rates that are five percent lower than the average of the three lowest competitors	70%			
Efficiency	Percent of short-term auto lease rates that are five percent lower than the average of the three lowest competitors	70%			
Efficiency	Percent of aviation rates that are five percent lower than the average of the three lowest competitors	70%			
Quality	Percent of customers satisfied with vehicle lease services	95%			
Efficiency	Percent of aircraft expenditures paid by enterprise revenues	100%	Not Rpt		
Explanatory	Percent of short-term vehicle utilization	80%	67%	80%	80%
Efficiency	Percent of individual vehicle lease services that break even, including sixty days of operating reserve	90%	100%	100%	100%
Efficiency	Percent of individual aircraft services that break even, including sixty days of operating reserve	70%	Not Rpt		
Output	Percent of cars and other light-duty vehicles purchased by state agencies that exceed existing CAFÉ standards for passenger vehicles			94.5%	94.5%
Output	Percent of total transportation fuels used by state agencies that are produced from renewable sources			baseline	10%
Efficiency	Percent of total available aircraft fleet hours utilized		75%	85%	90%
Efficiency	Percent of passenger vehicle lease revenues to expenses	100%	100%	100%	100%
Output	Percent of total Transportation Services Division accounts receivable dollars uncollected 120 days after invoice due date		41.4%	20%	20%
Explanatory	Percent of state vehicle fleet beyond 5-year / 60,000 miles standard.			baseline	50%

Executive Summary

The Educational Retirement Board’s mission is to provide secure retirement benefits for its active and retired members from school districts, higher education and educational agencies.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	0.0	0.0	***
Total Sources	30,051.2	32,348.9	7.6
Program			
Educational Retirement Board	30,051.2	32,348.9	7.6
Total Uses	30,051.2	32,348.9	7.6
FTE	53.00	57.00	7.5

- The Executive recommends an increase of \$1,787.3 to fund the increase in money management fees for FY09. The amount paid is based on the growth of the assets in the fund and the further diversification into alternative investments.
- Also included in the Executive recommendation is \$82.3 to enhance information technology services to improve the level of service provided to its members.
- Recommended expansions include two FTE for accounting and operations functions to assist with the increased workload associated with expanded investment opportunities, and two term positions to perform data cleansing functions in order to improve response time for retiree requests.

Agency Mission and Program Purpose

The Educational Retirement Board (ERB) is the administrator of a multi-employer retirement fund which is governed by the Educational Retirement Act. The plan is a qualified, defined benefit retirement plan for employees of public schools, public institutions of higher learning and selected state agencies.

ERB has the following members: 26,100 retirees and beneficiaries; 63,362 active members; and 25,428 inactive vested members. ERB provides retirement benefits for its active and retired members from school districts, higher education and educational agencies. This is accomplished by: prudently managing the financial assets of the fund; providing prompt, courteous and accurate responses to members’ inquiries; counseling members on an individual basis about retirement issues; educating members about both the financial and personal aspects of retirement; and soliciting member input for improving services.

The agency is governed by: a seven-member board composed of the Secretary of Public Education and the State Treasurer (both ex-officio); one member elected by New Mexico members of the American Association of Educational Retirees; one member elected by the members of the National Educational Association of New Mexico; one member elected by the New Mexico members of the American Association of University Professors; and two members appointed by the Governor.

At June 30, 2007, the ERB fund was valued at \$9.439 billion compared with \$8.167 billion at June 30, 2006.

Statutory Authority: Sections 22-11-1 through 22-11-52 NMSA 1978.

Executive Recommendation

Agency Strategic Directions

ERB will strive to improve service and communications to active and retired members. ERB continues to optimize the return on the retirement fund to meet future benefit goals through strategic planning and premium research. Through prudent actions, ERB will strive to return the fund to actuarial soundness.

Laws 2005, Chapter 273, was a major step towards solvency for the Educational Retirement Plan. The Legislature and Governor took bold and decisive action in correcting an underfunded situation. Both employees and employers were asked to gradually provide increased contributions over a period of seven years for employers and four years for employees. When these statutory increases are fully implemented, the combined contribution rate will be 21.8%, which is what ERB's actuaries calculate is the appropriate contribution rate.

Additionally, through legislation, ERB has been authorized to enhance its portfolio diversification and investment potential through adoption of the prudent man rule. Expanding ERB's investment opportunities provides the ground work for an asset allocation which maximizes opportunities to attain the targeted long-term average 8% rate of return.

The Educational Retirement Board has systematically, but cautiously, moved into investment strategies devised to enhance investment opportunities. (Increased employer/employee contributions, expanded investment authority, above average portfolio management, and the bull markets of recent times, have enabled ERB to make positive gains on solvency issues). While the current expected funding period is still "infinite" ERB expects to meet the GASB required 30-year funding period between FY10 and FY11. The infinite funding period does not take into account the future scheduled contribution increases because GASB does not allow ERB to recognize higher contribution rates that have not yet become effective. The unfunded liability (estimated at June 30, 2007) has decreased by about \$100 million since the prior valuation, from \$3.6 billion to \$3.5 billion. It is projected to continue decreasing in the future. The funded ratio is projected to reach 80% by the end of FY11. Essential to achieving this goal, is maintaining the increased employer/employee contributions required in legislation. Continued commitment to this long range goal is critical to insuring fund stability.

Key Elements of Recommendation

The Executive Recommendation reflects an overall increase of \$2,297.7 in other revenues over the FY08 operating budget. The Executive recommends an overall increase of \$1,787.3 in contractual services to fund the increases in money management fees for FY09, and enhanced information technology services. The ERB fund value increased \$1,272 billion from FY06 to FY07, 15.5%. The recommended increase in money manager fees is 9.2%

The Executive recommendation includes two accounting FTE and one financial FTE to assist with the workload associated with the diversification of the ERB fund into non-traditional investments which significantly increased the work load of the operations and investment staff. In addition, two term positions are recommended to create a data cleansing team, who will cleanse all of the incoming and existing data maintained on the IRIS system. This will decrease the response time for retirement processing.

Performance Report

ERB met or exceeded five out of ten performance targets for FY07. ERB did not meet the target for the average number of days to process refund requests and the average number of days to respond to request for benefit estimates and purchase of service requests due to the implementation of the new IRIS system and the stabilization of this retirement system. ERB did not meet the target for the funding period of unfunded actuarial accrued liability in years. This issue is being addressed by incremental increases in contributions that are not currently recognized due to GASB rules. These increases will be fully implemented on or after July 1, 2008. The performance target for the number of benefit estimates and purchase-of-service requests, computed annually, was not met because ERB only responds to requests, and 2,495 fewer service requests were received in FY07 than the 6,000 FY07 target. The recommended target for the number of benefit estimates and purchase-of-service requests computed annually has been reduced for FY09 to more accurately reflect the actual number of requests received by the ERB. ERB did not meet the goal of 100% completion of the new retirement system. ERB is currently implementing the third phase, the web design, which could not be scheduled until the system had been stabilized. This phase is scheduled to be completed by the end of FY08.

Recommended Language for the General Appropriation Act

The other state funds appropriation to the educational retirement board in the contractual services category includes twenty-five million three hundred sixty thousand seven hundred dollars (\$25,360,700) to be used only for investment manager fees.

The other state funds appropriation to the educational retirement board in the contractual services category includes five hundred twenty-five thousand dollars (\$525,000) for payment of custody services associated with the fiscal agent contract.

Budget Summary Tables**Agency Budget Summary
(Dollars in Thousands)**

	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY09	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
Other Revenues	25,779.9	30,051.2	32,348.9	2,297.7	7.6
TOTAL SOURCES	25,779.9	30,051.2	32,348.9	2,297.7	7.6
USES					
Personal Services and Employee Benefits	3,439.7	3,787.1	3,996.2	209.1	5.5
Contractual Services	21,526.5	25,485.7	27,551.8	2,066.1	8.1
Other	813.7	778.4	800.9	22.5	2.9
TOTAL USES	25,779.9	30,051.2	32,348.9	2,297.7	7.6
FTE					
Permanent	50.00	53.00	55.00	2.00	3.8
Term	0.00	0.00	2.00	2.00	***
TOTAL FTE POSITIONS	50.00	53.00	57.00	4.00	7.5

Performance Measures

		<u>FY07 Target</u>	<u>FY07 Result</u>	<u>FY08 Target</u>	<u>FY09 Recomm</u>
Educational Retirement					
To provide secure retirement benefits to active and retired members so they can have a secure monthly benefit when their career is finished.					
Outcome	Average rate of return over a cumulative five-year period	8%	11.5%	8%	8%
Outcome	Average number of days to process refund requests	15	30	15	15
Outcome	Funding period of unfunded actuarial accrued liability in years	<=30	Infinite	<=30	<=30
Outcome	Percent of member satisfaction with seminars and trainings	95%	98%	95%	95%
Output	Average number of days to respond to request for benefit estimates and purchase of service request	20	24	20	20
Output	Percent of retirement applications processed within sixty days	95%	96%	95%	95%
Output	Number of benefit estimates and purchase of service requests computed annually	6,000	3,505	6,250	6000
Output	Number of member workshops conducted	27	42	27	30
Output	Percent completion of the new pension systems	100%	89%	N/A	
Quality	Percent of accurately computed retirements	99.5%	99.5%	99.5%	99.5%

Executive Summary

The New Mexico Sentencing Commission makes recommendations on policy matters relating to criminal justice by focusing on evaluating which offenders need incarceration and which can safely be managed in the community. New legislation has increased the focus on managing sex offenders.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	819.9	819.9	0.0
Total Sources	819.9	849.9	3.7
Program			
New Mexico Sentencing Commission	819.9	849.9	3.7
Total Uses	819.9	849.9	3.7
FTE	0.00	0.00	***

- The Executive recommendation provides an additional \$30.0 in transfers from the Department of Finance and Administration for an annual study on the distribution of a recurring appropriation to county jails across the State.

Agency Mission and Program Purpose

The purpose of the New Mexico Sentencing Commission (NMSC) is to provide information, analysis, recommendations and assistance from a coordinated cross-agency perspective. The commission has no staff and services are provided by contract with the University of New Mexico.

NMSC is statutorily mandated to: (1) advise all branches of government on policy matters relating to criminal and juvenile justice; (2) annually assess, monitor and report to the Legislature on the impact of enacted sentencing standards and guidelines on correctional resources and the need for further sentencing reform; (3) conduct research on the use and effectiveness of guidelines, prosecution standards, offense charges, plea bargains, sentences, probation and parole and any other matters related to the justice system; and (4) serve as a clearinghouse for collection, analysis and dissemination of information relating to felony charges, plea agreements, convictions, sentences, time served and actual and projected inmate population.

The commission has five committees: Sex Offender Management Board Treatment Group; Data Committee; Sentencing Reform; Juvenile Justice; and Legislative Committee.

NMSC activities include: determining the number of inmates subject to reduced time for meritorious behavior and post-release average reduction in sentencing under the Earned Meritorious Deduction policy; conducting research projects for the Sex Offender Management Board (SOMB); and performing programming to receive, sort and analyze data from the courts, Corrections Department, Children, Youth and Families Department (CYFD), Department of Public Safety, Public Defender Department and the Administrative Office of the District Attorneys.

Statutory Authority: Sections 9-3-10 through 9-3-10.2 NMSA 1978.

Executive Recommendation

Agency Strategic Directions

NMSC directly supports the Governor's Performance and Accountability policy for *A Safer New Mexico*. The offender-query, a secure web-based tool, will continue to enable law enforcement as well as probation and parole offices access to an offender's status and previous criminal records. The Uniform Charge Code ensures consistent entry and tracking of criminal offenses. The Executive encourages NMSC to evaluate and, if needed, recommend changes in the truth-in-sentencing and habitual-offender laws. The evaluation should include mandatory sentences, reform of drug laws and parole options.

NMSC will also study the cost of incarceration with available alternatives such as drug courts and electronic monitoring, and make recommendations based upon the severity of the offense.

Key Elements of Recommendation

The Executive recommendation provides General Fund for this agency at FY08 operating levels. It also provides an additional recurring \$30.0 in transfers from the Department of Finance and Administration to commission an annual study on the distribution of a recurring appropriation to county jails across the State.

Performance Report

The Sentencing Commission continues to meet its performance goal of analyzing 100% of criminal and juvenile justice bills during legislative sessions. The Executive encourages the agency to maintain its work with the Attorney General's Office, Office of the District Attorney, Administrative Office of the Courts, and the Public Defender Department to coordinate the future needs of the justice-related agencies.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY09	
				<u>Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	659.9	819.9	819.9	0.0	0.0
Other Transfers	0.0	0.0	30.0	30.0	***
TOTAL SOURCES	659.9	819.9	849.9	30.0	3.7
USES					
Contractual Services	653.9	813.9	841.4	27.5	3.4
Other	6.0	6.0	8.5	2.5	41.7
TOTAL USES	659.9	819.9	849.9	30.0	3.7
FTE					
TOTAL FTE POSITIONS	0.00	0.00	0.00	0.00	***

Performance Measures

		<u>FY07</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>
		<u>Target</u>	<u>Result</u>	<u>Target</u>	<u>Recomm</u>
New Mexico Sentencing Commission					
To provide information, analysis, recommendations, and assistance from a coordinated cross-agency perspective to the three branches of government and interested citizens so they have the resources they need to make policy decisions that benefit the criminal and juvenile justice systems.					
Output	Percent of criminal and juvenile justice bills analyzed for a legislative session	100%	100%	100%	100%
Output	Number of research projects completed	11	13	11	12
Output	Number of website hits per month	50,000	250,000	50,000	
Outcome	Number of uses of offender query by justice personnel per month				100,000

Executive Summary

The Public Defender Department provides legal representation to indigent persons charged with crimes where the sentence may include imprisonment or the death penalty.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	41,028.6	42,093.0	2.6
Total Sources	41,178.6	42,277.0	2.7
Program			
Public Defender Department	41,178.6	42,277.0	2.7
Total Uses	41,178.6	42,277.0	2.7
FTE	379.00	387.00	2.1

- The Executive recommendation includes a General Fund increase of \$416.0 for FY09 to accommodate increased personal services and benefits and contractual services costs.
- The recommendation includes a 6.5% vacancy factor for personal services and employee benefits.
- The Executive recommends \$648.4 in General Fund to hire four new attorneys and four legal support staff.
- Contract services are increased from the FY08 level to accommodate an additional \$100.0 for expert witness fees.

Agency Mission and Program Purpose

The Public Defender Department's (PDD) mission is to provide effective, high-quality legal representation to every person who is financially unable to obtain legal counsel. Persons served must be charged with a crime that carries a possible sentence of imprisonment or death. In addition, the PDD represents any person who is financially unable to obtain counsel in any state post-conviction proceeding. The Department also sets standards of indigence that the courts use to determine which defendants are eligible for state-funded defense attorneys.

Statutory Authority: Sections 31-15-1 through 31-15-12 NMSA 1978.

Executive Recommendation*Agency Strategic Directions*

As the State of New Mexico's public criminal defense advocate, the New Mexico Public Defender Department's continuing and overriding mission is to provide all its clients with high-quality legal representation that meets or exceeds federal and state constitutionally-mandated standards.

As one of the three New Mexico state criminal justice system institutional players, together with the Judiciary and the District Attorneys, the Public Defender Department's goals include improving the

effectiveness and fairness of the criminal justice system, increasing public safety through reduction of recidivism -- particularly in the areas of DWI and domestic violence -- and ensuring that the system itself is perceived as responsive and fair. To accomplish this part of its strategic plan, the Department works collaboratively with the Office of the Governor and other Executive agencies, the Legislature, the Judiciary, members of the New Mexico Bar Association and others, in efforts designed to reach these goals. Examples of such collaborative efforts include the New Mexico Criminal Justice Task Force and the New Mexico Sentencing Commission.

As New Mexico's largest law firm and the only State of New Mexico governmental agency devoted to indigent criminal defense, the department's goals include informing the public of the workings of the New Mexico criminal justice system, providing legal training and educational opportunities to members of the private bar and providing legal and non-legal employment and career opportunities for New Mexicans and others. To this end, the department works collaboratively with the University of New Mexico Law School, other law schools, the private bar and other community and local governmental organizations.

Many of the department's clients are poor, mentally ill, developmentally disabled, addicted, non-English speakers, under-educated and violent juveniles and youth who come from our most dysfunctional and poor families. The department's social workers, alternative sentencing advocates, and other staff play an important role as "problem solvers" for many of these clients, who do not require incarceration and who may well benefit from treatment, counseling, and therapeutic intervention outside of a prison, jail or detention setting. It is the responsibility of these department staff members, not the judge or the probation officer, to provide the case management services that present the court with a treatment plan outside of an incarceration setting.

The PDD supports the Executive's performance and accountability policy, A Safer New Mexico. In FY07, the PDD was able to achieve the consolidation of the Albuquerque office and the expansion of the Aztec office. The department established an Information Technology Committee to recommend changes and enhancements to the Case Defendant Management System (CDMS) and appointed its first ever full-time training director.

PDD's current strategic plan includes objectives and action steps to achieve the following six goals: provide quality legal representation to clients; develop and support a well-trained staff; utilize technology to support staff operations and provide quality legal representation; advocate for a fair and efficient criminal justice system; provide statewide indigent criminal defense representation consistent with New Mexico's constitutional mandate; and actively support the Executive's *Safer New Mexico* initiative.

Key Elements of Recommendation

The Executive recommendation reflects a 2.6% increase in General Fund for FY09. This includes a one percent increase in the base budget and a 1.6% increase to expand the PDD workforce by eight FTE (4 attorneys and 4 support staff).

The base budget increase of \$416.0 in General Fund is driven primarily by increased General Services Department rates, telecommunication services and increased contractual fees for expert witness testimony. Personal services are slightly increased from the FY08 level and incorporate a 6.5% vacancy factor. Employee benefits have been adjusted to accommodate recommended rates.

Other costs have been adjusted to better fit the needs of the agency on the basis of FY07 actual cost information.

The Executive recommendation includes \$648.4 for the expansion of attorney and staff support services. The recommended expansion is supported by the Workload Assessment Study for the New Mexico Trial Court Judiciary, New Mexico District Attorneys' Offices and the New Mexico Public Defender Department that was prepared by the Court Consulting Services of the National Center for State Courts and the National District Attorneys Association/American Prosecutors Research Institute (June 2007). On the basis of this study, adjusted by the number of open PDD cases as of June 30, 2007, it is estimated that the PDD needs approximately 41 additional attorneys and 39 additional staff support positions to bring existing caseloads into alignment with best practice standards. In the first year of a multi-year effort to address this need, the Executive recommendation would provide funding to fill 10% of the recommended positions. Four new attorneys and four support staff would be funded under the Executive's expansion recommendation.

Performance Report

The Executive recognizes the agency effort in exceeding by 37% its FY07 target for the number of alternative sentencing treatment placements for felony and juvenile clients, and recommends increasing this target by an additional 1,300 placements over FY08 target measures in FY09. Although substantial progress was achieved, the PDD did not meet its performance targets for: the number of expert witness services approved by the department; the percent of cases in which application fees were collected; the annual attorney full-time equivalent turnover rate; and the percent of felony cases resulting in a reduction of the original felony charge. The Executive recommends maintaining a 9% target for the attorney turnover rate in FY09 and a 3,500 target for the number of expert witness services approved. Based on baseline data collected in FY07, the Executive also recommends that the targets for the percent of cases in which application fees are collected, and the percent of felony cases resulting in a reduction of charges, be decreased to 30% and 35% respectively. These targets set more realistic expectations for demonstration of improved performance for a single year.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	36,789.8	41,028.6	42,093.0	1,064.4	2.6
Other Transfers	169.3	0.0	0.0	0.0	***
Other Revenues	184.0	150.0	184.0	34.0	22.7
Fund Balance	102.3	0.0	0.0	0.0	***
TOTAL SOURCES	37,245.4	41,178.6	42,277.0	1,098.4	2.7
USES					
Personal Services and Employee Benefits	21,286.0	23,972.0	24,603.1	631.1	2.6
Contractual Services	9,725.7	11,234.0	11,400.0	166.0	1.5
Other	5,952.0	5,972.6	6,273.9	301.3	5.0
TOTAL USES	36,963.7	41,178.6	42,277.0	1,098.4	2.7
FTE					
Permanent	362.00	379.00	387.00	8.00	2.1
TOTAL FTE POSITIONS	362.00	379.00	387.00	8.00	2.1

Performance Measures

		<u>FY07 Target</u>	<u>FY07 Result</u>	<u>FY08 Target</u>	<u>FY09 Recomm</u>
Public Defender Department					
The purpose of the Public Defender Department is to provide effective legal representation and advocacy for eligible clients so that their liberty and constitutional rights are protected, and to serve the community as a partner in assuring a fair and efficient criminal justice system that also sustains New Mexico's statutory and constitutional mandate to adequately fund a statewide indigent defense system.					
Output	Number of alternative sentencing treatment placements for felony and juvenile clients	3,500	4,778	3,500	4,800
Output	Number of expert witness services approved by the department	3,500	3,415	3,500	3,500
Efficiency	Percent of cases in which application fees were collected	40%	28%	40%	30%
Quality	Percent of felony cases resulting in a reduction of original formally filed charges	60%	33%	60%	35%
Explanatory	Annual attorney full-time-equivalent turnover rate	10%	11.6%	9%	9%

Executive Summary

The Governor's Office provides leadership and management of state departments and agencies on behalf of the citizens of the State of New Mexico.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	4,613.2	4,661.0	1.0
Total Sources	4,613.2	4,661.0	1.0
Program			
Governor - Operations	4,613.2	4,661.0	1.0
Total Uses	4,613.2	4,661.0	1.0
FTE	43.30	42.30	-2.3

- The Executive recommendation reflects an increase of \$172.8 in General Fund to fully fund staff salaries and provide for increased workers' compensation, unemployment and liability insurance premiums.
- The recommendation includes a decrease of \$125.0 in General Fund and one FTE to reflect the transfer of the Office of Nuclear Workers Advocacy from the Governor's Office to the Environment Department.

Agency Mission and Program Purpose

The Governor is elected to a four-year term and is vested with ultimate administrative authority and responsibility for the Executive branch of government.

The Governor's powers include appointment and removal of board and commission members; pardon and reprieve; veto of legislation, including line-item veto over appropriations and revenue legislation; and proclaiming special sessions of the Legislature.

Statutory Authority: Article V, Section 1, New Mexico Constitution.

Executive Recommendation*Agency Strategic Directions*

Through the leadership of Governor Richardson and the Governor's Office, the Executive branch departments and agencies coordinate the provision of essential services and programs in the most efficient and effective manner. To carry out the coordination of agency effort and state-provided services, the Governor's Office has several functional areas, including: constituent services; state and federal legislative coordination; policy analysis and formulation; performance and accountability; Boards and Commissions; internal operations; legal counsel; paroles and pardons; and public information and communications.

Governor Richardson's policy priorities for the coming year focus on healthcare and ethics reforms, and to continue moving New Mexico forward by investing in our future and creating opportunities for every community to thrive. Budget priorities include healthcare, including health insurance initiatives, veterans' health and expanding the healthcare workforce; ethics reform; and continued funding of initiatives already begun that are being phased in such as pre-kindergarten, elementary physical education and school breakfast programs.

In addition, the FY09 budget will also continue to focus on priorities encompassed within the Governor's Performance and Accountability Program in six policy areas:

- Making Schools Work
- A Healthy New Mexico
- A Safer New Mexico
- Promoting and Growing New Mexico
- Protecting and Promoting New Mexico's Environment
- Efficient Services for New Mexican

Key Elements of Recommendation

The Executive recommends a 1.0% increase over the FY08 operating level to provide full funding for approved positions and to provide for increases in workers' compensation, unemployment and liability insurance premiums. The recommendation supports operations of the Governor's Office, and provides funding for the Office of Victims Advocacy. The recommendation includes the transfer of \$125.0 in General Fund and one FTE to the Environment Department for the Office of Nuclear Workers Advocacy, established in FY08 in response to an appropriation in Laws 2007, Chapter 21, Section 6(2).

Performance Report

The Governor's Office met four of six performance measures for FY07, including measures relating to constituent services, appointments to boards and commissions, requests for pardons, and processing of extraditions. Measures were not met relating to victims receiving direct advocacy. The number of victims served is dependent upon the number of requests for services received by the Office of Victims Advocacy, which will continue its outreach activities to promote the services it offers in order to increase the number of victims served. The Executive recommends maintaining the target for FY09 at the FY08 level based on FY07 actual results and the Office of Victims Advocacy's strategic efforts. The target for the percent increase in victims receiving direct advocacy is adjusted to a zero percent increase to reflect the consistent target level for the number of victims served. The target for the number of days to answer or refer to the proper entity constituent requests for information is reduced in FY09 based on historical results.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY09	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	4,688.7	4,613.2	4,661.0	47.8	1.0
TOTAL SOURCES	4,688.7	4,613.2	4,661.0	47.8	1.0
USES					
Personal Services and Employee Benefits	3,639.1	4,038.0	4,085.7	47.7	1.2
Contractual Services	101.9	110.1	110.2	0.1	0.1
Other	460.1	465.1	465.1	0.0	0.0
TOTAL USES	4,201.1	4,613.2	4,661.0	47.8	1.0
FTE					
Permanent	45.30	43.30	42.30	-1.00	-2.3
TOTAL FTE POSITIONS	45.30	43.30	42.30	-1.00	-2.3

Performance Measures

		<u>FY07 Target</u>	<u>FY07 Result</u>	<u>FY08 Target</u>	<u>FY09 Recomm</u>
Governor					
To provide appropriate management and leadership to the Executive branch of government to allow for a more efficient and effective operation of the agencies within that branch of government, on behalf of the citizens of the State.					
Output	Number of days to appoint individuals and reappoint individuals to board and commission positions	25	25	25	25
Output	Number of days to answer or refer to the proper entity constituent requests for information	5	4	7	4
Output	Number of days to respond to requests for pardons	14	7	14	14
Output	Number of days to process extraditions	13	11	13	13
Outcome	Percent increase in victims receiving direct advocacy	17%	-13%	11%	0%
Output	Number of victims receiving direct advocacy	257	202	257	257

Executive Summary

The Lieutenant Governor serves as president of the Senate, votes only when the Senate is equally divided, and serves as Acting Governor when the Governor is unable to perform his duties.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	828.2	843.4	1.8
Total Sources	828.2	843.4	1.8
Program			
Lieutenant Governor	828.2	843.4	1.8
Total Uses	828.2	843.4	1.8
FTE	8.00	8.00	0.0

- The Executive recommendation reflects an increase of \$15.2 in General Fund to provide for increases in General Services Department premiums for workers compensation, unemployment and liability insurance.

Agency Mission and Program Purpose

The Lieutenant Governor's Office is created under Article V, Section 1, of the New Mexico Constitution, which provides that the Lieutenant Governor shall be president of the Senate, voting only when the Senate is equally divided. The Lieutenant Governor is elected to a four-year term jointly with the Governor and serves as Acting Governor when the Governor is out-of-state or unable to perform his duties.

Section 8-3-1 NMSA 1978 establishes the Lieutenant Governor as an ombudsman for the State of New Mexico. In this role, the Lieutenant Governor facilitates and promotes cooperation and understanding between the citizens of the State and the agencies of state government through an information and referral system. The Lieutenant Governor serves on the State Board of Finance, the Mortgage Finance Authority, the Small Business Advocacy Council, various commissions and councils, and as chair of the Children's Cabinet.

Statutory Authority: Section 8-3-1 through 8-3-3 NMSA 1978.

Executive Recommendation*Agency Strategic Directions*

The Lieutenant Governor has assumed a dynamic policy and leadership role as evidenced by the Legislature assigning new statutory duties to the Lieutenant Governor. The Lieutenant Governor supports the Governor's emphasis on caring for New Mexico's children by chairing the Children's Cabinet, which was specifically created through her leadership to oversee and develop cross-departmental efforts that include education and economic growth issues relating to New Mexico's

children and youth. The Lieutenant Governor and the State of New Mexico have been recognized nationally for providing the model for coordinating children's services and funding activities which other states have begun to emulate. The Lieutenant Governor also continues to work closely with the Youth Alliance Initiative to encourage civic engagement to build the next generation of leaders in New Mexico. The Lieutenant Governor supported the establishment of a pre-kindergarten program in New Mexico. She helped craft the Insure New Mexico! legislative package that allows young people to stay on their parents' insurance coverage longer, created incentives for small-business owners to insure their workers, and spearheaded strong anti-methamphetamine laws to make it easier to prosecute those that produce methamphetamine in a child's presence as child abuse.

In addition, The Lieutenant Governor is Chair of the Health Coverage for New Mexican's Committee, established by the Governor and the Legislature to move the State toward universal health coverage. The final report detailing the Committee's extensive study on health coverage costs for three varied models of coverage was presented to the Governor and the Legislature on August 9, 2007. The Lieutenant Governor continues to serve as a central figure in the effort to create a culture of coverage in which most New Mexicans have the security of health coverage.

The Lieutenant Governor also continues to encourage expansion of loan programs to provide economic opportunities, particularly in rural areas. The Lieutenant Governor's Constituent Services Program provides assistance to citizens with individual problems or requests that relate to state government.

Key Elements of Recommendation

The Executive recommendation reflects a General Fund increase of \$15.2 over FY08 operating levels to provide funds for increased General Services Department premiums for workers' compensation, unemployment and liability insurance. The recommendation provides for full funding of existing positions and includes \$20.0 for additional compensation to the Lieutenant Governor when she is in the role of acting Governor.

Performance Report

The Office of the Lieutenant Governor met or exceeded all performance measure targets for FY07. For FY09, the Executive recommends reducing the target level for the number of children's cabinet meetings as the director of the children's cabinet is moving to the Children Youth and Families Department and during the transition year, the number of cabinet meetings will be reduced. In addition, the recommendation includes two new measures, the number of small business forums and the percent of constituent service cases closed within thirty days of initial receipt.

Recommended Language for the General Appropriation Act

In order to provide compensation to the Lieutenant Governor for serving as Acting Governor, the Executive recommends the following language be included in the General Appropriation Act of 2008:

The general fund appropriation to the lieutenant governor includes twenty thousand dollars (\$20,000) for compensation as acting governor.

Budget Summary Tables

		Agency Budget Summary (Dollars in Thousands)			FY09	
		FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	Recom- <u>mendation</u>	<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent Change</u>
SOURCES						
	General Fund Transfers	636.0	828.2	843.4	15.2	1.8
	TOTAL SOURCES	636.0	828.2	843.4	15.2	1.8
USES						
	Personal Services and Employee Benefits	518.0	665.5	724.3	58.8	8.8
	Contractual Services	21.1	106.5	68.1	-38.4	-36.1
	Other	81.0	56.2	51.0	-5.2	-9.3
	TOTAL USES	620.1	828.2	843.4	15.2	1.8
FTE						
	Permanent	7.00	8.00	8.00	0.00	0.0
	TOTAL FTE POSITIONS	7.00	8.00	8.00	0.00	0.0

Performance Measures

		FY07 <u>Target</u>	FY07 <u>Result</u>	FY08 <u>Target</u>	FY09 <u>Recomm</u>
Lieutenant Governor					
The purpose of the state ombudsman program is to facilitate and promote cooperation and understanding between the citizens of New Mexico and the agencies of state government, refer any complaints or special problems citizens may have to the proper entities, and keep records of activities and make an annual report to the governor.					
Output	Number of children's cabinet meetings	6	8	8	6
Output	Number of tracking reports produced per month on constituent services activities	4	4		
Output	Number of youth advisory council meetings	4	4	4	4
Output	Quarterly tracking reports on constituent services activities.	4	4	4	4
Output	Number of small business forums				4
Outcome	Percent of constituent service cases closed within thirty days of initial receipt				80%

Executive Summary

The Department of Information Technology provides a single, unified department to consolidate enterprise information technology services and functionality to improve and streamline state information technology systems.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	1,138.8	1,057.0	-7.2
Total Sources	45,493.2	48,995.6	7.7
Program			
Program Support	3,214.6	3,661.1	13.9
Enterprise Applications	11,863.4	11,383.8	-4.0
Enterprise Operations	30,415.2	33,950.7	11.6
Total Uses	45,493.2	48,995.6	7.7
FTE	216.00	226.00	4.6

- The Executive recommendation provides an overall increase of \$3,502.4 over FY08 operating levels to support operations of the department.
- The recommendation includes \$1,283.7 and 10 FTE to provide for necessary staffing of the department.

Agency Mission and Program Purpose

The Department of Information Technology (DoIT) provides cost-effective and efficient enterprise products, services and solutions within a secure and reliable environment for our customers through leadership, strategic planning, standards and policy, architecture and oversight.

Statutory Authority: 9-27-1 NMSA 1978.

Program Support

Program Support provides management, direction and control; administrative services and cost recovery; and allocation services through leadership, policies and procedures and administrative support to the department.

Program Support is comprised of the Office of the Secretary, Administrative Services Division and the Office of Cost Recovery and Allocation.

Enterprise Applications

Enterprise Applications provides information technology and enterprise customer support services and training; and improves and streamlines agency systems by promoting consolidation of services duplicated within agencies to promote cost savings and efficiencies. Additionally, Enterprise Applications provides oversight and compliance through project certification and compliance monitoring to ensure prudent allocation of information technology resources, reduction of data,

hardware and software redundancy, and the improvement of system interoperability and data accessibility among agencies.

Enterprise Applications is comprised of the Customer Relationship Services, Project Oversight and Compliance and the Enterprise Services divisions. Enterprise Applications also includes the Office of Strategic Planning and the Office of Contract and RFP Review.

Enterprise Operations

Enterprise Operations provides reliable and secure infrastructure for voice, radio, video and data communications, through the state's enterprise data center and telecommunications network.

Enterprise Operations is comprised of two divisions, Enterprise Infrastructure, Voice and Radio Services and Enterprise Operations and Support Services and includes the Office of Business Continuity and the Office of Information Technology Security.

Executive Recommendation

Agency Strategic Directions

The Department of Information Technology began operations on July 1, 2007 and established an organizational structure to support the department's mission. The department has offices across the state. The department's central office and the state's data center are located in the Simms Building in Santa Fe. Other administrative and technical support offices are located in Santa Fe, Albuquerque, Las Vegas, Las Cruces and Roswell.

Within the first quarter of FY08, the newly formed Department of Information Technology has:

- Secured data center access by tightening and controlling access procedures;
- Assessed critical enterprise projects and implemented project management;
- Completed data center infrastructure upgrade;
- Completed mainframe upgrade;
- Deployed the CIMS on-line billing system to create invoices for agencies;
- Updated critical oversight and compliance processes and disseminated to agencies;
- Provided project certification;
- Developed an annual agency information technology plan and funding request guide;
- Performed contract and procurement review and approval;
- Utilized a purchase exception process; and
- Developed and implemented a quarterly review process to assess service rates to determine under/over-charging.

In addition, the Department of Information Technology has accomplished the following:

- IT Rate Committee approved FY09 rates for DoIT services;
- Developed an FY09 DoIT Strategic Plan. In accordance with the Accountability in Government Act, the department submitted the strategic plan as part of the FY09 appropriation request. The plan outlines the goals for the agency and includes planned objectives and activities in support of the established goals;

-Revised FY08 performance measures. DOIT will begin reporting on revised performance measures in the third quarter of FY08.

-Developed an FY09 Annual Information Technology Plan. The department completed an annual information technology plan for FY09. The plan includes a description of the agency, status on projects in process, the current technical environment, tactical plans for the coming fiscal year and information technology funding requests.

- Prepared an Information Technology Service Management Plan. In fulfillment of a requirement within the Department of Information Technology Act, the department completed the Information Technology Service Management Plan. The plan addresses how DoIT will improve the management of defining, delivering and supporting information technology services through the use of industry best practices. The plan includes a three-year, multi-phased approach and is based upon a recently completed information technology service management assessment of the department.

Key Elements of Recommendation

The Executive recommends an overall increase of 7.7% for the Department of Information Technology. The Executive recommendation incorporates a decrease of \$81.8 in General Fund below FY08 levels and a \$1,998.9 increase in other revenue funding sources to ensure the provision of cost-effective and efficient enterprise products, services and solutions.

Program Support. The Executive recommends an overall increase of 13.9% in Program Support. This increase includes \$262.8 and three FTE for program administration. The Executive recommendation for FY09 incorporates a decrease in contracts as the department will no longer need outside legal counsel for complex legal matters regarding rates it faced in FY08. Decreases in the other category are due to expected decreases in information technology and other equipment purchases, subscriptions and dues, telecommunications rates and rental of land and equipment for Program Support. Program Support is fully funded by assessing the two other programs at the Department of Information Technology for its services; therefore, the funds to support Program Support are internally transferred from the Enterprise Services and Applications Program and the Enterprise Operations and Networks Program.

Enterprise Applications. The FY09 Executive recommendation for the Enterprise Services and Applications Program includes an overall decrease of 4.0% from FY08 operating levels. The decrease is attributable to a decline in overtime expected during the second year of department operations, as well as a decrease in employee liability premiums. Decreases are offset by the addition of \$451.0 and four FTE for the program. Additionally, the 50% decrease in contractual services is attributable to a decrease in information technology services that Enterprise Applications and Services Program will no longer utilize in FY09. In FY09, the program will see a decrease in purchases of furniture, information technology and office equipment, advertising expenses, as well as Department of Information Technology information systems and telecommunication service charges for this program.

The Executive recommendation includes \$1,057.0 in General Fund to support the project oversight and compliance functions that were administratively moved to the Enterprise Applications and Services Program. In FY08, \$1,138.8 in General Fund was appropriated to the department, so overall the Executive recommends a 7.2% decrease in General Fund for the agency.

The Executive recommends \$439.8 be transferred from the Enterprise Services and Applications Program, Human Capital Management Fund to the Fiscal Management and Oversight Program of the Department of Finance and Administration.

Additionally, the Executive recommends \$1,641.2 be transferred to Program Support in the Department of Information Technology for the services it provides.

Enterprise Operations. The Executive recommends an increase in other revenue of 11.6% over FY08 operating levels for Enterprise Operations. The Executive recommendation includes an increase of \$2,220.9 in professional services service contracts over amounts budgeted in FY08. Originally, the department did not properly budget for contractual services in FY08, and the agency is in the process of requesting adjustments to the budget to accommodate FY08 actual requirements for professional services. The Executive recommendation also includes an increase of \$307.1 and three FTE for the program. Additionally, the Executive supports decreases in the other category due to expected decreases in the purchase of furniture and supplies as well as information technology maintenance.

The Executive recommends that \$2,019.9 be transferred to Program Support in the Department of Information Technology for the services it receives.

Performance Report

FY08 is the initial year of operation for the Department of Information Technology. The FY07 performance measures and targets reflect those approved under the General Services Department Management. Due to the transition, no actual results were reported for FY07. The Executive has worked with the agency to develop new measures for FY09 to more accurately reflect strategic goals of the new department.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY09	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	1,022.6	1,138.8	1,057.0	-81.8	-7.2
Other Transfers	1,363.6	2,075.8	3,661.1	1,585.3	76.4
Other Revenues	40,312.2	42,278.6	44,277.5	1,998.9	4.7
TOTAL SOURCES	42,698.4	45,493.2	48,995.6	3,502.4	7.7
USES					
Personal Services and Employee Benefits	15,070.7	15,773.6	16,736.2	962.6	6.1
Contractual Services	7,297.9	7,521.3	9,636.4	2,115.1	28.1
Other	21,378.9	20,338.0	18,522.1	-1,815.9	-8.9
Other Financing Uses	1,312.9	1,860.3	4,100.9	2,240.6	120.4
TOTAL USES	45,060.4	45,493.2	48,995.6	3,502.4	7.7
FTE					
Permanent	100.00	216.00	226.00	10.00	4.6
TOTAL FTE POSITIONS	100.00	216.00	226.00	10.00	4.6

		Program Support (Dollars in Thousands)			FY09	
		FY07	FY08	Recom-	<u>Budget to Recommendation</u>	
		<u>Actuals</u>	<u>Budget</u>	<u>mendation</u>	<u>Dollar/FTE</u>	<u>Percent</u>
					<u>Change</u>	<u>Change</u>
SOURCES						
	General Fund Transfers	0.0	1,138.8	0.0	-1,138.8	-100.0
	Other Transfers	1,363.6	2,075.8	3,661.1	1,585.3	76.4
	TOTAL SOURCES	1,363.6	3,214.6	3,661.1	446.5	13.9
USES						
	Personal Services and Employee Benefits	1,184.4	2,571.0	3,238.1	667.1	25.9
	Contractual Services	89.0	213.1	170.0	-43.1	-20.2
	Other	203.2	369.2	253.0	-116.2	-31.5
	Other Financing Uses	15.5	61.3	0.0	-61.3	-100.0
	TOTAL USES	1,492.1	3,214.6	3,661.1	446.5	13.9
FTE						
	Permanent	15.00	52.00	45.00	-7.00	-13.5
	TOTAL FTE POSITIONS	15.00	52.00	45.00	-7.00	-13.5

		Enterprise Applications (Dollars in Thousands)			FY09	
		FY07	FY08	Recom-	<u>Budget to Recommendation</u>	
		<u>Actuals</u>	<u>Budget</u>	<u>mendation</u>	<u>Dollar</u>	<u>Percent</u>
					<u>Change</u>	<u>Change</u>
SOURCES						
	General Fund Transfers	1,022.6	0.0	1,057.0	1,057.0	***
	Other Revenues	18,676.2	11,863.4	10,326.8	-1,536.6	-13.0
	TOTAL SOURCES	19,698.8	11,863.4	11,383.8	-479.6	-4.0
USES						
	Personal Services and Employee Benefits	8,251.9	6,123.3	6,315.2	191.9	3.1
	Contractual Services	6,774.0	2,574.5	1,273.7	-1,300.8	-50.5
	Other	3,775.8	2,846.2	1,713.9	-1,132.3	-39.8
	Other Financing Uses	558.1	319.4	2,081.0	1,761.6	551.5
	TOTAL USES	19,359.8	11,863.4	11,383.8	-479.6	-4.0
FTE						
	Permanent	0.00	79.00	80.00	1.00	1.3
	TOTAL FTE POSITIONS	0.00	79.00	80.00	1.00	1.3

		Enterprise Operations (Dollars in Thousands)			FY09	
		FY07	FY08	Recom-	<u>Budget to Recommendation</u>	
		<u>Actuals</u>	<u>Budget</u>	<u>mendation</u>	<u>Dollar</u>	<u>Percent</u>
					<u>Change</u>	<u>Change</u>
SOURCES						
	Other Revenues	21,636.0	30,415.2	33,950.7	3,535.5	11.6
	TOTAL SOURCES	21,636.0	30,415.2	33,950.7	3,535.5	11.6
USES						
	Personal Services and Employee Benefits	5,634.4	7,079.3	7,182.9	103.6	1.5
	Contractual Services	434.9	4,733.7	8,192.7	3,459.0	73.1
	Other	17,399.9	17,122.6	16,555.2	-567.4	-3.3
	Other Financing Uses	739.3	1,479.6	2,019.9	540.3	36.5
	TOTAL USES	24,208.5	30,415.2	33,950.7	3,535.5	11.6

Enterprise Operations
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent</u> <u>Change</u>
FTE					
Permanent	85.00	85.00	101.00	16.00	18.8
TOTAL FTE POSITIONS	85.00	85.00	101.00	16.00	18.8

Performance Measures

		<u>FY07</u> <u>Target</u>	<u>FY07</u> <u>Result</u>	<u>FY08</u> <u>Target</u>	<u>FY09</u> <u>Recomm</u>
Program Support					
Program Support provides management, direction and control; administrative services and cost recovery; and allocation services through leadership, policies and procedures and administrative support to the department.					
Outcome	Percent of audit corrective action plan commitments completed on schedule				95%
Output	Percent of accounts receivable dollars collected within sixty days of the invoice due date			75%	90%
Outcome	Dollar amount of account receivables over sixty days			\$1,000,000	\$500,000
Outcome	Percent of mainframe services meeting federal standards for cost recovery			90%	95%
Outcome	Percent of voice, data, radio services meeting federal standards for cost recovery			90%	95%
Efficiency	Percent of individual communication services that break even, including sixty days of operational reserve	91%	100%	91%	
Efficiency	Percent of individual information processing services that break even, including sixty days of operating reserve	80%	78.5%		

Enterprise Applications

To provide information technology strategic planning, oversight and consulting services to New Mexico government agencies so they can improve services provided to New Mexico citizens.

Outcome	Percent of executive agency certified projects reviewed monthly for compliance and oversight requirements			100%	100%
Output	Amount of information technology savings/cost avoidance realized through enterprise services and promotion of multi-agency initiatives, in millions			\$5.0	\$5.0
Output	Queue-time to reach a customer service representative at the DoIT Help Desk, in seconds			0:20	0:20
Explanatory	Number of customers with human resources system services	20,000	24,489	*	
Outcome	Number of key information technology project reviews completed	36	36	36	
Quality	Customer satisfaction with human resources system services	85%			
Outcome	Percent of information technology plans with formal feedback	100%	100%	100%	
Outcome	Amount of savings in information technology, in millions	\$5	\$5.0	\$5.0	
Outcome	Percent of agencies in compliance with state information technology strategic plan				
Output	Percent of single and multi-agency information technology projects that get formal architectural review	50%	50%	50%	
Outcome	Percent of information technology projects reviewed by staff	100%	100%	100%	

		<u>FY07</u> <u>Target</u>	<u>FY07</u> <u>Result</u>	<u>FY08</u> <u>Target</u>	<u>FY09</u> <u>Recomm</u>
Enterprise Operations					
Enterprise Operations provides reliable and secure infrastructure for voice, radio, video and data communications, through the state's enterprise data center and telecommunications network.					
Outcome	In-service percentage of the state voice communication network			99.9%	100%
Output	Percent of servers successfully backed up as scheduled				100%
Outcome	Percent of unscheduled downtime of the mainframe			.01%	.01%
Outcome	Number of population centers connected to the state network through fiber optic cable		4	14	
Outcome	Percent of information processing rates five percent lower than the average of the three lowest competitors	70%	86.3%	*	
Quality	Percent of time automated systems are fully operational		99.5%	*	
Quality	Error rate for e-mail transmissions		.1%	*	
Outcome	Cumulative number of agency applications residing on enterprise servers		150	230	
Outcome	Cumulative number of co-located servers replaced by enterprise servers		33	68	
Outcome	Terabytes of data stored at enterprise data center compared with terabytes of data stored at agency locations		*	790/000	

Executive Summary

The Public Employees Retirement Association administers the retirement system for state and municipal employees, including the judicial branch, along with specified other groups, such as volunteer firefighters.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	0.0	0.0	***
Total Sources	36,036.1	39,796.8	10.4
Program			
Public Employees Retirement Association	36,036.1	39,796.8	10.4
Total Uses	36,036.1	39,796.8	10.4
FTE	84.00	87.00	3.6

- The Executive recommends an increase of \$4,612.2 for contractual services to fund the increases in money management and attorney fees associated with the alternative investment classes for FY09.
- The recommendation provides a decrease in the personal services and benefits category of \$147.2, achieved through vacancy savings and lower term employee costs.
- Included in the Executive recommendation is a decrease in the other costs category of \$704.3, mainly due to lower information technology equipment costs.

Agency Mission and Program Purpose

The Public Employees Retirement Association (PERA) administers the retirement system (consisting of 31 different retirement plans) for affiliated public employers in the State of New Mexico. PERA is governed by the PERA Board, which consists of two ex-officio members, the Secretary of State and the State Treasurer, and ten members elected by the Association's membership. The Board serves as a trustee of the funds controlled by PERA and is authorized to invest the funds on behalf of the Association. The Board appoints an executive director to oversee day-to-day operations.

The mission of the PERA Board is to preserve, protect and administer the trust in order to meet its current and future obligations and provide quality services to association members. As of June 30, 2007, the PERA retirement plan membership consisted of 23,700 retirees and beneficiaries, 51,547 active members and 3,207 terminated vested members.

The Pension Administration Program provides information, retirement benefits and an actuarially-sound fund to association members. The main purpose of the program is to manage the fund, so the members can receive the defined benefits to which they are entitled (based on age and service) when they retire from public service. The pension administrative functions include: customer service; benefit estimates; service credit verification; retirement processing; quality control; annuitant payroll; service/military credit purchases; retirement seminars; records management; document imaging; and member contribution refunds.

PERA administers all funds to maximize financial returns with an acceptable level of risk so that the Association can provide an actuarially-sound pension system now and into the future. The investment functions include asset diversification and allocation, investment manager selection, contracts oversight and compliance, agency compliance and due diligence. As of June 30, 2007, the PERA fund was valued at \$13.293 billion compared with \$11.327 billion as of June 30, 2006.

Statutory Authority: Sections 10-11-1 through 10-11-141 NMSA 1978 (Public Employees Retirement Act); Sections 10-11A-1 through 10-11A-7 NMSA 1978 (Volunteer Firefighters Retirement Act); Sections 10-12B-1 through 10-12B-19 NMSA 1978 (Judicial Retirement Act); Sections 10-12C-1 through 10-12C-18 NMSA 1978 (Magistrate Retirement Act); Sections 10-13A-1 through 10-13A-4 NMSA 1978 (Retirement Reciprocity Act); Sections 10-7A-1 through 10-7A-12 NMSA 1978 (Deferred Compensation Act); and the U.S. Internal Revenue Code 457 regarding deferred compensation.

Executive Recommendation

Agency Strategic Directions

PERA provides fiscal accountability by maximizing investment returns for New Mexico retirement funds. PERA strives each year to increase New Mexico retirement assets while also providing sound retirement benefits for state employees. Beginning January 1, 2007, a PERA retiree who returns to work with an affiliated employer will no longer have to pay the employee portion of PERA retirement contributions pursuant to Section 10-11-8 C (2) and (3) NMSA 1978. After January 1, 2007, affiliated employers who hire PERA members that are receiving retirement benefits will be required to pay both the employer and the employee PERA contribution. Retirees who return to work have not had a major impact on the actuarial funding status of PERA. As of June 30, 2007, PERA had 20,565 PERA retirees. Of that amount, 1,760 retirees had gone back to work for a PERA-affiliated employer; that is equivalent to 8.6 percent of the total number retired.

The actuarial status of the total PERA fund (all plans, except the Judges, Firefighters and Magistrates) was 92% in FY06 and 93% in FY07.

Key Elements of Recommendation

The Executive recommendation provides for an overall increase of 10.4% for the Public Employees Retirement Association. The recommendation includes an increase of \$4,612.2 in the contractual services category mainly to fund the increased money manager fees but also includes actuarial services, attorney fees, fiscal agent custody service and a benefit administration benchmarking study. PERA's money management fees were within one-tenth of one basis point (.001%) from FY06 to FY07, while the value of the assets increased by 18.08%.

The recommendation provides for a decrease of \$704.3 in the other costs category, mainly due to lower information technology equipment costs. The Executive recommendation also includes a decrease of \$147.2 in the personal services and employee benefits category, due to lower than budgeted costs associated with the temporary data cleaning positions. A vacancy factor of 2.9% was applied.

Performance Report

PERA met or exceeded three of its five performance measures. PERA did not meet the target for average number of days to respond to requests for benefit estimates, military buy-backs, and service credit verifications. PERA had difficulty meeting this target due to the number of customer service personnel who were needed to perform data cleansing functions. PERA anticipates meeting this target in FY09 with the addition of a data cleansing team created in FY08. PERA did not meet the target for the five-year annualized performance ranking in a national survey of fifty to sixty similar large public pension plans in the United States, as a percentile. This is because the peer pension plans entered the alternative investment market several years earlier than PERA and realized the higher returns generated by this strategy sooner. PERA exceeded the target of greater than 50 basis points for five-year average annualized investment returns, to exceed internal benchmark in basis points, with a result of 115 basis points for FY07. PERA also exceeded the target of 30 or less for the number of years needed to finance the unfunded actuarial liability (UAL) for the Public Employees Retirement Fund, with current statutory contribution rates. The FY07 actuarial valuation received by PERA in October, 2007 indicates the UAL funding period to be 13 years (down from the 16 years reported for FY06).

Recommended Language for the General Appropriation Act

The other state funds appropriation to the public employees retirement association in the contractual services category includes thirty million one hundred thirty-five thousand (\$30,135,000) to be used only for investment manager fees.

The other state funds appropriation to the public employees retirement association in the contractual services category includes one million four hundred thousand dollars (\$1,400,000) to be used only for fiscal agent custody services.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY07 Actuals	FY08 Operating Budget	Recom- mendation	FY09	
				Budget to Recommendation Dollar/FTE Change	Percent Change
SOURCES					
Other Revenues	36,030.1	36,036.1	39,796.8	3,760.7	10.4
TOTAL SOURCES	36,030.1	36,036.1	39,796.8	3,760.7	10.4
USES					
Personal Services and Employee Benefits	5,065.4	5,597.5	5,450.3	-147.2	-2.6
Contractual Services	29,860.7	28,531.5	33,143.7	4,612.2	16.2
Other	1,104.0	1,907.1	1,202.8	-704.3	-36.9
TOTAL USES	36,030.1	36,036.1	39,796.8	3,760.7	10.4
FTE					
Permanent	69.00	72.00	75.00	3.00	4.2
Term	0.00	12.00	12.00	0.00	0.0
TOTAL FTE POSITIONS	69.00	84.00	87.00	3.00	3.6

Performance Measures

		<u>FY07</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>
		<u>Target</u>	<u>Result</u>	<u>Target</u>	<u>Recomm</u>
Pension Administration					
To provide information, retirement benefits, and an actuarially sound fund to Association members so they can receive the defined benefit they are entitled to when they retire from public service.					
Outcome	Five-year average annualized investment returns to exceed internal benchmark, in basis points	>50 b.p.	115 b.p.	>50 b.p.	> 50 b.p.
Quality	Percent of accurately computed retirements	98.5%	98.5%	98.5%	98.5%
Efficiency	Average number of days to respond to requests for benefit estimates, military buy-backs, and service credit verifications	15-30	30-60	15-30	15-30
Explanatory	Number of years needed to finance the unfunded actuarial accrued liability for the public employees retirement fund with current statutory contribution rates	30 or less	13	30 or less	30 or less
Outcome	Five-year annualized performance ranking in a national survey of fifty to sixty similar large public pension plans in the United States, as a percentile	>49th	41st	>49th	>49th

Executive Summary

The State Commission of Public Records is charged with providing access to and preserving the public records of the State of New Mexico that detail the history of New Mexico, its citizens and its government.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	2,923.9	2,950.8	0.9
Total Sources	3,103.3	3,142.5	1.3
Program			
Commission of Public Records	3,103.3	3,142.5	1.3
Total Uses	3,103.3	3,142.5	1.3
FTE	41.50	41.50	0.0

- The Executive recommendation reflects a General Fund increase over FY08 operating levels of 0.9% due to escalating insurance rates.

Agency Mission and Program Purpose

The State Commission of Public Records provides access to and preservation of public records through its appointed State Records Administrator. The Administrator is responsible for managing the State Records Center and Archives (SRCA) and for developing and implementing a program for the efficient and economical management of the State’s public records, regardless of their physical form.

Commission members are: secretary of state; secretary of the General Services Department; State law librarian; director of the Museum of New Mexico; state auditor; attorney general; and a historian recognized and professionally-trained in New Mexico history, who is a New Mexico resident and who is appointed by the Governor for a six-year term.

The New Mexico Historical Records Advisory Board is an adjunct to the commission. Created under federal law, it serves as the local advisory board for reviewing all preservation and access, or documentary-edition grant proposals submitted to the National Historical Publication and Records Commission. It also awards grants and scholarships to eligible historical records repositories and staff, and advocates for access to and preservation of New Mexico’s historical records. The state records administrator is chair of the board and the Governor appoints the members.

Statutory Authority: Sections 14-1-7 through 14-3-25; 14-4-1 through 14-4-11; 18-6-5; 18-6-4A; and 47-6-10(K-L) NMSA 1978.

Executive Recommendation

Agency Strategic Directions

The Commission of Public Records strategic plan is to protect, preserve, provide access to and promote the use of the public records that document the rights and history of the people of New Mexico. The agency is a central-services agency, providing services to: all state agencies; political subdivisions and tribal governments; historical records repositories; students, teachers, scholars, researchers and other members of the educational community; the legal and regulated communities; and the public.

By statute, the state records administrator is charged with establishing for state government "a records management program for the application of efficient and economical management methods to the creation, utilization, maintenance, retention, preservation and disposal of official records." The agency seeks to perform that duty through the development and promulgation (as rules) of records management standards, records retention, disposition schedules, and by providing consultative services and training to state agencies as well as to local and tribal governments and historical records repositories.

The agency is also the home of the State Archives, which houses many of the permanent and historical records of state government and political subdivisions, as well as complementary private collections. Contained in these collections are the Spanish and Mexican archives of New Mexico, including the land grant records. These records have a permanent retention and a current preservation standard of at least 500 years. Therefore, the agency places emphasis on ensuring that the records are housed in archival-quality containers and that the vaults meet archival environmental standards. The State Archives is an affiliate of the National Archives and is also considered a premier border-history research facility, serving scholars, educators, researchers, students, genealogists and interested members of the public. It is increasingly relying on information technology both as a preservation tool and as a means of making its collections more accessible.

The Office of the State Historian is looked to as the state's primary resource with respect to New Mexico history. Under continuing development is a New Mexico history web site (New Mexico digital history project), which is envisioned as a primary educational resource for students and teachers as well as a rich information source for anyone interested in the state's history. The New Mexico Historical Records Advisory Board was created pursuant to federal law but now also serves as a leading advocate in the preservation of and access to historical records throughout the state. Its re-grant and scholarship programs afford financial assistance to eligible applicants for preservation and access projects and for records, information and archival management training.

The Administrative Law Division administers the State Rules Act that governs the official filing and publication of rules developed by executive agencies of New Mexico state government, as well as some judicial agencies that voluntarily file with the agency. The Administrative Law Division publishes both the rules filed with it, as well as notices of intended rule making in the New Mexico Register, which is available both free online and by paid, hard-copy subscription. The division also publishes the New Mexico Administrative Code, a free, searchable, online compilation of those rules. Other regulatory instruments-- interstate compacts and county sub-division regulations-- must also be filed with the SRCA.

Key Elements of Recommendation

The Executive recommendation supports a \$26.9 General Fund increase over FY08 operating levels due primarily to an increase in property insurance rates. The total fund increase over FY08 operating budget levels is mainly due to an increase in budgeted fund balance to supplement decreasing state revenues. The recommendation includes an 11.6% decrease from the FY08 operating budget in other revenue due to a projected decrease in microfilm processing and duplication, and the sale of boxes. The recommendation did not incorporate a vacancy factor to facilitate hiring and retention of qualified personnel and to enable the agency to meet its strategic and business goals.

Performance Report

The State Commission of Public Records did not meet FY07 targets for three of its performance measures. The New Mexico Historical Records Grant Program initially funded ten projects, but only nine met stated objectives. The award made to Santa Clara Pueblo, one of the ten projects funded in FY07, was actually rescinded for project inactivity. Therefore, 100% of active projects that the New Mexico historical records grant program funded met stated goals. The “percent of total records items scheduled, reviewed, amended or replaced within a five-year period target” was a new measure in FY07 and the agency initially requested the 75% target for FY07 with no baseline data available. To more accurately reflect the agency's workload, the Executive recommends changing the target for this measure to 50% for FY09. Budget and staffing limitations proved to be a hindrance to achieving the FY07 targets for 75% of annual strategic plans achieved or on schedule.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY09	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	2,578.4	2,923.9	2,950.8	26.9	0.9
Federal Revenues	9.9	10.4	10.5	0.1	1.0
Other Revenues	102.0	135.6	119.9	-15.7	-11.6
Fund Balance	24.1	33.4	61.3	27.9	83.5
TOTAL SOURCES	2,714.4	3,103.3	3,142.5	39.2	1.3
USES					
Personal Services and Employee Benefits	2,207.5	2,450.2	2,467.6	17.4	0.7
Contractual Services	30.5	154.0	156.3	2.3	1.5
Other	397.8	499.1	518.6	19.5	3.9
TOTAL USES	2,635.8	3,103.3	3,142.5	39.2	1.3
FTE					
Permanent	38.50	39.50	39.50	0.00	0.0
Term	2.00	2.00	2.00	0.00	0.0
TOTAL FTE POSITIONS	40.50	41.50	41.50	0.00	0.0

Performance Measures

		<u>FY07</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>
		<u>Target</u>	<u>Result</u>	<u>Target</u>	<u>Recomm</u>
State Commission of Public Records					
To develop, implement, and provide tools, methodologies, and services for the benefit of government agencies, historical repositories, and the public. To effectively create, preserve, protect, and properly dispose of records; facilitate their use and understanding; and protect the interests of the citizens of New Mexico.					
Outcome	Maximum number of days between rule effective date and online availability	35	31	34	34
Outcome	Percent of requests for access to public records in its custody that the commission is able to satisfy	98%	99%	98%	99%
Outcome	Percent of total records items scheduled, reviewed, amended or replaced within a five-year period	75%	19.1%	75%	50%
Outcome	Percent of state agencies with current records retention and disposition schedules	70%	45.1%		
Outcome	Percent of all projects for the New Mexico historical records grant program that are achieving stated objectives	96%	90%	98%	98%
Outcome	Percent of annual strategic action plan achieved or on schedule	75%	66%	75%	75%
Output	Number of consultations, research reports and educational activities provided by the state historian	300	430	300	450

Executive Summary

The Secretary of State is the chief election officer for the State of New Mexico and is also responsible for the distribution of session laws and the registration of incorporated entities in New Mexico.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	4,006.8	4,215.7	5.2
Total Sources	4,310.8	4,665.7	8.2
Program			
Secretary of State	4,310.8	4,665.7	8.2
Total Uses	4,310.8	4,665.7	8.2
FTE	43.00	43.00	0.0

- The Executive recommends a \$354.9 increase for the Secretary of State for FY09, including a \$208.9 increase in General Fund.
- The General Fund increase includes one expansion FTE for continued implementation of a substitute address program for victims of domestic violence.
- The recommendation includes \$146.0 above FY08 operating levels from the Public Election Fund to fund State Supreme Court and Court of Appeals campaigns that are potentially eligible to receive public financing.

Agency Mission and Program Purpose

The Secretary of State is an elected state official, second in line of succession behind the Lieutenant Governor to assume the responsibilities of the Governor. The Secretary is the keeper of the Great Seal of the State of New Mexico and affixes the seal to all commissions issued in the name of the Governor. By statute, the Secretary of State is the chief election officer for the State of New Mexico. The Secretary of State also maintains records relevant to commerce and industry in New Mexico.

Statutory Authority: Sections 1-2-1 through 1-2-30 NMSA 1978.

Executive Recommendation*Agency Strategic Directions*

The Office of the Secretary of State is organized into four areas: (1) Elections and Ethics Administration; (2) Commercial Recordings; (3) Administrative Support Services; and (4) Address Confidentiality.

The Elections and Ethics Administration program area aims to: increase public confidence in the conduct of elections and the electoral process by successfully implementing the provisions of the "Help America Vote Act"; provide education and training to local election officials; educate voters about their rights and responsibilities; ensure compliance with governmental ethics laws; successfully

implement electronic filings of campaign reports; and adopt any administrative rules necessary to ensure the purpose of the Election Code is achieved.

Commercial Recordings will increase accessibility to public records through records management systems and electronic availability, and provide easier means to register trademarks and service marks, partnership registrations and agricultural liens.

Administrative Support Services continues to be responsible for management and support services to the entire agency. Information systems staff will provide for all of the Secretary of State's data processing needs and the development of in-house long-term projects.

Address Confidentiality is the newest program area within the Secretary of State's Office and is charged with administering a substitute address program for victims of domestic violence as described in HB216 of the Laws of 2007. A primary goal in this area for FY09 is to increase awareness of the availability of the program through statewide advertising.

Key Elements of Recommendation

The Executive recommends a \$354.9 increase for the Secretary of State for FY09, including a \$208.9 increase in General Fund. The recommendation includes \$146.0 above FY08 operating levels to fund State Supreme Court and Court of Appeals campaigns that are potentially eligible to receive public financing from the Public Election Fund.

The General Fund increase to the base budget is recommended for: salaries and benefits; higher General Services Department rates; printing and postage related to voter education; and the replacement of information technology equipment. A 5% vacancy savings was included in the recommendation for permanent full-time employees.

One expansion FTE is also recommended out of the General Fund to continue the implementation and statewide promotion of the substitute address program for victims of domestic violence as mandated in HB216 of the Laws of 2007.

Performance Report

The Secretary of State, under a previous administration, met or exceeded three of six targets for performance measures in FY07. Targets have been raised for one of these measures, the number of users electronically filing legal documents or receiving educational materials, to reflect FY07 actuals. The target for the response time for user requests or complaints relating to registered voters, voting rights, financial disclosures, campaign finance, financial institution loans and general code of conduct issues is recommended to drop to one day to reflect the work of the FTE recommended for the Elections and Ethics Administration program area.

The target for the number of constitutional voter guides in Spanish and English distributed to county clerks and voters is recommended to drop from 500,000 to 150,000 to reflect actuals of 112,000 in FY05 and 150,000 in FY07 (General Election years). In addition, five new measures have been added for FY09 to reflect the strategic directions of the Secretary of State's Office, including three measures related to the application of the Election Code.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	3,312.3	4,006.8	4,215.7	208.9	5.2
Other Transfers	304.0	304.0	0.0	-304.0	-100.0
Federal Revenues	1,586.5	0.0	0.0	0.0	***
Other Revenues	0.0	0.0	450.0	450.0	***
TOTAL SOURCES	5,202.8	4,310.8	4,665.7	354.9	8.2
USES					
Personal Services and Employee Benefits	2,068.6	2,476.0	2,632.8	156.8	6.3
Contractual Services	809.2	72.0	693.7	621.7	863.5
Other	2,182.0	1,762.8	1,339.2	-423.6	-24.0
TOTAL USES	5,059.8	4,310.8	4,665.7	354.9	8.2
FTE					
Permanent	40.00	41.00	42.00	1.00	2.4
Term	0.00	1.00	0.00	-1.00	-100.0
Temporary	1.00	1.00	1.00	0.00	0.0
TOTAL FTE POSITIONS	41.00	43.00	43.00	0.00	0.0

Performance Measures

		FY07 <u>Target</u>	FY07 <u>Result</u>	FY08 <u>Target</u>	FY09 <u>Recomm</u>
Secretary of State					
To provide voter education and information on election law and government ethics to citizens, public officials, candidates, commercial and business entities, so they can comply with state law.					
Output	Number of newly registered voters	50,000	51,014	50,000	50,000
Outcome	Percent of administrative errors	.3%	.7%	0.3%	0.3%
Output	Number of constitutional voter guides in Spanish and English distributed to county clerks and voters	500,000	150,000	500,000	150,000
Output	Number of users electronically filing legal documents or receiving educational materials	150,000	27,055	3,000	30,000
Output	Number of users educated or advised on issues such as voting rights, electronic filing, ethics law, general code of conduct, campaign finance, financial disclosures and lobbying	10,000	10,201	20,000	20,000
Output	Number of trainings provided to all county clerks on changes to the Election Code				3
Output	Number of meetings sponsored by the Secretary of State to promote Native American voting				10
Outcome	Response time for user requests or complaints relating to registered voters, voting rights, financial disclosures, campaign finance, financial institution loans and general code of conduct issues, in days	48	2	48	2
Output	Percent of directives in the Election Code that require rules for which rules have been promulgated				100%
Outcome	Percent of new voting machines tested	98%	100%	98%	100%
Outcome	Percent of counties visited by the Secretary of State's Office to obtain input regarding the Election Code and its application				100%

Executive Summary

The State Personnel Office provides a flexible and responsive system for human resource management for the State of New Mexico.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	4,541.7	4,605.6	1.4
Total Sources	4,601.7	4,665.6	1.4
Program			
Personnel Board	4,601.7	4,665.6	1.4
Total Uses	4,601.7	4,665.6	1.4
FTE	65.00	65.00	0.0

- The Executive recommendation reflects a \$63.9 increase in General Fund over FY08 operating levels.
- The recommendation incorporates a 3.5% vacancy savings factor for personnel services and employee benefits.
- The recommendation includes an increase of \$17.2 in the other category for increases in information systems costs, supplies, auto and property insurance premiums and vehicle lease rates.

Agency Mission and Program Purpose

The Personnel Board (PB) was created by the Personnel Act to establish a system of personnel administration based solely on qualification and ability, in order to provide greater economy and efficiency in the management of state affairs. The Board is composed of five members appointed by the Governor and confirmed by the Senate who serve staggered terms of five years each. The State Personnel Office (SPO) manages daily operations and administrative functions for the Board. Both the Board and SPO are administratively attached to the General Services Department. The Personnel Act was enacted pursuant to the provisions of Article 7, Section 2, of the Constitution of New Mexico.

The Personnel Act requires the Board to promulgate rules to provide: a classification plan; a pay plan for state employees; competitive entrance and promotion tests to determine qualifications; exemption from testing for professional persons applying for classified positions who possess recognized registration or certification by another state agency; a probationary period of one year; employment lists of ranked job candidates; hours of work; holiday and leave; disciplinary procedures and right of appeal to the Board; and emergency employment, when no qualified applicants are available. The Board selects, with the approval of the Governor, a director for SPO who shall: supervise all administrative and technical personnel activities; act as secretary to the Board; establish, maintain and publish a roster of all state employees annually; make annual reports to the Board; recommend Board rules to effect the Act; and supervise all tests and prepare lists of persons passing them.

SPO has five major program functions: agency services; quality assurance; classification and compensation; training; and adjudication. SPO is also responsible for facilitating and negotiating the collective bargaining agreements with organized labor due to the reinstatement of the Collective Bargaining Act, and administers the Governor's Career Development Conference.

Statutory Authority: Sections 10-9-1 through 10-9-25 NMSA 1978.

Executive Recommendation

Agency Strategic Directions

During the last year, SPO has focused on the development and implementation of the State Personnel Office's Single Point of Contact (SPC) model as a means to improve processes, production and customer service to New Mexico's state agencies. As part of this process, SPO has aligned its strategic plan to focus more directly on providing the supports and services that increase a state agency's internal capacity to perform its human resource functions more efficiently and effectively. This approach is designed to increase accountability and oversight by assisting agencies through all the steps of human resource management, from concept to result. One of SPO's major strategic initiatives is to increase collaboration with agencies in order to provide the human resource ideas, recommendations and solutions that can help agencies achieve their goals.

The State Personnel Office presented a paper on the Single Point of Contact model at the National Association of State Personnel Executives (NASPE) annual meeting. This new innovative business process approach has generated a great deal of interest from several other states that are currently engaged in redefining the role and functions of their own state human resource office.

Through FY08 and into FY09, SPO will partner with state agencies to implement Phase II of an agency-specific Human Resources Plan that will identify each agency's staffing needs, consistent with the agency's program and service goals. Other major initiatives include: (1) developing a training module and providing training that addresses the basics of managing in a union environment (including conflict resolution, grievance management and basic mediation); (2) developing and overseeing implementation of new quality assurance guidelines for agencies; (3) providing the "Fundamentals of Supervision and Managing Employee Performance" training programs; (4) re-engineering recruitment and application procedures to increase the pool of qualified candidates for state positions; (5) implementing the financial job classification series; and (6) implementing enhancements for the Peoplesoft recruitment system to include, but not necessarily be limited to, enhanced agency pre-screening questions with heavily weighted scores, modified scoring values for yes/no responses, overall improvement of the ranking system and final list production, easier means to answer standard questions on residency, veteran, and felony information, and clearer "user-friendly" instructions.

Key Elements of Recommendation

The Executive recommendation reflects a 1.4% increase over FY08 operating levels. The General Fund increase of \$63.9 supports increases in workers' compensation, group health and unemployment premiums. The recommendation includes a 3.5% vacancy rate for personal services and employee benefits. Although the recommended vacancy rate is below the agency's historic average, it is vital that the agency have the ability to hire the necessary staff to fill its vacancies if it is

to achieve its strategic objectives. The recommendation also provides an increase of \$17.2 for operating costs in the other category based on FY07 actual expenditure levels and estimated rates increases for property and auto insurance, information technology charges and telecommunication costs. In addition, the recommendation includes \$60.0 in fund balance to put on the Governor's Career Development Conference.

Performance Report

SPO met ten of its fourteen performance targets for FY07. The agency met or exceeded its targets for the number of days to produce employment lists (one day); the average employee pay as a percent of comparative market (98.4%); the percent of eligible employees with a completed performance appraisal at the end of the fiscal year (99.5%); the percent of agency-specific human resource audit exceptions corrected within six months of discovery (93%); the average number of days to fill a position (66 days); and the percent increase in proficiency among employees in manager classifications (21%).

Four performance targets were achieved at the 100% criteria level: all quality reviews performed in agencies were conducted in accordance with SPO's quality assurance guidelines; all large agencies incorporated SPO's core management training objectives into their management training courses; all key agencies received at least two audit reviews during the fiscal year; and all union grievances were resolved prior to formal arbitration.

Three performance targets were not met and one target was judged to no longer be a reliable indicator of performance. Only 38% of all state managers and supervisors and only 16% of managers from medium to small agencies completed board required training compared to the performance target of 90% for both of these measures. This percentage should grow significantly in FY08 as large agencies begin to provide this training for their own staff and SPO can refocus its training efforts to medium and small agencies. Although certainly influenced by a number of factors outside the control of SPO, only about two out of three new state employees completed their probationary period, somewhat less than the performance target of 70%. The performance measure targeting the number of agencies with line authority was judged to no longer be appropriate since SPO has shifted its strategic direction toward the centralization of most key human resource functions through the Single Point of Contact human resource model.

The Executive recommendation reflects several revised performance measures for FY09 to reflect SPO's initiatives and strategic goals. Rather than measure the percent of agencies receiving two audit reviews in the course of the fiscal year, two new measures are recommended. The first new recommended measure would track the number of rule compliance audit reviews while the second would track the number of personnel system audit reviews performed during the fiscal year. The Executive recommends rewording the measure focused on increasing the percent of agency-specific "human resource audit exceptions" corrected within six months of discovery, to the correction of "rule compliance audit review exceptions" corrected within six months. The Executive also recommends the elimination of the outcome measure targeting the number of agencies with line authority since this measure is no longer consistent with SPO's strategic direction.

Recommended Language for the General Appropriation Act

The Executive recommends the following language to allow SPO to use balances available in the Career Development Conference Fund for start-up costs of the FY10 state employees' career development conference:

Any unexpended balance remaining in the state employees' career development conference fund at the end of fiscal year 2009 shall not revert to the general fund.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 Operating <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	4,314.1	4,541.7	4,605.6	63.9	1.4
Fund Balance	68.4	60.0	60.0	0.0	0.0
TOTAL SOURCES	4,382.5	4,601.7	4,665.6	63.9	1.4
USES					
Personal Services and Employee Benefits	3,436.6	4,206.9	4,253.6	46.7	1.1
Contractual Services	21.5	36.5	36.5	0.0	0.0
Other	497.0	358.3	375.5	17.2	4.8
TOTAL USES	3,955.1	4,601.7	4,665.6	63.9	1.4
FTE					
Permanent	65.00	65.00	65.00	0.00	0.0
TOTAL FTE POSITIONS	65.00	65.00	65.00	0.00	0.0

Performance Measures

		<u>FY07 Target</u>	<u>FY07 Result</u>	<u>FY08 Target</u>	<u>FY09 Recomm</u>
Personnel Board					
To provide a flexible system of merit based opportunity, appropriate compensation, human resource accountability and employee development that meets the evolving needs of the agencies, employees, applicants and the public, so economy and efficiency in the management of state affairs may be provided while protecting the interest of the public.					
Outcome	Average employee pay as a percent of board-approved comparator market, based on legislative authorization	95%	98.4%	95%	95%
Outcome	Percent of managers and supervisors completing board-required training as a percent of total manager and supervisor category employees	90%	38%		
Output	Percent of quality reviews performed in agencies in accordance with the quality assurance program	70%	100%		
Output	Number of days to produce employment lists	15	1		
Output	Percent of agency-specific human resource audit exceptions corrected within six months of discovery	75%	93%	75%	
Outcome	Average number of days to fill a vacant position	90	66	90	75
Outcome	Percent increase in proficiency among employees in manager classifications	15%	21%		
Outcome	Number of agencies with line authority	50	N/A	25	
Outcome	Percent of large agencies that incorporate the state personnel office core management training objectives into their agency specific management training	90%	100%	90%	90%
Outcome	Percent of managers in medium to small agencies who successfully complete the state personnel office sponsored management/supervision training	90%	16%	80%	80%
Output	Percent of eligible employees with a completed performance appraisal on record at the close of the fiscal year	99.5%	99.5%	99%	99%
Output	Percent of key agencies receiving at least two audit reviews during the fiscal year	95%	100%	95%	
Outcome	Percent of union grievances resolved prior to formal arbitration	95%	100%	90%	90%
Outcome	Percent of new employees who successfully complete their probationary period	70%	63.2	85%	85%
Outcome	Number of rule compliance audit reviews performed during the fiscal year				3
Output	Number of personnel system audit reviews performed during the fiscal year				2
Output	Percent of rule compliance audit review exceptions corrected within six months of discovery				100%

Executive Summary

The Public Employee Labor Relations Board guarantees public employees the right to organize and bargain collectively with their employers.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	339.9	342.2	0.7
Total Sources	339.9	342.2	0.7
Program			
Public Employee Labor Relations Board	339.9	342.2	0.7
Total Uses	339.9	342.2	0.7
FTE	3.00	3.00	0.0

- The Executive recommendation provides a 0.7% increase above the FY08 operating level to fully fund increases in GSD rates, audit services and office rent.

Agency Mission and Program Purpose

The Public Employee Labor Relations Board (PELRB) guarantees public employees the right to organize and bargain collectively with their employers and promotes harmonious and cooperative relationships between public employers and employees.

The Public Employee Labor Relations Board was created in 2003 by the Public Employee Bargaining Act, and is composed of three members appointed to three-year terms by the Governor. The Board includes one member recommended by organized labor representatives actively involved in representing public employees, one member recommended by public employers actively involved in collective bargaining and one member jointly recommended by the other two appointees.

The Board is charged with: establishing procedures for the designation of appropriate bargaining units; the selection, certification and decertification of exclusive representatives; and the filing, hearing and determination of complaints of prohibited practices.

PELRB is also charged with implementing the Public Employee Bargaining Act through the imposition of appropriate administrative remedies.

Duties of the Board include: holding hearings and making inquiries necessary to carry out its functions and duties; conducting studies on problems pertaining to employee-employer relations; and requesting from public employers and labor organizations the information and data necessary to carry out the Board's functions and responsibilities.

Statutory Authority: Sections 10-7E-1 through 10-7E-26 NMSA 1978.

Executive Recommendation*Agency Strategic Directions*

PELRB has completed the process of promulgating rules necessary to accomplish and perform its functions and duties as established by the Public Employee Bargaining Act. It continues to hold hearings on and make determinations regarding prohibited practices, petitions for representation and approval of local labor relations boards. The Board serves as a resource for labor and management to access public information and provide education to public employees and employers regarding their rights under established regulations. The Board will continue to provide training for staff and local labor boards regarding rules and requirements of the Public Employee Bargaining Act and Board functions.

PELRB has completed work with the New Mexico Register to amend existing New Mexico Administrative Code to clarify requirements within current statutes regarding prohibited practice complaints and grievance procedures. The Board has worked in collaboration with the Federal Mediation and Conciliation Service to train agencies in mediation services and impasse procedures. A workshop is planned for late 2007 for public employers, public employees and collective bargaining representatives. The workshop will cover Public Employee Bargaining Act requirements and PELRB rules.

Key Elements of Recommendation

The Executive recommendation reflects an increase of \$2.3 over the FY08 operating budget in order to fully fund increases in General Services Department rates, audit services and office rent.

Performance Report

The Public Employee Labor Relations Board met the target for five of its six approved performance measures for FY07. Performance targets were met or exceeded for the percent of determinations of approval of local labor relations boards within 100 days of request; the percent of prohibited practice complaints decided within 180 days of filing; and the percent of petitions processed within 180 days of filing. Performance targets were also met for the percent of decisions overturned on appeal (only one partial reversal) and for 100% compliance with statutes governing the actions of the Board and the Public Employee Bargaining Act. The Board's performance for the percent of cases resolved through agreement, mediation or arbitration was slightly below target. It should be noted, however, that if settlements and agreements reached after the initial hearing are included in the results, the Board would have exceeded its targets for this measure as well.

The Executive recommendation maintains performance targets at the FY08 level for four out of six measures. The Executive recommends that performance targets for the percent of prohibited practice complaints decided within 180 days and the percent of petitions processed within 180 days of filing be raised from 90% to 92% based on the Board's FY07 actual performance. The agency will continue to focus on decreasing the length of time to make determinations on the approval of local labor relations boards, to process petitions for representation and to make decisions on prohibited practice complaints. The agency continues to strive for resolution of cases through settlement agreements, mediation or arbitration prior to hearings to provide timelier and more cost-efficient processing and to maintain a more amicable relationship between labor and management.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY09	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	327.1	339.9	342.2	2.3	0.7
Other Transfers	6.0	0.0	0.0	0.0	***
TOTAL SOURCES	333.1	339.9	342.2	2.3	0.7
USES					
Personal Services and Employee Benefits	248.2	252.1	253.0	0.9	0.4
Contractual Services	3.5	4.0	4.5	0.5	12.5
Other	69.9	83.8	84.7	0.9	1.1
TOTAL USES	321.6	339.9	342.2	2.3	0.7
FTE					
Permanent	3.00	3.00	3.00	0.00	0.0
TOTAL FTE POSITIONS	3.00	3.00	3.00	0.00	0.0

Performance Measures

		<u>FY07 Target</u>	<u>FY07 Result</u>	<u>FY08 Target</u>	<u>FY09 Recomm</u>
Public Employee Labor Relations Board					
To assure all state and local public body employees have the right to organize and bargain collectively with their employers or to refrain from such activities.					
Outcome	Percent compliance with statutes, with particular attention to due process, equal protection, the Public Employee Bargaining Act and board rules	100%	100%	100%	100%
Outcome	Percent of decisions overturned on appeal	1%	1%	1%	1%
Output	Percent of determinations of approval of local labor relations boards within 100 days of request for approval	99%	99%	99%	99%
Output	Percent of prohibited practice complaints decided within 180 days of filing	90%	91%	90%	92%
Output	Percent of petitions processed within 180 days of filing	90%	92%	90%	92%
Efficiency	Percent of cases resolved through agreement, mediation or arbitration	50%	48%	50%	50%

Executive Summary

The State Treasurer is entrusted with receiving, keeping and disbursing all State monies, unless otherwise provided by law.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	4,285.8	4,511.4	5.3
Total Sources	4,295.1	4,531.4	5.5
Program			
State Treasurer	4,295.1	4,531.4	5.5
Total Uses	4,295.1	4,531.4	5.5
FTE	42.00	42.00	0.0

- The Executive recommends an increase of \$225.6 in General Fund over FY08 operating levels.
- The recommendation provides an increase in the personal services and benefits category of \$94.6 to accommodate the State Treasurer's Office current level of staffing and includes a 2% vacancy factor.
- The recommendation also provides \$41.6 for additional General Services Department premiums for worker's compensation, unemployment compensation and employee liability.
- The Executive recommendation includes an increase in the contractual services category of \$67.0, to provide for increased audit costs, attorney fees and an increase of \$10.7 in federal funds for the federal funds tracking system.

Agency Mission and Program Purpose

The mission of the State Treasurer's Office (STO) is to promote and protect the financial interests of the citizens and agencies of New Mexico through prudent financial decisions and actions that involve state monies.

The State Treasurer is an elected, constitutionally-based member of the Executive branch of government, per Article 6, Section 1, of the New Mexico Constitution. The State Treasurer is entrusted with receiving, keeping and disbursing all state monies, unless otherwise provided by law, essentially acting as the state's banker.

The State Treasurer is responsible for processing warrants and accounts for cash receipts and disbursements by state agencies. As authorized by law, the State Treasurer invests funds not immediately required for the operation of state government in income-earning securities and contracts to enhance General Fund investment revenue, while ensuring safety of the funds. The agency also manages the Local Government Investment Pool, a short-term investment fund that provides an investment alternative for local government entities and Indian tribes and pueblos.

By statute, the State Treasurer serves as a member of the State Board of Finance, State Investment Council, Small Business Investment Corporation, Public Employees Retirement Board, Educational

Retirement Board, New Mexico Retiree Health Care Authority, New Mexico Educational Assistance Foundation, New Mexico Mortgage Finance Authority and Martin Luther King, Jr. Commission.

Statutory Authority: Article V of the New Mexico Constitution; and Sections 6-1-13, 6-6-8-6, 6-8-11, 6-10-10, 6-10-25 through 6-10-29, 6-10-37, 7-27-24 and 7-27-25, 8-6-1 through 8-6-7, 29-4-5, and 58-18-4 NMSA 1978.

Executive Recommendation

Agency Strategic Directions

The State Treasurer aims to improve fiscal responsibility and restore confidence in the Office by working to improve investment practices and banking operations. The State Treasurer will continue to focus attention on oversight, transparency, and improved internal controls over investment activities through technology and staff enhancements.

Key Elements of Recommendation

The Executive recommends an overall increase of 5.5% over FY08. The recommendation provides an increase in the personal services and benefits category of \$94.6 to fund STO's current level of staffing with a 2% vacancy factor and for increases in General Services Department premiums. An increase of \$74.7 is recommended in the other costs category for increased information system rates, telecommunication, rent and supplies costs. The recommended increase in the contractual services category of \$67.0 provides funding for increased audit costs, attorney fees and \$20.0 in federal funds for the federal funds tracking system.

Performance Report

The State Treasurer's Office failed to report results for four of its performance measures for FY07, citing problems with reporting in the SHARE system. The Executive will continue to work diligently to help STO meet its reporting requirements. STO did not meet the 100% target for percent of investments purchased exceeding the overnight repo rate of return with a result of 85.5%. During FY07, the rate of return on short-term investments outperformed longer duration fixed-income investments. This was a result of the inverted yield curve, which saw one-day to 12-month investments yielding rates comparable to the federal funds rate of 5.25% while 2-year to 10-year investments yielded rates up to 75 basis points lower. The directive to ladder the General Fund core segment and to achieve the total return benchmark duration of 1.9 years meant that investment was directed out of short-term, liquid investments such as the overnight repo and into longer-term securities with lower yields. STO also failed to meet the 100% target for percent of total weighted average dollar value of portfolio's yield equal to or exceeding the total return on a 1-year treasury bond with a result of 90.25%. During most of FY07, STO portfolios outperformed the yield of the 1-year treasury bond. However, at the beginning of FY07, several low-yielding legacy investments remained in the portfolios, which are managed with buy-and-hold strategy, dragging down overall performance until they matured in the fall of 2006. This accounts for the approximately 10% difference between the actual measure and the target measure of 100%. The targets were met for the percent of state bank accounts reconciled to bank statements within twenty-four hours of receipt of bank statements and the percent annual decrease in fraudulent warrants attributable to positive pay implementation. These targets were achieved due to improved accounting capabilities associated with the SHARE system.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY09	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	4,136.0	4,285.8	4,511.4	225.6	5.3
Federal Revenues	4.8	9.3	20.0	10.7	115.1
Other Revenues	109.0	0.0	0.0	0.0	***
TOTAL SOURCES	4,249.8	4,295.1	4,531.4	236.3	5.5
USES					
Personal Services and Employee Benefits	2,775.9	3,077.1	3,171.7	94.6	3.1
Contractual Services	362.4	354.0	421.0	67.0	18.9
Other	1,092.4	864.0	938.7	74.7	8.6
TOTAL USES	4,230.7	4,295.1	4,531.4	236.3	5.5
FTE					
Permanent	42.00	42.00	42.00	0.00	0.0
TOTAL FTE POSITIONS	42.00	42.00	42.00	0.00	0.0

Performance Measures

		<u>FY07</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>
		<u>Target</u>	<u>Result</u>	<u>Target</u>	<u>Recomm</u>
State Treasurer's Office					
To provide a financial environment that maintains maximum accountability for receipt, investment, and disbursement of public funds to protect the financial interests of New Mexico citizens.					
Outcome	Percent of investments with a return rate that exceeds the overnight rate	100%	Not Rept.		
Output	Percent of cash-to-books reconciliation items processed and adjusted to the agency fund balance within thirty days of closing from the department of finance and administration	25%	Not Rept.		
Output	Percent of investments purchased exceeding the overnight rate of return	100%	85.5%		
Output	Percent of total weighted average dollar value of portfolio's yield equal to or exceeding the total return on a one-year treasury bond	100%	90.25%		
Output	Percent of interest allocated to state agencies within five days of treasury system close	97%	TBD		
Output	Percent of cash-to-books reconciling items resolved and agency funds balanced within thirty days of treasury close	25%	TBD		
Output	Percent of treasury reports issued within two days of receipt of cash master from the department of finance and administration	100%	TBD		
Output	Percent of agency funds deposited in the bank and recorded in the treasury within twenty-four hours	100%	TBD		
Output	Percent of state bank accounts reconciled to bank statements within twenty-four hours of receipt of bank statement	95%	100%		
Output	Percent annual decrease in fraudulent warrants attributable to positive pay implementation	10%	99%		
Outcome	Percent of employee development and appraisal assessments closed out by the deadline			80%	80%
Outcome	One-year annualized investment return on local government investment pool to exceed internal benchmark, in basis points			5	5
Outcome	Percent of agencies rating overall satisfaction with state investment office services as good or better in annual survey			80%	80%
Outcome	One-year annualized investment return on general fund portfolio to exceed internal benchmarks, in basis points			5	5
Outcome	Percent of employees rating their employment experience satisfactory or better in annual survey			80%	80%
Outcome	Number of outstanding agency bank transactions unreconciled after seven days, at month end			0	0
Outcome	Percent increase of local government investment pool average balance over the prior fiscal year end		36%	10%	10%
Outcome	Maximum number of audit findings			3	3

Executive Summary

The State Ethics Commission provides independent oversight of the Executive and Legislative branches of government, and all state employees.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	0.0	500.0	***
Total Sources	0.0	500.0	***
Program			
State Ethics Commission	0.0	500.0	***
Total Uses	0.0	500.0	***
FTE	0.00	3.00	***

- The Executive recommendation includes \$500.0 in General Fund for operating expenses of the Commission.

Agency Mission and Program Purpose

The State Ethics Commission would provide independent oversight of the Executive and Legislative branches of government and all state employees. The Commission would investigate complaints by concerned citizens and whistleblowers. The Commission would also have strong powers to investigate and discipline, including the ability to fine, censure, and reprimand public officials, state employees, lobbyists, contractors and officials.

Statutory Authority: Proposed

Executive Recommendation*Key Elements of Recommendation*

The Executive recommendation provides \$500.0 for operating expenses of the State Ethics Commission.

Recommended Language for the General Appropriation Act

The general fund appropriation to the state ethics commission includes five hundred thousand dollars (\$500,000) for operating expenses of the commission, contingent on enactment of legislation establishing the commission.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	<u>FY07 Actuals</u>	<u>FY08 Operating Budget</u>	<u>Recom- mendation</u>	<u>FY09 Budget to Recommendation</u>	
				<u>Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	0.0	0.0	500.0	500.0	***
TOTAL SOURCES	0.0	0.0	500.0	500.0	***
USES					
Personal Services and Employee Benefits	0.0	0.0	268.8	268.8	***
Contractual Services	0.0	0.0	75.0	75.0	***
Other	0.0	0.0	156.2	156.2	***
TOTAL USES	0.0	0.0	500.0	500.0	***
FTE					
TOTAL FTE POSITIONS	0.00	0.00	3.00	3.00	***

Executive Summary

The Board of Examiners for Architects regulates architectural services and the architectural profession in the interest of public health, property protection and safety.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	0.0	0.0	***
Total Sources	349.0	349.0	0.0
Program			
Board of Examiners for Architects	349.0	349.0	0.0
Total Uses	349.0	349.0	0.0
FTE	4.00	4.00	0.0

- The Executive recommendation maintains budget at the FY08 operating level.

Agency Mission and Program Purpose

The Board of Examiners for Architects prescribes regulations regarding the professional and technical qualifications necessary for the practice of architecture in New Mexico. The Board has the power to subpoena witnesses, administer oaths and take testimony concerning matters within its jurisdiction.

In regulating the architectural profession, the Board administers licenses and provides updated information to the general public on how to hire an architect. There are over 2,000 registered architects in New Mexico. The board also provides the latest information affecting architecture to the construction industry.

Statutory Authority: Section 61-15-1 NMSA 1978.

Executive Recommendation*Agency Strategic Directions*

The Board's strategic direction continues to be ensuring that practicing architects comply with New Mexico standards and statutes through licensure and investigation of complaints.

Key Elements of Recommendation

The Executive recommendation maintains budget at the FY08 operating level. The recommendation includes full funding of the agency's four FTE, and provides for increased audit costs, while reducing other operating costs to compensate for the increase. This recommendation will fully fund the Board's administration while continuing to allow them to operate within their bi-annual recurring revenues.

Performance Report

The board met all of its FY07 Performance Based Budgeting measures. Registration numbers for the year were 2,098, which exceeded the target of 2,010. Board staff also reduced the average number of days for preliminary investigations down to 2.4.

Budget Summary Tables

		Agency Budget Summary (Dollars in Thousands)			FY09	
		FY07	FY08	Recom-	Budget to Recommendation	
		<u>Actuals</u>	<u>Operating Budget</u>	<u>mendation</u>	<u>Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES						
	Other Revenues	91.9	0.0	0.0	0.0	***
	Fund Balance	220.1	349.0	349.0	0.0	0.0
	TOTAL SOURCES	312.0	349.0	349.0	0.0	0.0
USES						
	Personal Services and Employee Benefits	239.1	239.8	250.3	10.5	4.4
	Contractual Services	7.9	14.4	14.4	0.0	0.0
	Other	66.7	94.8	84.3	-10.5	-11.1
	TOTAL USES	313.7	349.0	349.0	0.0	0.0
FTE						
	Permanent	4.00	4.00	4.00	0.00	0.0
	TOTAL FTE POSITIONS	4.00	4.00	4.00	0.00	0.0

Performance Measures

		FY07	FY07	FY08	FY09
		<u>Target</u>	<u>Result</u>	<u>Target</u>	<u>Recomm</u>
Board of Examiners for Architects					
To provide architectural registration to approved applicants so they can practice architecture.					
Output	Number of registration applications processed	2,020	2098	2,020	2,020
Outcome	Percent of registrants audited to ensure compliance with continuing education requirements	2%	N/A	2%	2%
Output	Number of days after the receipt of a complaint to process and deliver to the enforcement subcommittee	60	2.4	60	5

Border Authority

41700

Executive Summary

The Border Authority provides leadership in development of infrastructure on both sides of the New Mexico-Mexico border that will foster an increase in trade activity at federal ports of entry.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	521.3	516.6	-0.9
Total Sources	624.1	561.6	-10.0
Program			
Border Authority	624.1	561.6	-10.0
Total Uses	624.1	561.6	-10.0
FTE	5.00	5.00	0.0

- The FY09 recommendation reflects an overall decrease of 10% resulting from the expiration of the federal HazMat grant.
- The Executive recommendation reflects a \$45.0 increase in other revenues over FY08 to provide for professional services related to engineering projects in the border region.

Agency Mission and Program Purpose

The Border Authority provides leadership in development of infrastructure on both sides of the New Mexico-Mexico border. This will foster an increase in trade activity at federal ports of entry by serving as a point of contact for those interested in opportunities related to shipping or crossing international trade goods through the ports. The Authority will continue to do this by working closely with the trade community, local government jurisdictions and the federal border enforcement agencies, not only in the United States (U.S.), but also in the State of Chihuahua and in Mexico City.

Statutory Authority: Sections 58-27-1 through 58-27-26 NMSA 1978.

Executive Recommendation*Agency Strategic Directions*

Border activity and trade again achieved dramatic increases in FY07 compared with FY06. Some of the Border Authority's highlights for the fiscal year include: Union Pacific Railroad's commitment to major new facilities at Santa Teresa; extended commercial hours at the Santa Teresa port of entry; design and scheduling for total reconstruction of the Columbus port of entry; and record high volumes of traffic into New Mexico from Chihuahua.

Last October, Union Pacific and Governor Richardson jointly announced plans for a \$150 million project at Santa Teresa. The multi-phased project will begin with refueling and crew change facilities, block swap yards, and office facilities, with construction scheduled to begin in 2008. A subsequent phase will include major intermodal facilities, with construction beginning as early as 2014. Legislative action last session provided the incentives needed to assure the project.

Commercial hours have been extended at the Santa Teresa port from 6:00 p.m. to 10:00 p.m., Monday through Friday, to allow better access from manufacturers located in the Mexican interior as well as late shift production in Ciudad Juarez. Governor Richardson, Senator Bingaman, and Senator Domenici provided the strong support needed by the Border Authority to gain the federal government's authorization for the extension.

Initial design was completed for major improvements for the Columbus port. The federal General Services Administration has scheduled the \$40 million project for inclusion in the president's budget in 2010.

Trade through New Mexico's ports was approximately \$1.351 billion in FY07, a ten percent increase over the previous year, reflecting the highest import/export activity in the state's history. Meanwhile, northbound non-commercial crossings exceeded 400,000 vehicles at Santa Teresa, a 20% increase over the previous year. Wait times for crossing at the port sometimes exceeds two hours, reflecting an immediate need for additional crossing lanes and inspection booths.

In FY09, the Border Authority will continue its wide-ranging efforts to expand the border economy. The agency will focus on development of a new rail spur connecting Ferromex, the Mexican railroad serving Ciudad Juarez and the Burlington, Northern Santa Fe Railroad through Santa Teresa and its Union Pacific interconnection. New trans-loading facilities for rail to truck operations will also be an agency priority. The continuation of extended commercial hours and new non-commercial lanes will be another priority. In addition, the Border Authority will work with the State of Chihuahua and the Republic of Mexico to advance the new port project at Anapra, to further improve the Palomas port, and to construct a paved access road to the Berrendo/Antelope Wells port.

Key Elements of Recommendation

The Executive recommendation provides a \$45.0 increase in other revenues over the FY08 operating level for the Border Authority. The additional revenue is associated with a parking lot on Border Authority property, utilized by international travelers. The recommendation uses this revenue to fund an expansion of \$45.0, which supports the Governor's Performance and Accountability Contract of *Promoting and Growing New Mexico*, to be used for: engineering services on border infrastructure projects related to port expansion and industrial development; construction and operation of a parking lot for visitors requiring documentation to travel beyond the border zone; and construction and operation of a rail drop yard adjacent to the Union Pacific rail line. The Executive recommendation also recognizes a decrease in other transfers of \$102.8, due to the expiration of the federal Hazmat Grant. The grant, for hazmat equipment and related accessories for the Santa Teresa port of entry and surrounding area, is expected to expire and all required work in relation to the grant will be completed by the Border Authority in FY08.

Performance Report

The Border Authority met target levels for three of four performance measures. Annual trade share of New Mexico ports is based on data provided by the federal government which showed that trade processed at New Mexico ports in FY07 was valued at approximately \$1.351 billion, a ten percent increase from the previous year. New Mexico's portion of the regional trade share, 2.6%, nevertheless increased only slightly, missing the target of 3.1%, because of robust growth throughout the Paseo del Norte region. The Border Authority continues to believe the data to be incomplete and unreliable because it understates several of the large volume products known to cross at the Santa Teresa port.

The percent of program objectives obtained met the 90% target level. The coordination level between the agency and the trade community, federal, state, local, and Mexican officials remains high, with continuing positive results. Contact with stakeholders continues to increase. As a result of numerous high-level meetings by the agency with our congressional delegation, Customs and Border Protection, Mexican Customs, the trade community, and the Governor's office, commercial hours at the Santa Teresa port were extended from 6:00 p.m. to 10:00 p.m., Monday through Friday. The extension should yield a significant increase in trade processed through the port. The agency also conducted an aggressive campaign to allow Mexican laser-visa holders to travel up to 100 miles into Mexico without additional permits from Customs and Border Protection.

The number of coordination meetings easily surpassed the target level of 150 and the target for FY09 has been raised accordingly. The agency met with every local government in Dona Ana, Luna, Hidalgo, and Otero counties as well as with the Congressional delegation to develop federal legislation supporting the extension of rail service to Santa Teresa. In addition, the Border Authority continued its very successful ports advisory committee meetings, bringing together the trade community from both sides of the border with representatives of the Mexican and U.S. consulates, Mexican and U.S. agencies operating at the border at the local, state, and federal levels, as well as developers. The addition of one more staff member in FY07 allowed the agency to achieve its objectives, as exemplified by the extension of commercial hours and development of federal legislation to allow Mexican visitors easier access to New Mexico. Cooperation from state and federal agencies on both sides of the border is excellent, but increasing security requirements imposed by Customs and Border Protection at the ports places an ever increasing strain on quick and efficient border crossings, all along the Mexican border.

Port traffic surpassed the target of 685,000 vehicles and has been raised to a more challenging level of 860,000 vehicles. Northbound non-commercial traffic increased almost 20% at Santa Teresa in FY07, primarily reflecting more use by travelers from the interior of Mexico. The level of traffic should continue to increase and Santa Teresa should gain more traffic in FY08 from Ciudad Juarez as wait times from more intensive border inspections congest the downtown El Paso ports. The increased traffic at Santa Teresa will strain existing infrastructure, causing a requirement for additional inspection lanes and booths. Northbound non-commercial traffic at Columbus remained steady despite several violent cartel related incidents near the port that temporarily discouraged crossings. Commercial crossings at both Santa Teresa and Columbus reached historic highs in FY07 and should again increase in FY08.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY09	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	489.6	521.3	516.6	-4.7	-0.9
Other Transfers	0.0	102.8	0.0	-102.8	-100.0
Other Revenues	0.0	0.0	45.0	45.0	***
TOTAL SOURCES	489.6	624.1	561.6	-62.5	-10.0
USES					
Personal Services and Employee Benefits	312.6	377.8	377.4	-0.4	-0.1
Contractual Services	38.9	40.8	71.0	30.2	74.0
Other	89.4	205.5	113.2	-92.3	-44.9
TOTAL USES	440.9	624.1	561.6	-62.5	-10.0
FTE					
Permanent	5.00	5.00	5.00	0.00	0.0
TOTAL FTE POSITIONS	5.00	5.00	5.00	0.00	0.0

Performance Measures

		<u>FY07 Target</u>	<u>FY07 Result</u>	<u>FY08 Target</u>	<u>FY09 Recomm</u>
Border Authority					
To encourage and foster trade development between New Mexico and Mexico by developing port facilities and infrastructure at international ports-of-entry; attracting new industries and business to the New Mexico border; and assisting industries, businesses, and the traveling public in their efficient and effective use of ports and related facilities.					
Outcome	Annual trade share of New Mexico ports within the west Texas and New Mexico region	3.1%	2.609%	2.8%	3.0%
Outcome	Percent of program objectives obtained as a result of direct agency interaction with the border trade community, both public and private sector	90%	90%	90%	90%
Output	Number of coordination meetings with border community leaders, congressional offices, Mexican federal agencies, federal and state agencies or international funding resources to maintain integrity of the international border in New Mexico	150	220	175	250
Explanatory	Commercial and non-commercial vehicular port traffic at New Mexico ports	685,000	809,439	750,000	860,000

Executive Summary

The mission of the Tourism Department is to market New Mexico as an enchanting visitor destination to the world and increase the number of tourists visiting New Mexico.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	11,286.8	11,286.8	0.0
Total Sources	16,853.1	17,077.6	1.3
Program			
New Mexico Magazine	4,311.1	4,418.6	2.5
Program Support	2,015.9	2,015.9	0.0
Tourism Development	2,692.6	2,809.6	4.3
Marketing and Promotion	7,330.3	7,330.3	0.0
Sports Authority	503.2	503.2	0.0
Total Uses	16,853.1	17,077.6	1.3
FTE	85.50	86.50	1.2

- The Executive recommendation maintains General Fund budget at the FY08 operating level.
- The Executive supports one expansion FTE, an attorney within Program Support.

Agency Mission and Program Purpose

The Tourism Department develops a coordinated, statewide approach to tourism activities; serves as a comprehensive source of information and assistance to tourism-related businesses wishing to locate, expand or do business in New Mexico; provides a database for local and regional tourism groups, both in-house and through its website; monitors the progress of state-supported tourism activities; and prepares annual reports of tourism activities, including the status and impact of such activities.

Statutory Authority: Sections 9-15A-1 through 9-15A-9 NMSA 1978.

New Mexico Magazine

The New Mexico Magazine Program produces and publishes a monthly magazine that highlights New Mexico's natural assets and diverse culture. It is also used as a tool for marketing and promoting New Mexico's products. The program partners in the publication of *Hello New Mexico* (a new publication targeting a younger audience), the *New Mexico Vacation Guide*, international vacation guides and the *Outdoor Recreation Guide*. The Magazine sells products including books and calendars through its on-line catalog, print catalog and other retail outlets. The New Mexico Magazine Program is funded entirely with enterprise program revenue.

Program Support

Program Support includes the cabinet secretary, deputy secretary for finance and administration, deputy secretary for international tourism, the information systems manager and the administrative

services division. The program provides timely processing of documentation pertaining to the operations of the department and ensures compliance with state and federal rules governing the business of the department. Program Support is responsible for the annual audit and all accounting and personnel functions.

Tourism Development

The Outreach Program promotes the development and growth of tourism efforts and activities around the state. The cooperative advertising component of the program conducts outreach activities to enhance community, local and regional marketing efforts. It also provides matching funds to tourism-related non-profit organizations and local and tribal governments to promote New Mexico as a tourist destination. The program complements the other local marketing plans and helps pay for direct advertising, which includes print, broadcast and billboard advertising, printing of promotional brochures, website development and trade show participation.

An Indian tourism component under the Outreach Program assists in promoting Indian tourism to the degree and in the manner desired by individual tribal governments and Native American organizations. It coordinates its activities through consultation with New Mexico's 22 tribes and Native American Indian organizations throughout the state. It conducts regular outreach activities, assists in data collection and analysis and aims to secure equitable Native American representation.

The New Mexico Scenic Byways Program, recently transferred to the department from the Department of Transportation, is a part of the Outreach Program and is designed to encourage visitors and residents to explore the state's scenic byways so that they can discover the spirit and history of the state New Mexicans call the Land of Enchantment. Various roads throughout New Mexico are nominated for designation as scenic byways by communities interested in recognizing stretches of road notable for their archaeological, recreational, natural, scenic, historic, and cultural qualities. Many of these byways are designed as loop tours. This provides ease of travel and a ready-made itinerary based on New Mexico's outstanding attractions.

Marketing and Promotion

The Promotion Program includes the media relations and tour trade components of the Department. The media relations component directs and manages all internal and external communications and distributes press kits, news releases and travel information to domestic and international travel media. The tour trade development component handles all North American and international travel agent and tour operator tourism and participates in domestic and international trade conventions, trade shows and sales missions.

Sports Authority

The New Mexico Sports Authority seeks to increase the number of athletic venues which utilize the facilities and climate available in the State of New Mexico.

Executive Recommendation

Agency Strategic Directions

The Tourism Department supports the Executive's performance and accountability policy initiative, *Promoting and Growing New Mexico*, by promoting increased tourism to New Mexico. The number of tourists visiting New Mexico and the duration of their visit is directly linked to the success of the

state's economy, particularly in retail trade and services industry, and also to most other economic sectors. Tourism within the state contributed more than \$5 billion to New Mexico's economy in FY07, according to department statistics.

The department is working in FY08 under a new operating structure. The agency consolidated the Off Highway Vehicle, New Mexico Clean and Beautiful and the Outreach Programs into the new Tourism Development Program. The Marketing and Promotion programs are consolidated into the new Marketing and Promotion Program. The department also gained the New Mexico Sports Authority as a program of the department. The New Mexico Magazine and Program Support remain separate programs under the new operating structure.

Marketing and Promotion Program. The program continues to plan and execute marketing efforts and events that highlight New Mexico as a premier tourist destination for domestic and international travel. The department launched its new advertising campaign, "The Best Place in the Universe. New Mexico Earth," in April. The campaign launched in Minneapolis and San Diego markets. Marketing methodology included TV spots, billboards, coffee sleeves, bus panels and on-line banners. The campaign proved successful in that it raised awareness of New Mexico as a visitor destination and reflected an increased number of potential visitors indicating their intent to visit in the next two years. The campaign will now be implemented in New Mexico's traditional and drive markets. New Mexico will once again participate in the Tournament of Roses Parade in Pasadena, California on New Year's Day, 2008. The response the state received from the Tourism Department's appearance in the 2006 Tournament of Roses Parade and the media efforts primarily targeting Southern California and Texas travel markets was tremendous. Regardless of who plays in the Rose Bowl, this gives the New Mexico Tourism industry a unique opportunity to become a major player in the Southern California market – where prospective tourists are plentiful, but advertising is prohibitively expensive.

Tourism Development Program. The program addresses statewide initiatives to enhance marketing efforts for rural New Mexico as well as the Indian Tourism sector. The program includes Indian Tourism, Off-Highway Vehicle, New Mexico Clean and Beautiful, Cooperative Marketing Grant, and Scenic Byways programs. The Indian Tourism program works with Indian tribes and organizations to cohesively market events and attractions. The Off-Highway Vehicle program works to address permitting and registration, safety, and trails for off-highway vehicles. The New Mexico Clean and Beautiful program grants communities funding for beautification efforts and is implementing new educational programs for litter awareness. The Cooperative Marketing Grant program initiated changes to the grant process for providing marketing funding to organizations statewide to better manage the program. The Scenic Byways program received an \$80,000 special appropriation to promote and market New Mexico's scenic byways and is also marketing byways internationally at trade shows.

New Mexico Magazine Program. New Mexico Magazine continues to maintain a steady circulation in a downward market. Advertising revenues in the monthly magazine showed a slight increase of 2.3%. Ancillary product revenue increased by 21%.

Program Support. The program continues to provide support to the department's strategic initiatives and is working closely with the tourism industry in its effort to gain a permanent source of funding for advertising dollars to compete in the highly competitive tourism market.

New Mexico Sports Authority Program: The program will continue to recruit and retain all forms of professional and amateur sporting events and support the New Mexico Bowl in 2007 and beyond. The program received a special appropriation to host and support a LPGA event in Elephant Butte in 2007.

Key Elements of Recommendation

The Executive recommendation maintains General Fund budget at the FY08 operating level.

The Tourism Department currently operates its legal department on a contractual basis. The Executive recommends a permanent lawyer position to address this situation.

The Executive supports a 10% increase in other transfers in the Tourism Development Program that relates directly to the permitting and registration of off-highway vehicles and clean and beautiful fees collected by the Taxation and Revenue Department. This source of revenue is expanding due to increased off-highway vehicle registrations and the associated fees. The Executive believes a ten percent increase is obtainable.

The Executive supports a 2.4% increase in other revenues as a direct result of escalating New Mexico Magazine sales in the New Mexico Magazine Program. Subscriptions are on the rise and the Executive supports increased revenues based on these increased sales.

Performance Report

The New Mexico Magazine program met four of six performance measures. The two target levels not achieved were circulation rate and ancillary product revenue. Relative to other magazines in the region, New Mexico Magazine circulation decreased by 3% compared with the combined 13.8% decrease for *Texas Highways*, *Arizona Highways*, and *Oklahoma Today*. For this reason, the Executive recommendation decreases the FY09 target to a more realistic level. Although the performance level for ancillary product revenue did not meet the target, it was a 25% increase over the previous year. The Executive recommendation increases the FY09 target by 5% and encourages the agency to strive for this more robust level.

The Program Support program met one of three performance measures in FY07. Two measures related to the audit do not have data available at this time. In FY09, two new measures, acceptance rate of payment vouchers and number of payment vouchers processed weekly, are recommended by the Executive.

The Tourism Development program met five of seven performance measure targets. The two measures where targeted performance was not met were pounds of litter removed and number of off-highway vehicle trails developed. The measurement of litter removed varies widely with the activities and events coordinated by each community. If a community offers a free amnesty day at their local landfill then the pounds go up, since consumers take in very heavy items. Also, accurate and timely reporting by communities affects this measure. While Tourism is working toward meeting the target level for off-highway vehicle trails developed, they are still working with the current Off-Highway Motor Vehicle Safety Board to build the off highway vehicle program to address major objectives such as safety, rule implementation, permit sales and strategic planning. The off-highway vehicle program will work toward addressing this measure in the coming fiscal year.

The Marketing and Promotion Program met thirteen of fourteen performance measure targets. Percent change in visits to New Mexico visitor information centers was targeted at 3.1% and the actual percentage change was 1.0%. The Executive recognizes the market driven nature of this measure and has therefore decreased the FY09 target to a more attainable 1.2% increase.

The Sports Authority Program met its targeted level of performance in FY07. The Executive recommendation increases the number of new minor sporting events attracted to New Mexico to eight from its current level of seven.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY09	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	8,764.0	11,286.8	11,286.8	0.0	0.0
Other Transfers	1,152.9	1,170.2	1,287.2	117.0	10.0
Other Revenues	4,315.6	4,396.1	4,503.6	107.5	2.4
TOTAL SOURCES	14,232.5	16,853.1	17,077.6	224.5	1.3
USES					
Personal Services and Employee Benefits	4,308.8	5,039.8	5,039.8	0.0	0.0
Contractual Services	1,478.3	1,668.4	1,648.4	-20.0	-1.2
Other	8,260.0	10,144.9	10,389.4	244.5	2.4
TOTAL USES	14,047.1	16,853.1	17,077.6	224.5	1.3
FTE					
Permanent	78.50	84.50	85.50	1.00	1.2
Term	1.00	1.00	1.00	0.00	0.0
TOTAL FTE POSITIONS	79.50	85.50	86.50	1.00	1.2

New Mexico Magazine (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY09	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
Other Revenues	4,255.6	4,311.1	4,418.6	107.5	2.5
TOTAL SOURCES	4,255.6	4,311.1	4,418.6	107.5	2.5
USES					
Personal Services and Employee Benefits	1,023.7	1,143.9	1,143.9	0.0	0.0
Contractual Services	935.2	972.9	952.9	-20.0	-2.1
Other	2,111.3	2,194.3	2,321.8	127.5	5.8
TOTAL USES	4,070.2	4,311.1	4,418.6	107.5	2.5
FTE					
Permanent	18.00	17.00	17.00	0.00	0.0
TOTAL FTE POSITIONS	18.00	17.00	17.00	0.00	0.0

Program Support
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar Change	<u>Percent</u> Change
SOURCES					
General Fund Transfers	1,604.2	2,015.9	2,015.9	0.0	0.0
TOTAL SOURCES	1,604.2	2,015.9	2,015.9	0.0	0.0
USES					
Personal Services and Employee Benefits	941.6	1,382.6	1,382.6	0.0	0.0
Contractual Services	91.9	76.8	76.8	0.0	0.0
Other	570.7	556.5	556.5	0.0	0.0
TOTAL USES	1,604.2	2,015.9	2,015.9	0.0	0.0
FTE					
Permanent	14.00	18.00	19.00	1.00	5.6
TOTAL FTE POSITIONS	14.00	18.00	19.00	1.00	5.6

Tourism Development
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar Change	<u>Percent</u> Change
SOURCES					
General Fund Transfers	1,307.5	1,522.4	1,522.4	0.0	0.0
Other Transfers	1,152.9	1,170.2	1,287.2	117.0	10.0
TOTAL SOURCES	2,460.4	2,692.6	2,809.6	117.0	4.3
USES					
Personal Services and Employee Benefits	422.6	476.0	476.0	0.0	0.0
Contractual Services	175.0	175.0	175.0	0.0	0.0
Other	1,862.8	2,041.6	2,158.6	117.0	5.7
TOTAL USES	2,460.4	2,692.6	2,809.6	117.0	4.3
FTE					
Permanent	7.00	7.00	7.00	0.00	0.0
TOTAL FTE POSITIONS	7.00	7.00	7.00	0.00	0.0

Marketing and Promotion
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar Change	<u>Percent</u> Change
SOURCES					
General Fund Transfers	5,557.1	7,245.3	7,245.3	0.0	0.0
Other Revenues	60.0	85.0	85.0	0.0	0.0
TOTAL SOURCES	5,617.1	7,330.3	7,330.3	0.0	0.0
USES					
Personal Services and Employee Benefits	1,700.8	1,796.2	1,796.2	0.0	0.0
Contractual Services	274.7	367.2	367.2	0.0	0.0
Other	3,641.6	5,166.9	5,166.9	0.0	0.0
TOTAL USES	5,617.1	7,330.3	7,330.3	0.0	0.0
FTE					
Permanent	39.50	39.50	39.50	0.00	0.0
Term	1.00	1.00	1.00	0.00	0.0
TOTAL FTE POSITIONS	40.50	40.50	40.50	0.00	0.0

		Sports Authority (Dollars in Thousands)			FY09	
		FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	<u>Budget to Recommendation</u> Dollar <u>Change</u>	Percent <u>Change</u>
SOURCES						
	General Fund Transfers	295.2	503.2	503.2	0.0	0.0
	TOTAL SOURCES	295.2	503.2	503.2	0.0	0.0
USES						
	Personal Services and Employee Benefits	220.1	241.1	241.1	0.0	0.0
	Contractual Services	1.5	76.5	76.5	0.0	0.0
	Other	73.6	185.6	185.6	0.0	0.0
	TOTAL USES	295.2	503.2	503.2	0.0	0.0
FTE						
	Permanent	0.00	3.00	3.00	0.00	0.0
	TOTAL FTE POSITIONS	0.00	3.00	3.00	0.00	0.0

Performance Measures

		FY07 <u>Target</u>	FY07 <u>Result</u>	FY08 <u>Target</u>	FY09 <u>Recomm</u>
New Mexico Magazine					
To produce a monthly magazine and ancillary products for a state and global audience so that the audience can learn about New Mexico from a cultural, historical, and educational perspective.					
Outcome	Relative qualified circulation	+/-1%	+1%	+/-1%	+/-1%
Output	Advertising revenue per issue	\$117.0	\$117.5	\$120.6	\$125.0
Efficiency	Net acquisition cost per subscriber	\$1.90	\$1.46	\$1.84	\$1.5
Outcome	Circulation rate	115,000	105,897	118,000	109,000
Output	Ancillary product revenue, in dollars	\$275,000	\$258,215	\$285,000	\$300,000
Output	Collection rate	98.5%	99.0%	98.5%	98.5%
Program Support					
To provide administrative assistance to support the department's programs and personnel so they may be successful in implementing and reaching their strategic initiatives and maintaining full compliance with state rules and regulations.					
Efficiency	Number of repeat audit findings	0	0	0	0
Efficiency	Number of audit findings	0	0	0	0
Outcome	Acceptance rate of payment vouchers				95%
Explanatory	Percent of administrative costs of overall agency operating budget	12%	12%	12%	12%
Output	Number of payment vouchers processed weekly				100
Tourism Development					
To provide constituent services for communities, regions, and other entities, so that they may identify their needs and assistance can be provided to locate resources to fill those needs whether internal or external to the organization.					
Outcome	Pounds of litter removed	5,500,000	4,283,549	2,500,000	4,300,000
Outcome	Number of active New Mexico community scenic byway organizations	18	18	22	23
Efficiency	Number of off-highway vehicle trails developed	3	0	3	3
Outcome	Number of distribution channels for purchase of out-of-state off-highway vehicle permits	15	15	23	20
Output	Number of out of state off-highway vehicle permits sold	1,000	1,355	1,500	1,500
Outcome	Number of partnered cooperative advertising applications received	30	31	35	35
Output	Number of New Mexico community participants and volunteers in New Mexico clean and beautiful clean-up events	25/15,000	67/21,429	63/30,000	63/30,000
Outcome	Value of matching dollars and in-kind contributed by tribes to promote joint Indian tourism activities	\$116.0	\$126.0	\$130.0	\$135.0

		<u>FY07</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>
		<u>Target</u>	<u>Result</u>	<u>Target</u>	<u>Recomm</u>
Marketing and Promotion					
To produce/provide collateral, editorial, and special events for the consumer and trade so that they may increase their awareness of New Mexico as a premier tourist destination.					
Outcome	New Mexico's domestic tourism market share	1.15%	1.20%	1.2%	1.2%
Output	Print advertising conversion rate	20%	23%	25%	25%
Output	Broadcast conversion rate	30%	32%	34%	34%
Explanatory	Number of visits to visitor information centers	1,000,000	1,085,736	1,096,594	1,096,594
Explanatory	Unique website visitor sessions	3,100,000	5,109,674	3,200,000	5,200,000
Outcome	Percent change in visits to New Mexico visitor information centers	3.1%	1.0%	1.0%	1.20%
Quality	Number of domestic qualified leads generated	9,300	9,300	9,400	9,500
Output	Number of events increasing awareness of New Mexico as a visitor destination	130			
Outcome	Average wait time for vacation guide, in days	12	12	11	11
Quality	Number of stories placed in the media	150	150	160	170
Quality	Number of international qualified leads generated	11,800	11,800	11,900	12,000
Outcome	Percent increase in lodger's tax	0.48%	0.48%	0.50%	0.50%
Outcome	Number of stories featured in the media as a result of external efforts	150	560	160	580
Efficiency	Number of return visitors to New Mexico	17,500,000	17,500,000	17,710,021	17,710,021
Outcome	Economic impact of tourism in the state of New Mexico	\$5.05	\$5.10	\$5.10	\$5.10

Sports Authority

The New Mexico Sports Authority seeks to increase the number of athletic venues which utilize the facilities and climate available in the State of New Mexico.

Output	National television audience share for New Mexico bowl			2.5	
Outcome	Number of new minor sporting events attracted to New Mexico	6	7	7	8
Outcome	Number of new minor sporting events attracted to New Mexico			7	
Output	Attendance at New Mexico bowl			25,000	
Outcome	Number of new major sporting events attracted to New Mexico			1	

Executive Summary

The mission of the Economic Development Department is to help create well-paying jobs that expand the economic base throughout New Mexico.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	9,382.0	9,386.0	0.0
Total Sources	9,382.0	9,386.0	0.0
Program			
Economic Development	3,601.6	3,593.4	-0.2
Film	1,461.9	1,451.4	-0.7
Trade with Mexico	378.7	378.7	0.0
Program Support	3,673.1	3,699.7	0.7
Technology Commercialization	266.7	262.8	-1.5
Total Uses	9,382.0	9,386.0	0.0
FTE	67.00	68.00	1.5

- The Executive recommendation reflects a \$4.0 increase in General Fund over FY08 and utilizes a vacancy factor of 1.1%.
- The Executive recommendation provides \$20.0 for the analysis of financial statements for prospective Job Training Incentive Program participants.
- The Executive recommendation includes one additional FTE, an attorney.

Agency Mission and Program Purpose

The Economic Development Department (EDD) facilitates business opportunities and growth throughout the State. EDD provides a wide range of services for New Mexico businesses and communities, as well as information for corporations considering a relocation or expansion into the State.

Statutory Authority: Sections 9-15-1 through 9-15-51 NMSA 1978.

Economic Development

The Economic Development Program, EDD's largest program, provides three primary services. Business development manages retention and expansion of existing business and the relationships between communities and prospective relocating businesses. Community development representatives provide: technical assistance in communities or organizations starting an economic development program; strategic planning for community development; and access to state programs and incentives through the Community Development Revolving Loan Fund, cooperative advertising, and the Certified Communities and MainStreet Programs. The primary goal of the International Trade Division, created on July 1, 2005, is to increase exports from the State of New Mexico to other countries. Services include business-to-business matchmaking, support in the areas of country and market intelligence and export requirements, and the promotion of reverse trade missions to the State. Within its responsibilities are the management of two overseas offices and the

creation of a network throughout the world and with other state agencies on which New Mexico businesses can rely on for assistance.

Film

The purpose of the Film Program is to create jobs and economic opportunities by increasing film activity in New Mexico. The Film Program focuses on the Los Angeles studio system and independent film markets through tradeshow, sales calls and film festivals. Parallel to this marketing effort is a focus on building up New Mexico film crews and filmmakers, primarily through two workforce programs: an on-the-job training program advancing crew skills, and an entry-level program with the International Alliance of Theatrical Stage Employees Local 480 and four educational institutions around the State. Both programs are designed to train individuals to work in the burgeoning New Mexico film and media industry.

Trade with Mexico

The purpose of the Trade with Mexico Program is to increase the dollar value of exports from New Mexico to Mexico and create the infrastructure for economic growth in the southern part of the State. The primary means of accomplishing this goal are the Maquila supplier program and the increase of border infrastructure. The Maquila supplier program is administered through the Mexican Affairs Office. This program works directly with Maquiladoras in Chihuahua, developing strong relationships with the Maquiladora managers so that those managers will encourage their U.S.-based (typically Midwest) suppliers to develop manufacturing/distribution locations in southern New Mexico. The impact from this program has been \$351 million in New Mexico exports to Mexico according to EDD statistics.

The intent of the border infrastructure plan is to first relocate the Ferromex railroad lines running through Ciudad Juarez to a junction with the Union Pacific near the Santa Teresa, New Mexico area. Step two is to relocate Union Pacific rail yards from El Paso, Texas to Santa Teresa, allowing increased intercontinental and inter-modal rail traffic. The last step is to relocate Burlington Northern Santa Fe rail lines from El Paso to Santa Teresa, providing a direct connection for increased international traffic with Ferromex.

Program Support

Program Support provides central direction to the department's management processes and fiscal support to its programs in order to ensure compliance with all legal requirements and fiscal responsibilities. The Program is composed of the Office of the Secretary and the Administrative Services Division.

Technology Commercialization

The goal of the Technology Commercialization Program is to position New Mexico as the place where niche technologies are developed and where profitable opportunities exist within niches of biosciences, micro-systems and alternative energy. The niche focus is the key to successful implementation of this goal. New and emerging technologies have the potential of transforming industry by creating new products and services, improving production processes and accelerating the pace of innovation. All this can lead to new, high-paying jobs for New Mexicans.

Executive Recommendation*Agency Strategic Directions*

The lion's share of EDD's initiatives in FY07 focused on being proactive with regard to New Mexico's economy – developing our local communities to attract new business, and in turn, growing new businesses that create jobs, employ locals, and flow new dollars into our state's regional economies. In FY07, EDD projects resulted in admirable job growth for New Mexico as a whole. Creating new jobs in our state's rural areas is top priority for EDD.

At FY07 year-end, 31 cities and counties had earned certified community status through EDD's certified community initiative (CCI). The department awarded certified community status to six new communities this year. They are: Santa Fe, Bosque Farms, Alamogordo, Las Cruces, Pojoaque Pueblo and Springer.

New Mexico MainStreet is the backbone of the Executive's rural economic development strategy. New Mexico MainStreet (NMMS) currently boasts 27 member communities and promotes downtown revitalization through historic preservation, organization, promotions, and economic restructuring. In FY07, NMMS helped create 115 new businesses, fostered 157 building rehabilitations, generated \$15,562,458 in public investment, and gave rise to 535 new jobs.

EDD's business development team is a one-stop shop of professionals sharing information on tax incentives, alternative financing, and technical assistance. With these tools, the team collaborates with existing New Mexico businesses to assist them in their retention and expansion efforts and provide access to resources and services. The team includes the Homefield Advantage outreach program and the Job Training Incentive Program (JTIP).

The Homefield Advantage team calls on businesses primarily in rural New Mexico to assist them in accessing incentives, alternative financing and technical assistance programs. In FY07, the business development and community development teams sponsored a series of outreach workshops in Farmington, Taos, Raton, Socorro, Las Cruces, Silver City, Hobbs, and Ruidoso Downs. Each event attracted 35-50 attendees seeking information on incentives, financing, and programs.

The Job Training Incentive Program (JTIP) funds classroom and on-the-job-training for newly created jobs in expanding or relocating businesses for up to six months. Depending on the location of the business, the program reimburses 50% to 80% of employee wages. During FY07, the JTIP board allocated \$12.298 million to fund a total of 71 projects.

New Mexico is a creative community. Building the state's film industry creates new jobs for New Mexico's creative class and pumps new dollars into the economy as film crews buy everything from lumber to lattes. In FY07, the film industry generated \$473.7 million in economic impact. The New Mexico Film Office sets its sights on attracting new film productions, training New Mexicans for jobs in the film industry, and providing resources for New Mexico filmmakers. Over the last 12 months, the film and media industry has grown exponentially. The New Mexico Film Office and EDD have successfully recruited film projects to the state, and also have expanded industry infrastructure by assisting peripheral businesses that logically follow the major industry players. In FY07, 15 major features (plus six that crossed fiscal years but were counted for FY06), eight television productions, two catalogs, seven commercials, six documentaries and 14 other types of

productions were made in New Mexico.

The certified Business Incubator Program assists communities in determining whether or not an incubator is a good investment for their community. This is generally accomplished through a feasibility study, which EDD provides the funding for. Once a feasibility study has been completed and indicates that an incubator is a good fit with the community's economic development goals, and is likely to have a client stream and sustainability, EDD staff and members of the incubator advisory committee work with the community until the incubator is built and certified. A certified business incubator constitutes a success. To date, the New Mexico Business Incubator Program has certified four incubators: South Valley Economic Development Center, WESST Corp Enterprise Center, Santa Fe Business Incubator and San Juan College Enterprise Center. The Business Incubator Advisory Committee is working with an additional eight communities that have incubators in various stages of development.

The Office of International Trade helps New Mexico businesses grow their markets – and profits – by finding customers for their products overseas. EDD maintains trade offices in Jerusalem and Tokyo, and leads numerous trade missions annually. This fiscal year, among other internal activities, the Office of International Trade revised and redefined its performance measures, launched a client-tracking database, re-established a trade representative in Taipei, Taiwan, and expanded the scope of its Israel operation to include the entire Middle East.

The Office of Mexican Affairs fosters trade between New Mexico and Mexico by promoting convenient border crossings, improving infrastructure, ensuring security and connecting U.S. businesses with Mexican suppliers.

The New Mexico Economic Development Partnership brings new businesses and new jobs to the state. In FY06-FY07, the partnership announced eight projects, projected to create 1,689 new jobs over the next three years. The projects include: Convergys Corporation, focused primarily on providing human resource services and managing telecommunication billings and business support systems, with approximately 400 new jobs to Albuquerque; IEI Financial Services, provides call center support for the utility industry, with 50 new jobs to Las Vegas, and expects to increase to 150 jobs over the next three years; Tesla Motors, a manufacturer of electric vehicle technology, with 400 new jobs to Albuquerque; American Renewable Fuels, a biodiesel fuel producer, expects to provide 45 new jobs to Clovis in the next three years; LaserShield, a manufacturer of high-tech wireless home security systems, will provide up to 120 new jobs to Las Cruces and Santa Teresa over the next three years; Nexum, Inc., provider of information technology security solutions, with 13 new jobs to Albuquerque and that number expected to climb to 48 total jobs over the next three years; and JH Rose Logistics, that provides transportation and logistical services nationwide, with nine new jobs to Santa Teresa and that number expected to climb to 20 total jobs in the next three years.

Key Elements of Recommendation

The Executive recommendation provides an additional \$4.0 in General Fund for EDD and one additional FTE, an attorney. Within the Job Training Incentive Program, the Executive recommendation provides \$20.0 in General Fund to analyze the financial statements of companies submitting proposals.

Major changes include a categorical change within the Economic Development Program that shifts approximately \$600.0 from the other category to the contractual services category for grants to

communities, in accordance with guidance from the Financial Control Division of the Department of Finance and Administration. Within the Film Program, approximately \$60.0 within the printing budget has been re-prioritized as the Film Office will not be printing the Film Directory for FY09.

Performance Report

The Economic Development Department met its targeted performance in 11 of 23 measures. Within the Economic Development Program, seven measures did not meet targeted performance levels. The annual net increase in business expansions statewide was targeted at 60 while actual results showed 47 new expansions (creating 1,788 jobs throughout New Mexico). This measure is made up of rural expansions (target 25, actual 13) and urban expansions (target 42, actual 34). Business expansion is impacted by several variables including market forces, workforce and community development, and financing. The Economic Development Department continues to work with the Small Business Administration, the Workforce Solutions Department and New Mexico's micro lender community in an effort to identify strategies and fiscal resources available for business expansions.

The targeted level for number of international trade transactions was 20; the actual performance level was 12. This measure is dependent upon the Office of International Trade's (OIT) clients reporting transactions to EDD staff. OIT is building stronger relationships with its client businesses to build trust and facilitate better reporting of this data, which many companies consider to be proprietary.

The number of locates through the economic development partnership had a targeted performance level of 15 and the actual performance level achieved was eight. According to EDD, the decision a company makes to relocate to a new state involves many factors EDD and EDP have no control over, including changes in the national or global economy, market changes for the company and personnel changes. The lead, prospect and site visit measures reported by EDP indicate a strong pipeline of possible locates in future years.

The number of business expansions assisted by EDD in rural New Mexico had targeted performance of 25 expansions; the actual performance level was 13 expansions. The total number of rural jobs created had a targeted performance level of 1,600 and actual performance level of 1,451. While the total number of jobs created in FY07 exceeded the target by more than 400 jobs, EDD recognized challenges when attempting to create jobs in rural New Mexico. Lack of resources, competing initiatives and workforce issues are areas where rural job creation presents challenges when it comes to economic development. As a result, in fiscal year 2008 and 2009, the department has identified programs and resources specifically aimed at increasing business expansions and job creation in rural New Mexico.

The number of workers trained by the Job Training Incentive Program had targeted performance of 3,000 and actual performance of 2,312 workers trained. In 2007, the Economic Development Department, through the Homefield Advantage Team, targeted small businesses in rural areas of New Mexico in order to assist in their expansion efforts. As a result, the Job Training Incentive Program was successful in funding 25 rural companies throughout the state, which is a 19% increase from 2006. JTIP funded 71 projects overall, which has increased substantially from 2002. Between 2002 and 2004, JTIP funded an average of 44 projects a year. Between 2005 and 2007, JTIP project volume increased to an average of 65 per year. Although the total project number is increasing, the

department’s focus on smaller, rural, expansions is netting fewer jobs that require training. The Film Program met all targeted performance levels.

The Trade with Mexico Program met one of three targeted levels of performance. The number of jobs created by Maquiladora suppliers had targeted performance of 272 while actual results showed 20 new jobs created. The economy at the Mexican Border has been impacted adversely by a number of factors. The most significant is competition from China, where the average hourly wage is \$0.50 cents, compared to \$1.50 in Mexico. The strength of the Maquiladora economy drives the potential for success in recruiting Maquiladora suppliers. EDD and EDP continue to market the border region to companies that do business with the Maquiladoras, but as long as this market remains unstable the likelihood of success recruiting suppliers remains uncertain. This discussion also holds true for the number of new facilities opened by Maquiladora suppliers which had a targeted performance level of six and actual performance of one.

The Executive recommends one new performance measure for Program Support, the percent of performance measure targets in the General Appropriation Act that were met. The Executive has set the targeted performance level for this new measure at 90%.

Within the Technology Commercialization Program, one measure, ranking of New Mexico in technology intensiveness according to the state science and technology institute index, has been deleted for FY08 and FY09. The Executive recommends the following new measures and associated targets for FY09: number of new jobs created as a result of Office of Science and Technology efforts, 200; number of company contacts/counseling sessions, 200; amount of investment as a result of Office of Science and Technology efforts, \$10 million; and number of new angel investors found as a result of Office of Science and Technology efforts, 12.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY09	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	10,978.0	9,382.0	9,386.0	4.0	0.0
TOTAL SOURCES	10,978.0	9,382.0	9,386.0	4.0	0.0
USES					
Personal Services and Employee Benefits	3,704.2	4,648.3	4,865.5	217.2	4.7
Contractual Services	3,768.6	2,915.2	3,415.6	500.4	17.2
Other	927.1	1,818.5	1,104.9	-713.6	-39.2
TOTAL USES	8,399.9	9,382.0	9,386.0	4.0	0.0
FTE					
Permanent	67.00	67.00	68.00	1.00	1.5
TOTAL FTE POSITIONS	67.00	67.00	68.00	1.00	1.5

		Economic Development (Dollars in Thousands)			FY09	
		FY07	FY08	Recom-	<u>Budget to Recommendation</u>	
		<u>Actuals</u>	<u>Operating</u>	<u>men-</u>	Dollar/FTE	Percent
			<u>Budget</u>	<u>dation</u>	<u>Change</u>	<u>Change</u>
SOURCES						
	General Fund Transfers	3,101.6	3,601.6	3,593.4	-8.2	-0.2
	TOTAL SOURCES	3,101.6	3,601.6	3,593.4	-8.2	-0.2
USES						
	Personal Services and Employee Benefits	1,311.3	1,867.6	1,932.5	64.9	3.5
	Contractual Services	1,497.9	905.0	1,454.6	549.6	60.7
	Other	235.1	829.0	206.3	-622.7	-75.1
	TOTAL USES	3,044.3	3,601.6	3,593.4	-8.2	-0.2
FTE						
	Permanent	26.00	26.00	26.00	0.00	0.0
	TOTAL FTE POSITIONS	26.00	26.00	26.00	0.00	0.0

		Film (Dollars in Thousands)			FY09	
		FY07	FY08	Recom-	<u>Budget to Recommendation</u>	
		<u>Actuals</u>	<u>Budget</u>	<u>men-</u>	Dollar	Percent
				<u>dation</u>	<u>Change</u>	<u>Change</u>
SOURCES						
	General Fund Transfers	1,143.6	1,461.9	1,451.4	-10.5	-0.7
	TOTAL SOURCES	1,143.6	1,461.9	1,451.4	-10.5	-0.7
USES						
	Personal Services and Employee Benefits	534.1	712.5	779.0	66.5	9.3
	Contractual Services	162.7	195.0	195.0	0.0	0.0
	Other	261.4	554.4	477.4	-77.0	-13.9
	TOTAL USES	958.2	1,461.9	1,451.4	-10.5	-0.7
FTE						
	Permanent	12.00	12.00	12.00	0.00	0.0
	TOTAL FTE POSITIONS	12.00	12.00	12.00	0.00	0.0

		Trade with Mexico (Dollars in Thousands)			FY09	
		FY07	FY08	Recom-	<u>Budget to Recommendation</u>	
		<u>Actuals</u>	<u>Budget</u>	<u>men-</u>	Dollar	Percent
				<u>dation</u>	<u>Change</u>	<u>Change</u>
SOURCES						
	General Fund Transfers	353.7	378.7	378.7	0.0	0.0
	TOTAL SOURCES	353.7	378.7	378.7	0.0	0.0
USES						
	Personal Services and Employee Benefits	171.5	212.2	213.9	1.7	0.8
	Contractual Services	105.4	80.5	80.5	0.0	0.0
	Other	76.8	86.0	84.3	-1.7	-2.0
	TOTAL USES	353.7	378.7	378.7	0.0	0.0
FTE						
	Permanent	3.00	3.00	3.00	0.00	0.0
	TOTAL FTE POSITIONS	3.00	3.00	3.00	0.00	0.0

		Program Support (Dollars in Thousands)			FY09	
		FY07	FY08	Recom-	<u>Budget to Recommendation</u>	
		<u>Actuals</u>	<u>Budget</u>	<u>mendation</u>	<u>Dollar</u>	<u>Percent</u>
					<u>Change</u>	<u>Change</u>
SOURCES						
	General Fund Transfers	3,509.9	3,673.1	3,699.7	26.6	0.7
	TOTAL SOURCES	3,509.9	3,673.1	3,699.7	26.6	0.7
USES						
	Personal Services and					
	Employee Benefits	1,404.7	1,627.0	1,710.0	83.0	5.1
	Contractual Services	1,093.3	1,734.7	1,685.5	-49.2	-2.8
	Other	323.1	311.4	304.2	-7.2	-2.3
	TOTAL USES	2,821.1	3,673.1	3,699.7	26.6	0.7
FTE						
	Permanent	23.00	23.00	24.00	1.00	4.3
	TOTAL FTE POSITIONS	23.00	23.00	24.00	1.00	4.3

		Technology Commercialization (Dollars in Thousands)			FY09	
		FY07	FY08	Recom-	<u>Budget to Recommendation</u>	
		<u>Actuals</u>	<u>Budget</u>	<u>mendation</u>	<u>Dollar</u>	<u>Percent</u>
					<u>Change</u>	<u>Change</u>
SOURCES						
	General Fund Transfers	2,869.2	266.7	262.8	-3.9	-1.5
	TOTAL SOURCES	2,869.2	266.7	262.8	-3.9	-1.5
USES						
	Personal Services and					
	Employee Benefits	282.6	229.0	230.1	1.1	0.5
	Contractual Services	909.3	0.0	0.0	0.0	***
	Other	30.7	37.7	32.7	-5.0	-13.3
	TOTAL USES	1,222.6	266.7	262.8	-3.9	-1.5
FTE						
	Permanent	3.00	3.00	3.00	0.00	0.0
	TOTAL FTE POSITIONS	3.00	3.00	3.00	0.00	0.0

Performance Measures

		FY07	FY07	FY08	FY09
		<u>Target</u>	<u>Result</u>	<u>Target</u>	<u>Recomm</u>
Economic Development					
The purpose of the economic development program is to assist the communities in preparing their role in the new economy, focusing on high-quality job creation and improved infrastructure so New Mexicans can increase their wealth and improve their quality of life.					
Outcome	Annual net increase in jobs created due to Economic Development Department efforts	3,700	4,112	6,200	6,000
Outcome	Number of communities certified through the certified communities initiative	25	31	35	40
Outcome	Number of business expansions assisted by the economic development program in urban areas of New Mexico	42	34	35	35
Outcome	Total number of rural jobs created	1,600	1,451	2,200	2,200
Outcome	Number of business expansions assisted by the economic development department in rural New Mexico	25	13	35	40
Outcome	Total number of jobs created through business relocations facilitated by the economic development partnership	1,200	1,689	3,000	3,000
Output	Number of urban jobs created	1,500	2,661	4,000	4,850
Output	Number of locates through the economic development partnership	15	8	15	15
Outcome	Number of workers trained by the Job Training Incentive	3,000	2,312	4,000	4,000

		<u>FY07 Target</u>	<u>FY07 Result</u>	<u>FY08 Target</u>	<u>FY09 Recomm</u>
	Program				
Outcome	Number of international trade transactions	20	12	25	25
Outcome	Number of jobs created through business expansions	1,100	1,788	1,100	1,700
Outcome	Number of jobs created by MainStreet	150	535	180	190
Outcome	Number of communities participating in MainStreet	25	27	28	30
Outcome	Number of international consulting sessions with New Mexico companies by Office of International Trade	300	463	450	450
Outcome	Annual net increase in business expansions statewide	60	47	70	70

Film

The purpose of the film program is to maintain the core business for the film location services and stimulate growth in digital film media to maintain the economic vitality of New Mexico film industry.

Output	Number of media industry worker days	75,000	168,046	110,000	175,000
Outcome	Economic impact of media industry productions in New Mexico, in millions	\$140	\$473.7	\$300	\$475
Outcome	Number of films and media projects principally made in New Mexico	65	59	80	80

Trade with Mexico

The purpose of the trade with Mexico program is to produce new high-paying employment opportunities for New Mexicans so they can increase their wealth and improve their quality of life.

Outcome	Dollar value of New Mexico exports to Mexico as a result of the Mexican affairs program, in millions	\$350	\$359.8	\$350	\$350
Outcome	Total number of export-related jobs impacted by the trade with Mexico program				
Output	Number of jobs created by maquiladora suppliers	272	20	275	275
Outcome	Number of new facilities opened by maquiladora suppliers	6	1	6	6

Program Support

To provide central direction to agency management processes, and fiscal support to agency programs to ensure consistency, continuity, and legal compliance.

Output	Number of payment vouchers accurately processed within seventy-two hours of receipt				
Outcome	Percent of performance measure targets in the General Appropriations Act, that were met				75 %
Efficiency	Time to fill vacant positions			60 days	60 days

Technology Commercialization

To increase the start-up, relocation, and growth of technology-based business in New Mexico to give New Mexico citizens the opportunity for high-paying jobs.

Output	Number of technology-based jobs created			*	
Output	Number of jobs created by aerospace and aviation companies	170	343	200	350
Outcome	Ranking of New Mexico in technology intensiveness according to the state science and technology institute index				
Output	Number of current and previous New Mexico 9000 customers that become ISO 9000 certified	15	27	15	27
Output	Number of new jobs created as a result of Office of Science and Technology efforts				200
Outcome	Number of company contacts/counseling sessions				200
Outcome	Amount of investment as a result of Office of Science and Technology efforts				\$10 million
Output	Number of new angel investors found as a result of Office of Science and Technology efforts				12

Executive Summary

The Regulation and Licensing Department administers the laws, rules and regulations related to construction, manufactured housing, financial institutions, securities dealers, alcohol activities and 28 occupational or professional boards.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	16,698.1	16,998.2	1.8
Total Sources	26,779.2	27,177.3	1.5
Program			
Boards and Commissions Summary	8,440.8	8,401.1	-0.5
Construction Industries and Manufactured Housing	10,158.0	10,216.5	0.6
Financial Institutions and Securities	3,686.6	3,640.3	-1.3
Alcohol and Gaming	1,004.4	1,159.7	15.5
Program Support	3,489.4	3,759.7	7.7
Total Uses	26,779.2	27,177.3	1.5
FTE	315.50	323.90	2.7

- The Executive recommends \$300.1 increase in General Fund for personal services and benefits, and supports 2 expansions.
- The recommendation provides General Fund increases of \$174.7 for Construction Industries and Manufacturing Housing. The increase will support increased costs in personal services and benefits and contractual and other costs.
- The Executive recommends an increase of \$155.3 for the Alcohol and Gaming for personal and benefits. This increase supports an expansion of two FTE for administrative law judges.
- The recommendation provides General Fund increases of \$52.4 for Program Support. The increase will support increased costs in personal services and benefits.
- The Executive recommends a decrease of \$82.3 for the Financial Institutions and Securities program for personal services, and benefits and the expansion of one FTE.
- The Executive recommends one FTE for the Barbers and Cosmetology Board to increase oversight, two FTE for the Animal Shelter Board and 2.4 FTE for the Sign Language Board.

Agency Mission and Program Purpose

The Superintendent of Regulation and Licensing Department (RLD) is appointed by the Governor and serves as the chief executive officer of the agency. By statute, the department has a minimum of six divisions: Administrative Services; Construction Industries; Manufactured Housing; Financial Institutions; Securities; and Alcohol and Gaming. The six division directors are appointed by the superintendent with the approval of the governor.

RLD regulates the construction, manufactured housing, financial institutions, securities dealers and alcohol industries, as well as the activities overseen by 37 occupational or professional boards. RLD aims to balance the needs of the business community for growth and development with the health and safety of citizens of and visitors to New Mexico. To achieve this, the department undertakes, licensing and license renewal activities to ensure that candidates are properly qualified in their profession, as well as inspection, examination and permitting activities to ensure that licensed professionals are adhering to applicable codes and safe practice standards. In addition, RLD undertakes industry and public education to enhance knowledgeable practice and informed decision-making; complaint investigation and mediation to ensure that licensed professionals adhere to applicable codes and safe practice standards; and citation and administrative enforcement to bring licensed professionals who may not be adhering to applicable codes and safe practice standards back to compliance.

Statutory Authority: Sections 9-16-1 through 9-16-14, 60-14-20, 60-3A-1 through 60-8A-19, and 60-2B-1 through 60-2B-14 NMSA 1978.

Boards and Commissions

RLD supervises 37 professional and occupational boards and commissions that cover a wide range of activities affecting citizens' everyday life. Each board and commission is supported by staff responsible for coordinating the regulation and licensing of the respective occupations or professions. The Boards and Commissions division director oversees the boards and commissions, and the department provides centralized administrative and financial support.

Construction Industries and Manufactured Housing

The Construction Industries Division issues residential and commercial building permits and conducts field inspections for general building, electrical, mechanical and liquified petroleum gas code compliance, as well as safety standards. The Manufactured Housing Division licenses manufacturers, dealers, brokers, salespersons, installers, and repairmen. The Manufacturing Housing Division also serves as primary inspection agency for all manufactured homes built in New Mexico and is the primary inspection agency for the federal Housing and Urban Development Department (HUD) for all manufactured homes delivered to New Mexico from other states. The Manufactured Housing Division conducts inspections of construction, repairs, modifications, installations, tie-downs, hook-ups and sale of all residential and commercial units in the state.

Financial Institutions and Securities

The Financial Institutions Division regulates over 5,000 institutions in the state. It issues charters and licenses, conducts financial examinations and investigations and otherwise regulates state-chartered depository and non-depository financial institutions, credit unions and short-term lenders, among other entities. The division's focus is on consumer protection, compliance, safety and soundness.

The Securities Division regulates over 79,000 firms and individuals. It licenses securities brokers, sales personnel and investment advisors; registers securities offered for sale in the state; and investigates and prosecutes violations of the state's securities laws through civil and criminal proceedings. The division also provides education and training through public programs designed to promote investor education, financial literacy and the avoidance of fraud and investment scams. These programs are funded by penalties and assessments collected through enforcement actions.

Alcohol and Gaming

The Alcohol and Gaming Division licenses qualified persons and regulates the sale, public service and consumption of alcoholic beverages through enforcement of the Liquor Control Act and is authorized to issue, suspend or revoke liquor licenses. The division administers the Alcohol Server Education Act and issues special dispenser's permits to licensees for public celebrations and catered events.

Program Support

Program Support administers financial management, information management services, property control, office support and human resource services. This centralized support ensures consistency, continuity, compliance and financial integrity in order to successfully achieve department goals and serve the public.

Executive Recommendation*Agency Strategic Directions*

RLD supports the Executive's performance and accountability policy, *Services for New Mexicans*, by protecting public health and safety while promoting economic and business development in the licensed professions. RLD has established and supports information sharing with other state states, federal government agencies, and New Mexico public and private entities (i.e., the Board of Medical Examiners, the Taxation and Revenue Department, the Children, Youth and Families Department, etc.). RLD continues to work on information sharing with the Workers' Compensation Administration.

To support the Executive's performance and accountability policy *A Safer New Mexico*, the Alcohol and Gaming Division is aggressively prosecuting and penalizing violations of the Liquor Control Act, particularly those involving sales to minors and sales to intoxicated persons. The Alcohol and Gaming Division will focus on developing a standardized curriculum for alcohol server training and establishing a continuing education program for providers of server training courses in order to ensure consistency.

The Financial Institutions and Securities Division supports the governor's initiative to reduce white collar crime through facilitating the detection, investigation and prosecution of white-collar crime by establishing a shared database and an economic crime council to oversee these investigations.

The Financial Institutions and Securities Division supports the governor's initiative to reduce white collar crime through facilitating the detection, investigation and prosecution of white-collar crime by establishing a shared database and an economic crime council to oversee these investigations.

Key Elements of Recommendation

The Executive recommendation includes a 2.3% increase in General Fund over the FY08 operating level in order to support the governor's initiatives.

Boards and Commissions. The Executive recommendation provides a level of funding for each board and commission that maintains current services and sustainable use of fee-based revenue. The recommendation includes an increase of 5.4 FTE and decrease of \$39.7 in other state funds. The

recommendation is for one FTE for Barbers and Cosmetology, two FTE for the Animal Shelter and 2.4 FTE for the Sign Language Board. The recommendation will support the Barbers and Cosmetology Board and Animal Shelter and the Sign Language Board's increased inspections and additional staffing needs.

Construction Industries and Manufactured Housing. The Executive recommendation increases personal services and benefits in the amount of \$124.6 based on actual salaries with a 1.5% applied vacancy factor. The recommendation includes \$26.6 in contractual services for introduction and training for the implementation of new codes. The recommendation also includes \$23.5 increase for General Service Department costs.

Financial Institutions and Securities. The Executive recommendation includes a General Fund decrease of \$82.3 for personal services and benefits. The recommendation reflects the agency's request with no vacancy factor applied. This recommendation supports an expansion of one FTE for the Mortgage Lending Examinations Program.

Alcohol and Gaming. The Executive recommendation includes an increase of \$155.3 for personal services and benefits. The recommendation reflects the agency's request with no vacancy factor applied. The recommendation supports an increase of two new administrative law judges.

Program Support. The Executive recommendation supports an increase of \$52.4 for personal services and benefits. The recommendation applies a 3.0% vacancy factor.

Performance Report

RLD met or exceeded the majority of its FY07 performance targets. RLD Program Support did not meet the target for prior-year audit findings resolved and payment vouchers submitted to and approved by the Department of Finance and Administration within seven days of receipt from vendor. Due to the problems associated with turnover and understaffing Program Support was unable to meet these two targets. RLD has hired an internal auditor to address audit findings. The auditor will conduct audits to ensure that policies and procedures are being adhered to. RLD has also implemented a tracking log to track the route of an invoice and to ensure it is delivered to DFA in a timely manner. Construction Industries and Manufactured Housing did meet the target for consumer complaints cases resolved out of the total number of complaints filed. Pursuant to NMAC 14.12.2.42 consumer complaints always result in a 100% resolution.

Budget Summary Tables

	Agency Budget Summary (Dollars in Thousands)			FY09	
	FY07	FY08	Recom- mendation	Budget to Recommendation	
	<u>Actuals</u>	<u>Operating Budget</u>		Dollar/FTE <u>Change</u>	Percent <u>Change</u>
SOURCES					
General Fund Transfers	15,352.9	16,698.1	16,998.2	300.1	1.8
Other Transfers	920.0	1,227.1	1,340.0	112.9	9.2
Federal Revenues	26.5	109.0	109.0	0.0	0.0
Other Revenues	7,367.1	6,838.3	7,435.0	596.7	8.7
Fund Balance	630.1	1,906.7	1,295.1	-611.6	-32.1
TOTAL SOURCES	24,296.6	26,779.2	27,177.3	398.1	1.5

Agency Budget Summary
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
USES					
Personal Services and Employee Benefits	16,325.1	19,344.6	20,106.0	761.4	3.9
Contractual Services	604.5	1,433.1	1,134.1	-299.0	-20.9
Other	4,751.0	4,755.9	4,740.0	-15.9	-0.3
Other Financing Uses	920.1	1,245.6	1,197.2	-48.4	-3.9
TOTAL USES	22,600.7	26,779.2	27,177.3	398.1	1.5
FTE					
Permanent	308.50	311.50	319.90	8.40	2.7
Term	4.00	4.00	4.00	0.00	0.0
TOTAL FTE POSITIONS	312.50	315.50	323.90	8.40	2.7

Construction Industries and Manufactured Housing
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation Dollar Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	9,169.8	9,832.8	10,007.5	174.7	1.8
Other Transfers	0.0	116.2	0.0	-116.2	-100.0
Federal Revenues	26.5	109.0	109.0	0.0	0.0
Other Revenues	13.9	100.0	100.0	0.0	0.0
TOTAL SOURCES	9,210.2	10,158.0	10,216.5	58.5	0.6
USES					
Personal Services and Employee Benefits	7,005.0	8,196.9	8,321.5	124.6	1.5
Contractual Services	44.7	60.2	86.8	26.6	44.2
Other	2,074.0	1,900.9	1,808.2	-92.7	-4.9
TOTAL USES	9,123.7	10,158.0	10,216.5	58.5	0.6
FTE					
Permanent	134.00	134.00	134.00	0.00	0.0
Term	3.00	3.00	3.00	0.00	0.0
TOTAL FTE POSITIONS	137.00	137.00	137.00	0.00	0.0

Financial Institutions and Securities
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation Dollar Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	2,954.0	3,187.1	3,104.8	-82.3	-2.6
Other Revenues	64.3	123.8	120.0	-3.8	-3.1
Fund Balance	148.3	375.7	415.5	39.8	10.6
TOTAL SOURCES	3,166.6	3,686.6	3,640.3	-46.3	-1.3
USES					
Personal Services and Employee Benefits	2,445.8	2,944.0	2,866.0	-78.0	-2.6
Contractual Services	128.1	207.3	208.8	1.5	0.7
Other	482.4	535.3	565.5	30.2	5.6
TOTAL USES	3,056.3	3,686.6	3,640.3	-46.3	-1.3

		Financial Institutions and Securities (Dollars in Thousands)			FY09	
		FY07	FY08	Recom-	<u>Budget to Recommendation</u>	
		<u>Actuals</u>	<u>Budget</u>	<u>mendation</u>	Dollar	Percent
					<u>Change</u>	<u>Change</u>
FTE	Permanent	43.00	46.00	47.00	1.00	2.2
	TOTAL FTE POSITIONS	43.00	46.00	47.00	1.00	2.2

		Alcohol and Gaming (Dollars in Thousands)			FY09	
		FY07	FY08	Recom-	<u>Budget to Recommendation</u>	
		<u>Actuals</u>	<u>Budget</u>	<u>mendation</u>	Dollar	Percent
					<u>Change</u>	<u>Change</u>
SOURCES						
	General Fund Transfers	887.1	1,004.4	1,159.7	155.3	15.5
	TOTAL SOURCES	887.1	1,004.4	1,159.7	155.3	15.5
USES						
	Personal Services and Employee Benefits	772.0	890.9	1,044.2	153.3	17.2
	Contractual Services	1.8	42.1	42.4	0.3	0.7
	Other	92.6	71.4	73.1	1.7	2.4
	TOTAL USES	866.4	1,004.4	1,159.7	155.3	15.5
FTE						
	Permanent	15.00	15.00	17.00	2.00	13.3
	TOTAL FTE POSITIONS	15.00	15.00	17.00	2.00	13.3

		Program Support (Dollars in Thousands)			FY09	
		FY07	FY08	Recom-	<u>Budget to Recommendation</u>	
		<u>Actuals</u>	<u>Budget</u>	<u>mendation</u>	Dollar	Percent
					<u>Change</u>	<u>Change</u>
SOURCES						
	General Fund Transfers	2,342.0	2,481.8	2,534.2	52.4	2.1
	Other Transfers	920.0	930.9	1,160.0	229.1	24.6
	Other Revenues	40.0	76.7	65.5	-11.2	-14.6
	TOTAL SOURCES	3,302.0	3,489.4	3,759.7	270.3	7.7
USES						
	Personal Services and Employee Benefits	2,334.7	2,581.9	2,736.9	155.0	6.0
	Contractual Services	186.3	247.0	247.0	0.0	0.0
	Other	771.6	660.5	775.8	115.3	17.5
	TOTAL USES	3,292.6	3,489.4	3,759.7	270.3	7.7
FTE						
	Permanent	35.70	35.70	35.70	0.00	0.0
	Term	1.00	1.00	1.00	0.00	0.0
	TOTAL FTE POSITIONS	36.70	36.70	36.70	0.00	0.0

		Boards and Commissions (Dollars in Thousands)			FY09	
		FY07	FY08	Recom-	<u>Budget to Recommendation</u>	
		<u>Actuals</u>	<u>Budget</u>	<u>mendation</u>	<u>Dollar</u>	<u>Percent</u>
					<u>Change</u>	<u>Change</u>
SOURCES						
	General Fund Transfers	0.0	192.0	192.0	0.0	0.0
	Other Transfers	0.0	180.0	180.0	0.0	0.0
	Other Revenues	7,248.9	6,537.8	7,149.5	611.7	9.4
	Fund Balance	481.8	1,531.0	879.6	-651.4	-42.5
	TOTAL SOURCES	7,730.7	8,440.8	8,401.1	-39.7	-0.5
USES						
	New Mexico State Board of Public Accountancy	414.7	492.5	506.1	13.6	2.8%
	Board of Acupuncture and Oriental Medicine	122.8	217.9	218.5	0.6	0.3%
	New Mexico Athletic Commission	103.5	126.8	131.2	4.4	3.5%
	Athletic Trainer Practice Board	15.6	22.1	21.4	-0.7	-3.2%
	Board of Barbers and Cosmetology	619.9	685.4	855.9	170.5	24.9%
	Chiropractic Board	85.0	168.9	168.8	-0.1	-0.1%
	Counseling and Therapy Practice Board	386.7	467.5	474.5	7.0	1.5%
	New Mexico Board of Dental Health Care	360.3	429.5	429.5	0.0	0.0%
	Impaired Dentists	12.0	15.0	15.0	0.0	0.0%
	Interior Design Board	26.6	29.3	29.1	-0.2	-0.7%
	Board of Landscape Architects	19.1	35.4	40.7	5.3	15.0%
	Board of Massage Therapy	233.5	275.1	295.9	20.8	7.6%
	Board of Nursing Home Administrators	33.5	45.0	52.5	7.5	16.7%
	Nutrition and Dietetics Practice Board	26.6	35.9	36.5	0.6	1.7%
	Board of Examiners for Occupational Therapy	58.2	74.5	74.9	0.4	0.5%
	Board of Optometry	42.5	81.7	81.7	0.0	0.0%
	Board of Osteopathic Medical Examiners	71.1	100.7	102.3	1.6	1.6%
	Board of Pharmacy	1,606.1	1,660.8	1,675.7	14.9	0.9%
	Physical Therapy Board	102.0	136.3	141.3	5.0	3.7%
	Board of Podiatry	18.0	34.8	34.2	-0.6	-1.7%
	Private Investigators and Polygraphers	116.7	134.0	135.9	1.9	1.4%
	New Mexico Board of Psychologist Examiners	130.8	208.1	218.1	10.0	4.8%
	Real Estate Appraisers Board	152.0	169.7	169.7	0.0	0.0%
	New Mexico Real Estate Commission	858.6	1,301.9	1,159.0	-142.9	-11.0%
	Real Estate Commission Education & Training	11.1	295.0	150.0	-145.0	-49.2%
	Real Estate Recovery	0.0	50.0	50.0	0.0	0.0%
	Advisory Board of Respiratory Care Practitioners	54.1	67.4	67.4	0.0	0.0%
	Board of Social Work Examiners	308.9	385.5	385.5	0.0	0.0%
	Speech Language Pathology, Audiology and Hearing Aid Dispensing Practices Board	144.0	163.2	163.2	0.0	0.0%
	Board of Thanatopractice	127.7	153.5	139.2	-14.3	-9.3%
	Naprapathy Board	0.1	5.4	5.4	0.0	0.0%
	Animal Sheltering Services Board	0.0	192.0	192.0	0.0	0.0%
	Signed Language Interpreting Practices Board	0.0	180.0	180.0	0.0	0.0%
	Carnival Ride Insurance Act	0.0	0.0	0.0	0.0	0.0%
	Employee Leasing	0.0	0.0	0.0	0.0	0.0%
	Hoisting Operators Safety Act	0.0	0.0	0.0	0.0	0.0%
	TOTAL USES	6,261.7	8,440.8	8,401.1	-39.7	-0.5%

		Boards and Commissions (Dollars in Thousands)			FY09	
		FY07 Actuals	FY08 Budget	Recom- mendation	Budget to Recommendation Dollar Change	Percent Change
FTE	Permanent	80.8	80.8	86.2	5.4	6.7%
	Term					
	Temporary					
	TOTAL FTE POSITIONS	80.8	80.8	86.2	5.4	6.7%

Performance Measures

		FY07 Target	FY07 Result	FY08 Target	FY09 Recomm
Construction Industries and Manufactured Housing					
To provide code compliance oversight; issue licenses, permits, and citations; perform inspections; administer exams; process complaints; and enforce laws, rules, and regulations relating to general construction and manufactured housing standards to industry professionals.					
Output	Percent of consumer complaint cases resolved out of the total number of complaints filed	90%	82%	85%	87%
Outcome	Percent of permitted manufactured housing projects inspected	90%	100%	100%	100%
Efficiency	Percent of reviews of commercial plans completed within a standard time based on valuation of project	80%	100%	100%	100%
Efficiency	Percent decrease in cycle time for processing plan review permitting for commercial construction		10%	10%	15%
Efficiency	Percent of inspections completed within 24 hours of receipt of request		70%	85%	90%
Output	Percent increase in unlicensed contractors identified and brought into compliance		10%	25%	30%
Efficiency	Percent of inspections completed within 48 hours of receipt of request		25%	10%	25%
Financial Institutions and Securities					
To issue charters and licenses, perform examinations, investigate complaints, enforce laws, rules and regulations, promote investor protection and confidence so that capital formation is maximized and a secure financial infrastructure is available to support economic development.					
Outcome	Percent of statutorily complete applications processed within a standard number of days by type of application	90%	96.1%	97%	97%
Outcome	Percent of all mutual fund filings processed within ten business days	90%	100%	100%	100%
Outcome	Percent of examination reports mailed to a depository institution within thirty days of exit from the institution or the exit conference meeting	90%	90%	90%	90%
Alcohol and Gaming					
To regulate the sale, service and public consumption of alcoholic beverages and in cooperation with the Department of Public Safety, enforce the Liquor Control Act to protect the health, safety and welfare of the citizens of and visitors to New Mexico.					
Outcome	Number of days to process a license application that requires a hearing	120	120	139	139
Outcome	Number of days to issue new or transfer liquor licenses	125	120	180	120
Output	Number of days to resolve an administrative citation	46	30	30	30
Program Support					
To provide leadership and centralized direction, financial management, information systems support, and human resources support for all agency organizations in compliance with governing regulations, statutes, and procedures so they can license qualified applicants, verify compliance with statutes, and resolve or mediate consumer complaints.					
Outcome	Percent of prior-year audit findings resolved	100%	58%	100%	100%
Output	Percent of payment vouchers submitted to and approved by the department of finance and administration within seven days of receipt from vendor	90%	0%	90%	90%

		<u>FY07 Target</u>	<u>FY07 Result</u>	<u>FY08 Target</u>	<u>FY09 Recomm</u>
Output	Percent of information service support tasks completed within the timeframe requested	90%	90%	90%	90%
Quality	Percent of accurate payroll entries and personnel information into human resource management system	90%	95%	90%	90%
Quality	Percent of customers satisfied with information service internal support services	90%	N/A	95%	95%

Public Accountancy Board

To provide efficient licensing, compliance, and regulatory services, to protect the public by ensuring that licensed professionals are qualified to practice.

Output	Average number of days to process a completed application and issue a license	5	1-3	1-3	1-3
Efficiency	Average number of hours to respond to telephone complaints	24	24	24	24
Output	Average number of days to review and investigate a complaint	30	30	30	30

Acupuncture and Oriental Medicine Board

To provide efficient licensing, compliance, and regulatory services, to protect the public by ensuring that licensed professionals are qualified to practice.

Output	Average number of days to process completed application and issue a license	5	3-5	3-5	3-5
Efficiency	Average number of hours to respond to telephone complaints	24	24	24	24
Outcome	Percent of phone calls returned within twenty-four hours	85%	100%	100%	100%
Output	Average number of days to review and investigate a complaint	30	30	30	30
Efficiency	Average number of hours to respond to telephone complaints	24	24	24	24

Athletic Commission

To provide efficient licensing, compliance, and regulatory services, to protect the public by ensuring that licensed professionals are qualified to practice.

Output	Average number of days to process a completed application and issue a license	5	1-4	1-5	1-5
Efficiency	Average number of hours to respond to telephone complaints	24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours	85%	100%	100%	100%
Output	Average number of days to review and investigate a complaint	30	30	30	30
Efficiency	Percent of complaints processed and adjudicated annually	100%	100%	100%	100%

Athletic Trainers Board

To provide efficient licensing, compliance, and regulatory services, to protect the public by ensuring that licensed professionals are qualified to practice.

Output	Average number of days to process a completed application and issue a license	5	1-3	1-5	1-5
Efficiency	Average number of hours to respond to telephone complaints	24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours	85%	100%	100%	100%
Output	Average number of days to review and investigate a complaint	30	30	30	30
Output	Percent of complaints reviewed and processed annually	85%	100%	100%	100%

Barbers and Cosmetology Board

To provide efficient licensing, compliance, and regulatory services, to protect the public by ensuring that licensed professionals are qualified to practice.

Output	Average number of days to process a completed application and issue a license	5	3-5	3-5	3-5
Efficiency	Average number of hours to respond to telephone complaints	24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours	98%	100%	100%	100%
Output	Average number of days to review and investigate a complaint	30	30	30	30
Output	Percent of complaints reviewed and processed annually	85%	100%	100%	100%

Chiropractic Examiners Board

To provide efficient licensing, compliance, and regulatory services, to protect the public by ensuring that licensed professionals are qualified to practice.

Output	Average number of days to process a completed application and issue a license	5	1-3	3-5	1-3
Efficiency	Average number of hours to respond to telephone complaints	24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours	98%	100%	100%	100%
Output	Average number of days to review and investigate a complaint	30	30	30	30
Output	Percent of complaints reviewed and processed annually	90%	100%	100%	100%

		<u>FY07</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>
		<u>Target</u>	<u>Result</u>	<u>Target</u>	<u>Recomm</u>
Counseling and Therapy Board					
To provide efficient licensing, compliance and regulatory services, to protect the public by ensuring that licensed professionals are qualified to practice.					
Output	Average number of days to process a completed application and issue a license	5	1-4	1-4	1-4
Efficiency	Average number of hours to respond to telephone complaints	24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours	100%	100%	100%	100%
Output	Average number of days to review and investigate a complaint	30	30	30	30
Output	Percent of complaints reviewed and processed annually	90%	100%	100%	100%
Dental Health Care Board					
To provide efficient licensing, compliance, and regulatory services, to protect the public by ensuring that licensed professionals are qualified to practice.					
Output	Average number of days to process a completed application and issue a license	5	1-5	1-4	1-4
Efficiency	Average number of hours to respond to telephone complaints	24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours	100%	100%	100%	100%
Output	Average number of days to review and investigate a complaint	30	30	30	30
Output	Percent of complaints reviewed and processed annually	90%	100%	100%	100%
Interior Design Board					
To provide efficient licensing, compliance, and regulatory services, to protect the public by ensuring that licensed professionals are qualified to practice.					
Output	Average number of days to process a completed application and issue a license	5	1-3	1-3	1-3
Efficiency	Average number of hours to respond to telephone complaints	24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours	100%	100%	100%	100%
Output	Average number of days to review and investigate a complaint	30	30	30	30
Output	Percent of complaints reviewed and processed annually	85%	100%	100%	100%
Landscape Architects Board					
To provide efficient licensing, compliance, and regulatory services, to protect the public by ensuring that licensed professionals are qualified to practice.					
Output	Average number of days to process a completed application and issue a license	5	1-3	1-3	1-3
Efficiency	Average number of hours to respond to telephone complaints	24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours	98%	100%	100%	100%
Output	Average number of days to review and investigate a complaint	30	30	30	30
Output	Percent of complaints reviewed and processed annually	85%	100%	100%	100%
Massage Therapy Board					
To provide efficient licensing, compliance, and regulatory services, to protect the public by ensuring that licensed professionals are qualified to practice.					
Output	Average number of days to process a completed application and issue a license	5	3-5	3-5	3-5
Efficiency	Average number of hours to respond to telephone complaints	24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours	98%	100%	100%	100%
Output	Average number of days to review and investigate a complaint	30	30	30	30
Output	Percent of complaints reviewed and processed annually	85%	100%	100%	100%
Nursing Home Administrators Board					
To provide efficient licensing, compliance, and regulatory services, to protect the public by ensuring that licensed professionals are qualified to practice.					
Output	Average number of days to process a completed application and issue a license	5	2-4	2-4	2-4
Efficiency	Average number of hours to respond to telephone complaints	24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours	98%	100%	100%	100%
Output	Average number of days to review and investigate a complaint	30	30	30	30
Output	Percent of complaints reviewed and processed annually	85%	100%	100%	100%
Nutrition and Dietetics Practice Board					
To provide efficient licensing, compliance, and regulatory services, to protect the public by ensuring that licensed professionals are qualified to practice.					
Output	Average number of days to process a completed application and issue a license	5	2-4	2-4	2-4

		<u>FY07 Target</u>	<u>FY07 Result</u>	<u>FY08 Target</u>	<u>FY09 Recomm</u>
Efficiency	Average number of hours to respond to telephone complaints	24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours	98%	100%	100%	100%
Output	Average number of days to review and investigate a complaint	30	30	30	30
Output	Percent of complaints reviewed and processed annually	85%	100%	100%	100%

Occupational Therapy Practice Board

To provide efficient licensing, compliance, and regulatory services, to protect the public by ensuring that licensed professionals are qualified to practice.

Output	Average number of days to process a completed application and issue a license	5	1-5	1-5	1-5
Efficiency	Average number of hours to respond to telephone complaints	24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours	98%	100%	100%	100%
Output	Average number of days to review and investigate a complaint	30	30	30	30
Output	Percent of complaints reviewed and processed annually	85%	100%	100%	100%

Optometry Board

To provide efficient licensing, compliance, and regulatory services, to protect the public by ensuring that licensed professionals are qualified to practice.

Output	Average number of days to process a completed application and issue a license	5	3-5	3-5	3-5
Efficiency	Average number of hours to respond to telephone complaints	24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours	98%	100%	100%	100%
Output	Average number of days to review and investigate a complaint	30	30	30	30
Output	Percent of complaints reviewed and processed annually	85%	100%	100%	100%

Osteopathic Medical Examiners Board

To provide efficient licensing, compliance, and regulatory services, to protect the public by ensuring that licensed professionals are qualified to practice.

Output	Average number of days to process a completed application and issue a license	5	1-3	1-3	1-3
Efficiency	Average number of hours to respond to telephone complaints	24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours	98%	100%	100%	100%
Output	Average number of days to review and investigate a complaint	30	30	30	30
Outcome	Percent of complaints reviewed and processed annually	85%	100%	100%	100%

Pharmacy Board

To provide efficient licensing, compliance, and regulatory services, to protect the public by ensuring that licensed professionals are qualified to practice.

Output	Average number of days to process a completed application and issue a license	5	5-7	5-7	5-7
Efficiency	Average number of hours to respond to telephone complaints	24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours	98%	100%	100%	100%
Output	Average number of days to review and investigate a complaint	30	30	30	30
Output	Percent of complaints reviewed and processed annually	85%	100%	100%	100%

Physical Therapy Board

To provide efficient licensing, compliance, and regulatory services, to protect the public by ensuring that licensed professionals are qualified to practice.

Output	Average number of days to process a completed application and issue a license	5	1-3	1-3	1-3
Efficiency	Average number of hours to respond to telephone complaints	24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours	98%	100%	100%	100%
Output	Average number of days to review and investigate a complaint	30	30	30	30
Output	Percent of complaints reviewed and processed annually	85%	100%	100%	100%

Podiatry Board

To provide efficient licensing, compliance, and regulatory services, to protect the public by ensuring that licensed professionals are qualified to practice.

Output	Average number of days to process a completed application and issue a license	5	1-3	1-3	1-3
Efficiency	Average number of hours to respond to telephone complaints	24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours	98%	100%	100%	100%
Output	Average number of days to review and investigate a complaint	30	30	30	30
Output	Percent of complaints reviewed and processed annually	85%	100%	100%	100%

		<u>FY07</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>
		<u>Target</u>	<u>Result</u>	<u>Target</u>	<u>Recomm</u>
Private Investigators and Polygraphers Board					
To provide efficient licensing, compliance, and regulatory services, to protect the public by ensuring that licensed professionals are qualified to practice.					
Output	Average number of days to process a completed application and issue a license	5	3-5	3-5	3-5
Efficiency	Average number of hours to respond to telephone complaints	24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours	98%	100%	100%	100%
Output	Average number of days to review and investigate a complaint	30	30	30	30
Output	Percent of complaints reviewed and processed annually	85%	100%	100%	100%
Psychologist Examiners Board					
To provide efficient licensing, compliance, and regulatory services, to protect the public by ensuring that licensed professionals are qualified to practice.					
Output	Average number of days to process a completed application and issue a license	5	1-3	1-3	1-3
Efficiency	Average number of hours to respond to telephone complaints	24	24	24	24
Outcome	Percent of telephone calls returned within twenty hours	98%	100%	100%	100%
Output	Average number of days to review and investigate a complaint	30	30	30	30
Output	Percent of complaints reviewed and processed annually	85%	100%	100%	100%
Real Estate Appraisers Board					
To provide efficient licensing, compliance, and regulatory services, to protect the public by ensuring that licensed professionals are qualified to practice.					
Output	Average number of days to process a completed application and issue a license	5	1-3	1-3	1-3
Efficiency	Average number of hours to respond to telephone complaints	24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours	98%	100%	100%	100%
Output	Percent of complaints reviewed and processed annually	85%	100%	100%	100%
Real Estate Commission					
To provide efficient licensing, compliance, and regulatory services, to protect the public by ensuring that licensed professionals are qualified to practice.					
Output	Average number of days to process a completed application and issue a license	5	1-3	1-3	1-3
Efficiency	Average number of hours to respond to telephone complaints	24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours	98%	100%	100%	100%
Output	Average number of days to review and investigate a complaint	30	30	30	30
Output	Percent of complaints reviewed and processed annually	85%	100%	100%	100%
Respiratory Care Board					
To provide efficient licensing, compliance, and regulatory services, to protect the public by ensuring that licensed professionals are qualified to practice.					
Output	Average number of days to process a completed application and issue a license	5	1-3	1-3	1-3
Efficiency	Average number of hours to respond to telephone complaints	24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours	98%	100%	100%	100%
Output	Average number of days to review and investigate a complaint	30	30	30	30
Output	Percent of complaints reviewed and processed annually	85%	100%	100%	100%
Social Work Examiners Board					
To provide efficient licensing, compliance, and regulatory services, to protect the public by ensuring that licensed professionals are qualified to practice.					
Output	Average number of days to process a completed application and issue a license	5	1-5	1-5	1-5
Efficiency	Average number of hours to respond to telephone complaints	24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours	98%	100%	100%	100%
Output	Average number of days to review and investigate a complaint	30	30	30	30
Output	Percent of complaints reviewed and processed annually	85%	100%	100%	100%
Speech Language Hearing and Audiology Board					
To provide efficient licensing, compliance, and regulatory services, to protect the public by ensuring that licensed professionals are qualified to practice.					
Output	Average number of days to process a completed application and issue a license	5	1-5	1-5	1-5
Efficiency	Average number of hours to respond to telephone complaints	24	24	24	24

		<u>FY07 Target</u>	<u>FY07 Result</u>	<u>FY08 Target</u>	<u>FY09 Recomm</u>
Outcome	Percent of telephone calls returned within twenty-four hours	98%	100%	100%	100%
Output	Average number of days to review and investigate a complaint	30	30	30	30
Output	Percent of complaints reviewed and processed annually	85%	100%	100%	100%

Thanatopractice Board

To provide efficient licensing, compliance, and regulatory services, to protect the public by ensuring that licensed professionals are qualified to practice.

Output	Average number of days to process a completed application and issue a license	5	1-3	1-3	1-3
Outcome	Percent of complaints processed and adjudicated annually	85%	100%	100%	100%
Efficiency	Average number of hours to respond to telephone complaints	24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours	98%	100%	100%	100%
Output	Average number of days to review and investigate a complaint	30	30	30	30
Output	Percent of complaints reviewed and processed annually	85%	100%	100%	100%

Executive Summary

The Public Regulation Commission adjudicates rate and service matters and is responsible for enacting and enforcing rules that govern regulated industries in the areas of utility, insurance, telecommunications and transportation.

	FY08 Operating Budget	FY09 Recommendation	% Change
General Fund	11,165.6	11,345.4	1.6
Total Sources	34,496.2	35,451.0	2.8
Program			
Patient's Compensation Fund	10,747.2	10,749.6	0.0
Policy and Regulation	8,246.0	8,346.0	1.2
Public Safety	5,395.8	5,562.4	3.1
Program Support	3,559.7	3,650.1	2.5
Insurance Policy	6,547.5	7,142.9	9.1
Total Uses	34,496.2	35,451.0	2.8
FTE	283.00	283.00	0.0

- The Executive recommendation supports a General Fund increase of \$179.8 and an overall increase of \$954.8.
- The Executive recommendation supports the application of a 4% vacancy factor to the Policy and Regulation Program and a 3% vacancy factor to the Public Safety Program, Program Support and the Insurance Policy Program.

Agency Mission and Program Purpose

The Public Regulation Commission (PRC) consists of five elected officials from single-member districts. PRC is responsible for regulating electric, natural gas, water and wastewater utility rates and services; telecommunications rates and services; insurance agents and companies; and transportation companies. PRC also administers the State Fire Marshal's Office, the Firefighter's Training Academy, corporate registrations, pipeline safety requirements and Waste Isolation Pilot Plant inspections.

PRC has seven divisions by statute: Administrative Services, Consumer Relations, Insurance, Legal, Transportation, Utility and the State Fire Marshal Office. PRC created four programs to account and budget for its activities as required by the Accountability in Government Act and has one budgeted fund -- the Patient's Compensation Fund -- that distributes court ordered awards over the amounts not covered by medical malpractice insurance. All PRC divisions report to the chief of staff who is responsible for the daily operations of the agency under the general direction of the commission.

Statutory Authority: Article XI, Section 1, New Mexico Constitution.

Policy and Regulation Program

The Policy and Regulation Program consists of the Commissioners' Offices, and the Consumer Relations, Legal, Transportation, and Utility divisions. The divisions assist the commission in administering constitutional and legislative mandates regarding regulated industries. The program is involved with rulemaking, adjudications and policy initiatives so that the interests of the consumer and regulated industries are balanced to promote and protect the public interest.

Public Safety Program

The Public Safety Program provides resources and services directed toward the protection of the general public from fires, pipeline hazards and other risks. Resources include the State Fire Marshal's Office (SFMO), the Firefighters Training Academy (FFTA) and the Pipeline Safety Bureau (PSB). SFMO is responsible for enforcement of fire prevention activities and life-safety rules and regulations. FFTA is responsible for preparing and training the state's fire departments as well as educating the general public regarding fire safety. The program is responsible for enforcing federal safety standards for intrastate natural gas pipeline facilities and state statutes regarding excavation damage to underground facilities.

Program Support

Program Support is comprised of the Administrative Services Division (ASD) and the Corporations Bureau (CB). ASD is responsible for management of finances, budgets, human resources, records and information systems. CB maintains corporate and directorship records for foreign and domestic corporations, professional corporations and nonprofits.

Insurance Policy Program

The Insurance Policy Program regulates the provision of life, health, property and casualty insurance; and directs agent qualifications and licensure. Additionally, it provides oversight for managed healthcare providers and workers' compensation policies written through insurance companies. The Fraud Bureau investigates allegations of fraud involving insurance companies and agents.

Executive Recommendation*Agency Strategic Directions*

PRC is dedicated to serving the citizens of New Mexico and the industries under its statutory jurisdiction through the regulation of utility, telecommunication, motor carrier and insurance industries. In doing so, the agency continues to ensure that safe, proper and reliable services are available to the general public at fair, just and reasonable rates for both consumers and industries, as provided by law.

In addition to its regular review of rates, PRC will continue to provide oversight of the utility industry implementation of the Renewable Portfolio Standard. A further initiative includes the development of rules and regulations pertaining to energy efficiency standards and integrated resource planning to promote energy conservation and the enhancement of renewable energy growth in New Mexico.

PRC is committed to ongoing oversight of the Alternative Form of Regulation (AFOR) orders applicable to Qwest, including resolution of an investment shortfall and development of new AFOR orders going forward to address pricing, quality of service compliance and infrastructure investment. For increased efficiency, the Insurance Policy Program maintains electronic services related to on-line filing and data archiving. The program operates an inter-divisional Market Analysis, Enforcement and Consumer Protection Program to monitor and analyze consumer complaints, inquiries and industry trends. The analysis is used to develop methods of enforcement through one or more of the following methods: bulletins; rule-making enforcements; criminal fraud prosecutions; investigations; or examinations.

The State Fire Marshal's Office (SFMO), which officially became a division in FY08, is committed to bringing every fire department across the state online with the National Fire Incident Reporting System. SFMO has established a cooperative agreement with the Public School Facilities Authority with regard to fire code enforcement. The SFMO is increasing participation in the statewide Arson Task Force by other state agencies and local governments while the State Firefighters Training Academy continues its outreach efforts to rural fire departments.

Key Elements of Recommendation

The Executive recommendation includes a General Fund increase of \$179.8 above FY08 operating levels attributable to increased operating costs within the Policy and Regulation Program and Program Support. Expenditures above FY08 levels in the Public Safety Program will continue to be supported through a combination of the Fire Protection Fund, Pipeline Safety Fund, federal funds, and a joint powers agreement with the Energy, Minerals, and Natural Resources Department. Expenditures above FY08 levels in the Insurance Policy Program will continue to be supported by the Insurance Operations Fund, Title Insurance Fund, and the Patient's Compensation Fund. PRC as a whole, will experience a moderate increase of \$225.0 related to charges for General Services Department and Department of Information Technology services. The largest component of the overall increase can be attributed to increases in personal services and employee benefits costs.

Policy and Regulation. The Executive recommendation supports an increase of \$100.0 above FY08 operating levels, which includes an additional \$52.7 for information systems and telecommunications charges. The contractual services category remains flat with FY08 operating levels in continued support of consultant fees, transcribers, and expert witnesses that remain critical to the function and operation of the commission. The recommendation supports the application of a 4% vacancy factor to the personal services and employee benefits category, consistent with last years recommendation.

Public Safety. The Executive recommendation supports an increase of \$166.6 to the program in continued support of the initiative to enhance and improve existing training and safety initiatives. Support for this program includes increases for operating expenses, such as property insurance, utilities, supplies and equipment necessary for the program to achieve its stated purpose. In addition, the recommendation supports the application of a 3% vacancy factor to the personal services and employee benefits category.

Program Support. The Executive recommendation supports an increase of \$90.4 above FY08 operating levels. The recommendation includes a reduction in the level of support for contractual service related expenses as requested by the PRC. The majority of the increase for Program Support

can be attributed to increases related to charges for Department of Information Technology services including information systems and telecommunications. Finally, the recommendation supports the application of a 3% vacancy factor to the personal services and employee benefits category.

Insurance Policy. The Executive recommendation supports an increase of \$595.4 above FY08 operating levels. The majority of this increase can be attributed to personal services and employee benefits costs. The PRC is projecting a significant shortfall in this program in FY08 and has requested language that would enable it to submit budget increases in excess of the five percent limitation currently authorized. The recommendation also includes increased funding in the contractual services category, intended for the support of attorney fees related to pending litigation, as well as information technology and auditing services. The remaining increase reflects changes to property insurance rates as well as a moderate increase in other operating costs.

Performance Report

PRC met 29 of 34 of its FY07 performance targets. The Commission exceeded the target for the dollar amount of credits and refunds obtained for New Mexico consumers through complaint resolution. The Alternative Form of Regulation settlement significantly increased refunds in FY07 that will not be experienced in future years. The requested performance target and corresponding recommendation level reflects a more stable level.

PRC missed two of nine targets in the Public Safety Program, including the number of inspection and audit hours performed by the State Fire Marshal's Office and the number of inspection and audit hours performed by the Pipeline Safety Bureau. Overall, results have improved over FY06 performance levels including the number of training and contact hours delivered by the State Fire Marshal's Office, State Firefighter Training Academy and Pipeline Safety Bureau.

PRC missed two of eight performance measures for Program Support that do not accurately reflect the intended outcome of the program. The number of prior-year audit findings eliminated was targeted at six. However, there were no prior-year audit findings to correct in FY07. Also, the number of prior-year audit findings was targeted at six, when it should have been zero. These performance measures and targets have been revised to accurately reflect the performance of the program.

The Insurance Policy Program achieved all of its targeted performance measures for FY07. This program has developed a new measure to report on in FY09, the percent of favorable evaluations from managed healthcare outreach presentation attendees. Overall, the program has demonstrated several improvements over previous years and continues to extend their goals to higher levels.

Recommended Language for the General Appropriation Act

The Executive recommends the following language for all programs in order to specify the source of funds for the proposed appropriations of internal services funds, interagency transfers and other state funds:

The internal service funds/interagency transfers appropriations to the public safety program of the public regulation commission include two million three hundred ninety-one thousand nine-hundred dollars (\$2,391,900) for the office of the state fire marshal from the fire protection fund.

The internal service funds/interagency transfers appropriations to the public safety program of the public regulation commission include one million six hundred thousand eight hundred dollars (\$1,600,800) for the firefighter training academy from the fire protection fund.

The internal service funds/interagency transfers appropriations to the public safety program of the public regulation commission include six hundred seventy-seven thousand five hundred dollars (\$677,500) for the pipeline safety bureau from the pipeline safety fund.

The internal service funds/interagency transfers appropriations to program support of the public regulation commission include eighty-five thousand four hundred dollars (\$85,400) from the insurance fraud fund, two hundred ninety-five thousand (\$295,000) from the fire protection fund, forty thousand five hundred dollars (\$40,500) from the title insurance maintenance fund, sixty-two thousand four hundred dollars (\$62,400) from the public regulation commission reproduction fund and fifteen thousand four hundred dollars (15,400) from the patient's compensation fund..

The internal service funds/interagency transfers appropriations to the insurance policy program of the public regulation commission include forty-two thousand four hundred dollars (\$42,400) from the title insurance maintenance fund, one hundred six thousand one hundred dollars (\$106,100) from the insurance fraud fund, two hundred forty-nine thousand two hundred dollars (\$249,200) from the patient's compensation fund and four hundred seventy-nine thousand seven hundred dollars (\$479,700) from the agent's surcharge fund.

The other state funds appropriations to the insurance policy program of the public regulation commission include one million one hundred forty-six thousand eight hundred dollars (\$1,146,800) from the insurance fraud fund and three hundred twenty-nine thousand six hundred dollars (\$329,600) from the title insurance maintenance assessment fund.

Budget Summary Tables

	Agency Budget Summary (Dollars in Thousands)			FY09	
	FY07	FY08	Recom- mendation	<u>Budget to Recommendation</u>	
	<u>Actuals</u>	<u>Operating Budget</u>		Dollar/FTE <u>Change</u>	Percent <u>Change</u>
SOURCES					
General Fund Transfers	10,582.2	11,165.6	11,345.4	179.8	1.6
Other Transfers	9,753.6	10,708.7	11,282.9	574.2	5.4
Federal Revenues	399.1	509.3	596.7	87.4	17.2
Fund Balance	12,102.3	12,112.6	12,226.0	113.4	0.9
TOTAL SOURCES	32,837.2	34,496.2	35,451.0	954.8	2.8
USES					
Personal Services and Employee Benefits	17,054.1	18,943.3	19,624.4	681.1	3.6
Contractual Services	1,034.3	1,522.9	1,552.9	30.0	2.0
Other	9,542.8	13,767.8	14,009.1	241.3	1.8
Other Financing Uses	0.0	262.2	264.6	2.4	0.9
TOTAL USES	27,631.2	34,496.2	35,451.0	954.8	2.8

Agency Budget Summary
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 Operating <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar/FTE Change	<u>Percent</u> Change
FTE					
Permanent	275.00	282.00	282.00	0.00	0.0
Term	1.00	1.00	1.00	0.00	0.0
TOTAL FTE POSITIONS	276.00	283.00	283.00	0.00	0.0

Policy and Regulation Program
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 Operating <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar/FTE Change	<u>Percent</u> Change
SOURCES					
General Fund Transfers	7,751.9	8,104.6	8,194.0	89.4	1.1
Other Transfers	13.0	141.4	152.0	10.6	7.5
TOTAL SOURCES	7,764.9	8,246.0	8,346.0	100.0	1.2
USES					
Personal Services and Employee Benefits	6,567.0	7,248.6	7,295.9	47.3	0.7
Contractual Services	146.6	256.1	256.1	0.0	0.0
Other	759.0	741.3	794.0	52.7	7.1
TOTAL USES	7,472.6	8,246.0	8,346.0	100.0	1.2
FTE					
Permanent	89.70	89.70	89.70	0.00	0.0
TOTAL FTE POSITIONS	89.70	89.70	89.70	0.00	0.0

Public Safety Program
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar Change	<u>Percent</u> Change
SOURCES					
Other Transfers	4,249.1	4,886.5	4,965.7	79.2	1.6
Federal Revenues	399.1	509.3	596.7	87.4	17.2
TOTAL SOURCES	4,648.2	5,395.8	5,562.4	166.6	3.1
USES					
Personal Services and Employee Benefits	2,850.6	3,305.2	3,401.0	95.8	2.9
Contractual Services	185.9	319.6	319.6	0.0	0.0
Other	1,128.9	1,771.0	1,841.8	70.8	4.0
TOTAL USES	4,165.4	5,395.8	5,562.4	166.6	3.1
FTE					
Permanent	47.30	52.30	52.30	0.00	0.0
Term	1.00	1.00	1.00	0.00	0.0
TOTAL FTE POSITIONS	48.30	53.30	53.30	0.00	0.0

		Program Support (Dollars in Thousands)			FY09	
		FY07	FY08	Recom-	Budget to Recommendation	
		Actuals	Budget	mendation	Dollar	Percent
					Change	Change
SOURCES						
	General Fund Transfers	2,830.3	3,061.0	3,151.4	90.4	3.0
	Other Transfers	385.9	498.7	498.7	0.0	0.0
	TOTAL SOURCES	3,216.2	3,559.7	3,650.1	90.4	2.5
USES						
	Personal Services and					
	Employee Benefits	2,651.0	3,027.3	3,048.1	20.8	0.7
	Contractual Services	40.0	119.5	110.1	-9.4	-7.9
	Other	437.0	412.9	491.9	79.0	19.1
	TOTAL USES	3,128.0	3,559.7	3,650.1	90.4	2.5
FTE						
	Permanent	52.00	53.00	53.00	0.00	0.0
	TOTAL FTE POSITIONS	52.00	53.00	53.00	0.00	0.0

		Insurance Policy Program (Dollars in Thousands)			FY09	
		FY07	FY08	Recom-	Budget to Recommendation	
		Actuals	Budget	mendation	Dollar	Percent
					Change	Change
SOURCES						
	Other Transfers	5,105.6	5,182.1	5,666.5	484.4	9.3
	Fund Balance	1,506.8	1,365.4	1,476.4	111.0	8.1
	TOTAL SOURCES	6,612.4	6,547.5	7,142.9	595.4	9.1
USES						
	Personal Services and					
	Employee Benefits	4,985.5	5,362.2	5,879.4	517.2	9.6
	Contractual Services	457.1	392.7	432.1	39.4	10.0
	Other	950.0	792.6	831.4	38.8	4.9
	TOTAL USES	6,392.6	6,547.5	7,142.9	595.4	9.1
FTE						
	Permanent	86.00	87.00	87.00	0.00	0.0
	TOTAL FTE POSITIONS	86.00	87.00	87.00	0.00	0.0

Performance Measures

		FY07	FY07	FY08	FY09
		Target	Result	Target	Recomm
Policy and Regulation Program					
To fulfill the constitutional and legislative mandates regarding regulated industries through rulemaking, adjudications and policy initiatives to ensure the provisions of adequate and reliable services at fair, just and reasonable rates so that the interests of the consumers and regulated industries are balanced to promote and protect the public interest.					
Output	Number of formal complaints processed by the transportation division	70	75	70	75
Efficiency	Percent of cases processed in less than the statutory time allowance	100%	100%	100%	100%
Outcome	Comparison of average commercial electric rate between major New Mexico utilities and selected utilities in regional western states	+/-5%	0%	+/-5%	+/-5%
Explanatory	Number of docketed cases opened in a fiscal year	400	525	400	500
Outcome	Dollar amount of credits and refunds obtained for New Mexico consumers through complaint resolution	1,800	4,258,800	1,800	1,800

		<u>FY07 Target</u>	<u>FY07 Result</u>	<u>FY08 Target</u>	<u>FY09 Recomm</u>
Explanatory	The amount of kilowatt hours of renewable energy provided annually by New Mexico's electric utilities, measured as a percent of total retail kilowatt hours sold by New Mexico's electric utilities to New Mexico's retail electric utility customers				2,000
Output	Number of docketed cases completed	223	441	400	400
Efficiency	Average number of days for a rate case to reach final order	<240	295	<230	<240
Efficiency	Therms of natural gas saved as a result of utility energy efficiency programs				
Explanatory	Comparison of average residential electric rates between major New Mexico utilities and selected utilities in regional western states				+/-5%
Efficiency	Kilowatt hours of electricity saved as a result of utility energy efficiency programs				1,000
Outcome	Number of docketed cases closed in a fiscal year	75%	84%	75%	75%

Public Safety Program

To provide services and resources to the appropriate entities, to enhance their ability to protect the public from fire and pipeline hazards and other risks, as assigned to the Public Regulation Commission.

Output	Number of inspection and audit hours performed by the state fire marshal's office	25,302	20,697	25,000	25,000
Output	Number of training contact hours delivered by the state fire marshal's office, state firefighter training academy and pipeline safety bureau	143,000	160,790		
Output	Number of personnel completing training through the state firefighter training academy	3,700	4662	3,700	4,000
Output	Percent of counties and municipalities participating in the arson task force or partnerships with the state fire marshal	50%	54%	60%	60%
Outcome	Percent of fire departments' insurance service office (ISO) ratings of nine or ten that have been reviewed by survey or audit	75%	87%	90%	90%
Outcome	Number of statewide fire district with insurance office ratings of eight or better	50%	59%	65%	75%
Quality	Pass rate for state certification exams administered by the state firefighter academy	75%	90%	85%	90%
Explanatory	Number of fire districts statewide	390	391	390	390
Output	Number of inspection and audit hours performed by the pipeline safety bureau	8,000	5,120	9,000	9,000

Program Support

To provide administrative support and direction to ensure consistency, compliance, financial integrity and fulfillment of the agency mission.

Output	Number of prior-year audit findings eliminated	6	0		0
Efficiency	Percent of fully functional information technology applications systems	100%	100%	100%	100%
Outcome	Opinion of previous fiscal year independent agency audit	Unqual.	Unqual.	Unqual.	Unqual
Outcome	Percent of information technology projects completed within timeframe and budget referenced in the information technology project plan	100%	100%	100%	100%
Outcome	Number of user sessions on PRC web pages				250,000
Outcome	Percent reduction of information systems division costs and services for the agency		6%		
Outcome	Percent of total outstanding corporate revocations processed	100%	28%		
Output	Average number of days to issue charter documents	100%	100%		15 days
Outcome	Percent of prior-year audit findings eliminated	100%	100%	100%	100%
Explanatory	Percent increase in public use of Info Share				5%
Explanatory	Number of prior year audit findings	6	0		

		<u>FY07</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>
		<u>Target</u>	<u>Result</u>	<u>Target</u>	<u>Recomm</u>
Insurance Policy Program					
The purpose of the Insurance Policy Program is to assure easy public access to reliable insurance products that meet consumers' needs, are underwritten by dependable, reputable, financially sound companies that charge fair rates and are represented by trustworthy, qualified agents, while promoting a positive competitive business climate.					
Outcome	Percent of favorable evaluations from managed healthcare outreach presentation attendees			90%	100%
Outcome	Percent of employers whose workers' compensation accident frequency is reduced through counseling, advice and training	60%	79%	70%	80%
Output	Percent of insurance division interventions conducted with domestic and foreign insurance companies when risk-based capital is less than two hundred percent	80%	100%	100%	100%
Output	Percent of producer applications, appointments and renewals processed within ten business days	75%	90%	75%	90%
Output	Percent of insurance division interventions conducted with domestic and foreign insurance companies when their surplus is less than the minimum	100%	100%	100%	100%
Output	Percent of domestic company examination reports adopted within eighteen months of the examination period	90%	100%	95%	100%
Output	Percent of form and rate filings processed within ninety days	90%	100%	95%	100%
Output	Percent of internal and external insurance-related grievances closed within one hundred eighty days of filing	80%	100%	90%	90%
Efficiency	Percent of insurance fraud bureau complaints processed and recommended for either further administrative action or closure within sixty days	80%	85%	85%	85%
Output	Number of managed healthcare outreach presentations conducted annually	100	100	100	100

Executive Summary

The Medical Board protects the public by establishing and enforcing professional qualifications and performance standards for practitioners licensed to offer their services in the State and by preventing non-licensed individuals from performing regulated services.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	0.0	80.0	***
Total Sources	1,492.7	1,596.4	6.9
Program			
Medical Board	1,492.7	1,596.4	6.9
Total Uses	1,492.7	1,596.4	6.9
FTE	13.00	13.00	0.0

- The Executive recommendation provides an increase of \$23.7 in FY09 to fund increases in personal services and other costs.
- The Executive recommendation supports a General Fund expansion increase of \$80.0 in FY09 to fund the cost of residents obtaining their licenses.

Agency Mission and Program Purpose

The Medical Board regulates and licenses physicians, physician assistants and anesthesiologist assistants. The Board consists of nine members appointed by the governor to terms of four years. By statute, membership includes six licensed physicians, one licensed physician assistant and two members representing the public. The Board appoints an executive secretary to administer the daily activities of the agency.

The Board: licenses qualified applicants; investigates complaints against license holders; disciplines those found to be in violation of the Medical Practice Act or rules; promotes the rehabilitation of impaired physicians, physician assistants and anesthesiologist assistants; and provides information to interested consumers.

Statutory Authority: Sections 61-6-1 through 61-6-29 NMSA 1978.

Executive Recommendation

Agency Strategic Directions

The Medical Board effort to improve access to health care by retaining competent doctors in New Mexico is consistent with the Governor's agenda. The Board has streamlined its application and license renewal processes with the implementation of the statewide licensing application, which allows doctors to complete one application for licensing, insurance reimbursement and hospital privileges. The requirement for personal interviews and attendance at orientation prior to permanent licensure has been eliminated, and 80% of all doctors are renewing their licenses online. Board staff

is closely tracking processing times and identifying ways to eliminate delays. A recent rule change allows the Medical Board to accept physician assistants who have already been licensed by the New Mexico Board of Osteopathic Examiners without completing the entire application process and reduces required documentation.

Key Elements of Recommendation

The Executive recommendation supports an increase in the personal services and employee benefits category in support of the recruitment and retention of highly qualified personnel dedicated to conducting criminal background checks and processing online applications for licensure.

The Executive recommendation includes an increase in the other costs category primarily attributable to reporting and recording expenses. The recommendation further supports the board's operating activities by recognizing the need to accommodate operating increases related to providing services across the state.

The board's FY08 operating budget is projected to reduce their fund balance by \$102.7 and their request for FY09 is for an additional reduction of fund balance in the amount of \$23.7. The Executive recommends the board maintain a fund balance equal to annual expenditures in the event of an emergency. The board's FY09 request will reduce their fund balance below annual expenditures at the end of FY09.

At the end of FY07, the board initiated the nationwide criminal history screening, with medical residents in-training being the first group required to complete a criminal background check.

The board has been working with Hospital Services Corporation (HSC) to set up and import data for the online application system, scheduled to go live sometime in FY08. The system will allow applicants to apply for licensure online, therefore reducing the licensing process time.

The Governor wants to make staying and working in New Mexico more viable for more health professionals. With a population that is increasing in age on a per capita basis, the challenge of practicing in rural areas and the increased call for universal coverage, New Mexico must invest in recruiting and retaining health care professionals. The Executive recommendation supports a General Fund expansion increase of \$80.0 in FY09 to fund the cost of residents obtaining their licenses.

Performance Report

The board met four of its eight FY07 performance measures. The board has been providing more information via its newsletters and by telephone and as a result number of consumers provided with information through written license verification and website access has decreased.

The board missed its FY07 targets for: issuing or renewing both physician assistant and anesthesiologist assistant licenses; the number of consumers provided with information through written license verification; website access; and tri-annual physician licenses. The board believes the shortfall in tri-annual physician licenses renewal is due to the renewal period starting in April and ending in October, resulting in crossing of fiscal years. As a result, only three months of renewals were reported out of seven months possible for FY07.

The Executive recommends that all performance measures remain the same as the FY08 targets, except for biennial anesthesiologist assistant licenses issued or renewed. The Executive supports the boards increase to eight biennial anesthesiologist assistant licenses issued or renewed.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY09	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	0.0	0.0	80.0	80.0	***
Other Revenues	1,240.6	1,390.0	1,306.0	-84.0	-6.0
Fund Balance	296.4	102.7	210.4	107.7	104.9
TOTAL SOURCES	1,537.0	1,492.7	1,596.4	103.7	6.9
USES					
Personal Services and Employee Benefits	868.5	903.6	958.0	54.4	6.0
Contractual Services	235.0	305.1	305.1	0.0	0.0
Other	277.9	284.0	333.3	49.3	17.4
Other Financing Uses	40.0	0.0	0.0	0.0	***
TOTAL USES	1,421.4	1,492.7	1,596.4	103.7	6.9
FTE					
Permanent	12.00	13.00	13.00	0.00	0.0
TOTAL FTE POSITIONS	12.00	13.00	13.00	0.00	0.0

Performance Measures

		<u>FY07 Target</u>	<u>FY07 Result</u>	<u>FY08 Target</u>	<u>FY09 Recomm</u>
Medical Board					
To provide regulation and licensure to medical doctors, physician assistants and anesthesiologist assistants and to ensure competent and ethical medical care to consumers.					
Output	Number of consumers provided with information through written license verification and website access	1,000,000	1,115,803	1,500,000	1,500,000.
Output	Number of tri-annual physician licenses issued or renewed	4,000	2,937	3,623	3,623
Output	Number of biennial physician assistant licenses issued or renewed	450	245	309	309
Output	Number of biennial anesthesiologist assistant licenses issued or renewed	13	5	5	8
Output	Number of complaints resolved within 12 months	115	220	160	160
Output	Number of participants in monitored treatment program	52	61	55	55
Outcome	Percent of participants who relapse	10%	9%	10%	10%
Outcome	Number of days to issue a physician license	80	78	80	80

Executive Summary

The Board of Nursing protects New Mexico's citizens by establishing and enforcing minimum professional qualifications for nurses, and by preventing non-licensed individuals from providing services. The Board also establishes performance standards for nursing practitioners licensed to offer services in the state.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	0.0	0.0	***
Total Sources	1,745.0	1,891.2	8.4
Program			
Board of Nursing	1,745.0	1,891.2	8.4
Total Uses	1,745.0	1,891.2	8.4
FTE	18.00	19.00	5.6

- The Executive supports an increase of \$65.3 to fund personal services and employee benefits.
- The Executive supports an increase of \$57.3 and one additional position to support the increased number of certificate holders that the board regulates.
- The Executive recommends an increase of \$23.6 for rent.

Agency Mission and Program Purpose

The Board of Nursing consists of seven members appointed by the governor for terms of four years. By statute, membership must include four licensed nurses and three public members. The board appoints an executive director to administer the daily activities of the agency. The board establishes and enforces minimum professional qualifications for nurses by requiring licenses and setting performance standards for practitioners.

The board licenses nurses and certifies hemodialysis technicians and medication aides; evaluates educational programs for licensees and certificate holders; regulates nursing practices; reviews complaints and disciplines licensees and certificate holders who violate the law and rules; supports treatment programs for chemically-dependent licensees; and provides information to the public.

Statutory Authority: Sections 61-3-1 through 61-3-31 NMSA 1978.

Executive Recommendation*Agency Strategic Directions*

The Board of Nursing ensures that educational and training programs meet the board's approved standards. It regulates over 25,500 nurses in New Mexico and processes over 13,000 license renewals each year. The board will continue implementing the online licensing system during FY08 and FY09. In FY07, 12,800 nursing licenses were issued, up 8% from the prior year. The total of all

nurses licensed, claiming residence in New Mexico, is 18,644, up from 18,084 the previous year. The total of all nurses, with a New Mexico license, has increased by 3,302 to 25,596. The board continues its efforts to expand its regulation to nursing assistants.

Key Elements of Recommendation

The Executive recommends a total increase of 8.4% over FY08 and includes \$57.3 for a case manager for the diversion program, due to increased workload associated with the increase of licenses issued. The Board of Nursing will continue disbursing monies from the Nursing Excellence Fund in FY09 for recruitment and retention activities, and increased educational and career opportunities. The recommendation provides \$23.6 for increase in office space.

Performance Report

The Board of Nursing met or exceeded all but two performance targets for FY07. The targeted number of months to resolution of disciplinary matters was not met, and the number of rule reviews were short by a small margin.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 Operating <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
Other Revenues	2,296.3	1,745.0	1,891.2	146.2	8.4
TOTAL SOURCES	2,296.3	1,745.0	1,891.2	146.2	8.4
USES					
Personal Services and Employee Benefits	868.9	1,059.3	1,181.9	122.6	11.6
Contractual Services	62.6	195.5	195.5	0.0	0.0
Other	352.8	490.2	513.8	23.6	4.8
TOTAL USES	1,284.3	1,745.0	1,891.2	146.2	8.4
FTE					
Permanent	15.00	18.00	19.00	1.00	5.6
TOTAL FTE POSITIONS	15.00	18.00	19.00	1.00	5.6

Performance Measures

		FY07 <u>Target</u>	FY07 <u>Result</u>	FY08 <u>Target</u>	FY09 <u>Recomm</u>
Board of Nursing					
To provide regulations to nurses, hemodialysis technicians, medications aides and their education and training programs so they provide competent and professional health care services to consumers.					
Output	Number of licenses issued	11,000	13,281	12,800	13,000
Outcome	Percent of programs in full compliance	95%	98%	95%	98%
Quality	Number of public information announcements	3	3	4	4
Efficiency	Number of months to resolution of disciplinary matter	6	7.4	6	6
Output	Number of rule reviews	2	1	2	1
Efficiency	Number of days to issue a nurse license	14	14	14	14

Executive Summary

The New Mexico State Fair, also known as Expo New Mexico, exists to promote New Mexico's economic, agricultural and cultural diversity through the annual New Mexico State Fair and other events during the year.

	FY08 Operating Budget	FY09 Recommendation	% Change
General Fund	0.0	348.0	***
Total Sources	15,043.4	15,391.4	2.3
Program			
New Mexico State Fair	15,043.4	15,391.4	2.3
Total Uses	15,043.4	15,391.4	2.3
FTE	77.00	82.00	6.5

- The Executive recommendation includes \$348.0 in General Fund for the operation of the African American Performing Arts Center.
- The Executive recommendation reflects the conversion of four temporary positions to permanent positions with no impact to budget.

Agency Mission and Program Purpose

The New Mexico State Fair Commission is composed of seven members appointed to five-year terms by the governor. Of the seven members, at least two commissioners must be engaged in the business of raising livestock and at least two commissioners must be engaged in agricultural vocations. Although statutorily created as the New Mexico State Fair, the entity renamed its operation to Expo New Mexico in 2005. The purpose of Expo New Mexico is to organize, operate and maintain year-round professional entertainment facilities in addition to producing the annual New Mexico State Fair.

The primary objective of the commission is to hold the New Mexico State Fair -- the biggest event in the state - every year. The event includes: the exhibition of livestock, poultry, vegetables, fruits, grains, grasses and other farm products; minerals, ores and other mining exhibits; and mining machinery and farm implements for the purpose of advancing the agricultural, horticultural, stock raising, mining, mechanical and industrial pursuits of the state. In addition, the New Mexico State Fair provides a venue for horseracing, rodeos, carnival rides, art shows, concerts and other entertainment activities. Although the New Mexico State Fair is the commission's primary event, the State Fair grounds are used throughout the year for many other events including a flea market, horse shows, musical events, arts and craft shows, car shows, vehicle and equipment sales, sporting events and other types of expositions. Expo New Mexico is funded almost exclusively through revenues generated by ticket sales, vendor fees, venue rentals and feed store operations.

Statutory Authority: Sections 16-6-1 through 16-6-31 NMSA 1978.

Executive Recommendation*Agency Strategic Directions*

Expo New Mexico continues to focus on increasing attendance at the annual State Fair and bringing more New Mexico families and their children to the event in order to highlight the state's agricultural and cultural diversity. In addition, Expo New Mexico continues to strive to increase the use of State Fair property for various events throughout the year. To aid in the accomplishment of its goals, the agency is focused on improving its facilities and creating a strategic planning program, a procedure manuals program, a cost accounting system and an inventory control system.

Key Elements of Recommendation

While the Executive is not recommending an increase to the FY08 base budget from other revenues for the on-going operations of the State Fair, the recommendation includes four additional permanent positions in the base budget of the agency. These four positions were converted from temporary positions to permanent positions by the State Fair Commission consistent with the authority granted the commission under Section 16-6-4 NMSA 1978. Even though the recommendation does not include an increase to the overall budget, the positions are fully funded within the FY08 base budget of the agency.

The recommendation also includes \$348.0 in General Fund for the operation of the African American Performing Arts Center. For FY08, funding for the Center was included in the Office of African American Affairs operating budget. A joint powers agreement (JPA) has been processed to move the funds from the Office of African American Affairs to the New Mexico State Fair Commission. Because the JPA and budget process can take up to three months to finalize before cash can be transferred, a direct appropriation to the State Fair in the future will ensure that funding for the Center's education programs and building operations are not interrupted. This funding also includes one permanent FTE for building management.

Performance Report

Expo New Mexico achieved four out of five performance measure targets in FY07. All of the measures concern the annual State Fair.

As has been the case since the initiation of the measure in FY04, 100% of counties were represented at the State Fair through exhibits. Three other targets -- the percent of surveyed attendees at the State Fair rating their experience as satisfactory or better, the number of paid attendees, and the number of total attendees at the State Fair -- were exceeded. Nine out of ten individuals surveyed rated their experience as satisfactory or better. The number of paid and total attendees at the fair exceeded the target by 2% and 13.5% respectively. As a result of this trend, the Executive recommends raising the performance targets for these three measures for FY09.

Although the target for the percent of individuals surveyed who rated the State Fair as "improved" was not met in FY07, the Executive recommends that the FY08 target for this measure continue in FY09. In FY07, 41% of the individuals surveyed indicated that they noted improvements in the fair. In FY08 and FY09, the fair expects to increase this percentage to 48% of the individuals surveyed.

Recommended Language for the General Appropriation Act

The internal services funds/interagency transfers appropriation to the New Mexico State Fair in the other category includes six hundred ninety-six thousand dollars (\$696,000) from pari-mutuel revenues for debt service on negotiable bonds issued for capital improvements.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY09	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	0.0	0.0	348.0	348.0	***
Other Transfers	696.0	696.0	695.0	-1.0	-0.1
Other Revenues	13,926.0	14,347.4	14,348.4	1.0	0.0
TOTAL SOURCES	14,622.0	15,043.4	15,391.4	348.0	2.3
USES					
Personal Services and Employee Benefits	6,820.3	6,524.8	6,908.3	383.5	5.9
Contractual Services	3,083.0	3,747.5	3,830.2	82.7	2.2
Other	4,192.1	4,771.1	4,652.9	-118.2	-2.5
TOTAL USES	14,095.4	15,043.4	15,391.4	348.0	2.3
FTE					
Permanent	59.00	77.00	82.00	5.00	6.5
Term	18.00	0.00	0.00	0.00	***
TOTAL FTE POSITIONS	77.00	77.00	82.00	5.00	6.5

Performance Measures

		<u>FY07 Target</u>	<u>FY07 Result</u>	<u>FY08 Target</u>	<u>FY09 Recomm</u>
State Fair					
To promote the New Mexico State Fair as a year-round operation with venues, events and facilities that provide for greater use of the assets of the agency.					
Outcome	Percent of surveyed attendees at the annual state fair event rating their experience as satisfactory or better	87%	89.2%	94%	94%
Output	Percent of counties represented through exhibits at the annual state fair	100%	100%	100%	100%
Output	Number of paid attendees at annual state fair event	500,000	511,824	500,000	550,000
Output	Percent of surveyed attendees at the annual state fair event rating that the state fair has improved	44%	41%	48%	48%
Output	Number of total attendees at annual state fair event	650,000	738,664	675,000	750,000

Executive Summary

The State Board of Licensure for Professional Engineers and Professional Surveyors regulates licenses and oversees the engineering and surveying professions in the State of New Mexico.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	0.0	0.0	***
Total Sources	605.0	649.9	7.4
Program			
State Board of Licensure for Professional Engineers & Professional Surveyors	605.0	649.9	7.4
Total Uses	605.0	649.9	7.4
FTE	7.00	7.00	0.0

- The recommendation supports an increase of \$44.9 in other funds for salaries and benefits, contractual services and information technology equipment.

Agency Mission and Program Purpose

The purpose of the State Board of Licensure for Professional Engineers and Professional Surveyors is to regulate practices of engineering and surveying in the state to ensure the welfare of the public in safeguarding life, health and property, and to ensure that only licensed professional engineers and surveyors provide engineering and surveying services to consumers. There are over 7,020 practicing engineers and surveyors currently licensed in New Mexico.

Statutory Authority: Sections 61-23-1 through 61-23-32 NMSA 1978.

Executive Recommendation

Agency Strategic Directions

The board regulates the practice of engineers and surveyors through licensure and investigation of complaints to ensure the safety and welfare of New Mexicans in the proper and safe design of infrastructure, such as buildings and bridges.

Key Elements of Recommendation

The Executive recommendation provides an increase of \$44.9 to support an increased level of services. This recommendation is within the board's annual recurring revenues.

Performance Report

The agency met or exceeded two out of five targets for FY07. The board issued 595 licenses or certifications during FY07, missing its target by five. The number of complaints processed was 40 for FY07, missing the target by 18. The board only had 40 complaints for the year and processed all complaints. The percent of cases resolved through compliance or legal action within one year was missed by 6%. Some cases were delayed due to motion for continuance of hearings and delays in obtaining quorum due to recusals on board.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
Other Revenues	620.0	591.9	649.9	58.0	9.8
Fund Balance	0.0	13.1	0.0	-13.1	-100.0
TOTAL SOURCES	620.0	605.0	649.9	44.9	7.4
USES					
Personal Services and Employee Benefits	272.9	323.3	335.6	12.3	3.8
Contractual Services	60.8	63.0	80.1	17.1	27.1
Other	191.4	218.7	234.2	15.5	7.1
TOTAL USES	525.1	605.0	649.9	44.9	7.4
FTE					
Permanent	7.00	7.00	7.00	0.00	0.0
TOTAL FTE POSITIONS	7.00	7.00	7.00	0.00	0.0

Performance Measures

		<u>FY07 Target</u>	<u>FY07 Result</u>	<u>FY08 Target</u>	<u>FY09 Recomm</u>
State Boards of Licensure for Engineers and Land Surveyors					
To regulate the practices of engineering and surveying in the state as they relate to the welfare of the public in safeguarding life, health and property, and to provide consumers with licensed professional engineers and licensed professional surveyors.					
Outcome	Percent of consumers requesting and provided with information	100%	100%	100%	100%
Output	Number of examinations administered	490	532	500	500
Output	Number of licenses or certifications issued	600	595	550	600
Output	Number of complaints processed	58	40	58	58
Efficiency	Percent of cases resolved through compliance or legal action within one year	96%	90%	96%	96%

Executive Summary

The Gaming Control Board regulates legalized gaming at New Mexico's licensed racetracks, veteran and fraternal organizations, and monitors tribal gaming.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	6,332.6	6,332.6	0.0
Total Sources	6,332.6	6,332.6	0.0
Program			
Gaming Control Board	6,332.6	6,332.6	0.0
Total Uses	6,332.6	6,332.6	0.0
FTE	63.50	63.50	0.0

- The Executive recommendation maintains budget at the FY08 operating level.

Agency Mission and Program Purpose

The Gaming Control Board (GCB) consists of five members who are appointed to five-year terms. Four members are appointed by the governor with the advice and consent of the senate and one ex-officio member is the chairman of the State Racing Commission. All members of the board must be residents of New Mexico and citizens of the United States: one appointed member of the board must have a minimum of five years of supervisory experience in a law enforcement agency; one must be a certified public accountant in New Mexico with at least five years of experience in public accountancy; one must be an attorney who has been admitted to practice before the Supreme Court of New Mexico; and one must be a public member who has knowledge and experience in business management and financing.

GCB's duties include developing and adopting regulations to administer, enforce and make all final decisions on issuance, denial, suspension and revocation of all licenses required under the Gaming Control Act. GCB oversees a variety of gaming activities and licenses for manufacturers, distributors of gaming machines, gaming operators and individual machines.

GCB is responsible for regulating legalized gaming at New Mexico's licensed racetracks and veteran and fraternal organizations. It also monitors New Mexico's tribal gaming compacts through the appointment of a state gaming representative. The GCB is responsible for investigating and enforcing violations of the laws and regulations that prohibit illegal gambling activities in the State. The GCB conducts all hearings pertaining to civil violations, promulgates such regulations as deemed necessary to fulfill the policies of the Gaming Control Act, collects all license and registration fees, and levies and collects fines and civil penalties.

GCB's goals are to protect the public interest and to maximize gaming revenues by ensuring the integrity of gaming in the State of New Mexico. The program concentrates on racetrack and casino gambling.

Statutory Authority: Sections 60-2E-1 through 60-2E-62 NMSA 1978.

Executive Recommendation

Agency Strategic Directions

The GCB's mission is to protect the public interest and to maximize gaming tax revenue by ensuring the integrity of gaming in the State of New Mexico. GCB recently replaced its central monitoring system with a new system, referred to as the Jurisdictional Control System; it has the capabilities to remotely disable any gaming machine for non-payment of taxes, guarantee the allowed hours of gaming operations, and remotely verify that the software in a gaming machine is compliant with all applicable statutes and rules. GCB is assisting the Department of Health with gambler referrals and treatment options for gambling addictions throughout the State.

Key Elements of Recommendation

The Executive recommendation maintains budget at the FY08 operating level. This funding reflects a 3.6% vacancy applied to the agency's 63.5 FTE. The board had a 2.8% vacancy rate in FY06 and a 10% vacancy rate in FY07. This recommendation will fully fund the board's administration while continuing to allow it to meet its agency mission and program purpose.

Performance Report

The Gaming Control Board met all targets for FY07. In FY07 there was no down time for the central monitoring system resulting in the system remaining 100% operational. For FY07, 779 on-site inspections were conducted and 64 citations and 4 warnings were issued. The Audit Bureau also issued 12 administrative citations. Of the 76 citations issued, there were no repeat violations. This resulted in an overall decrease of 100% of repeat violations by licensed operators. The Gaming Control Board generated total revenues from gaming of \$169,327.2 and expended General Fund of \$6,038.2 in FY07, allowing the board to exceed the target of 21:1 for the ratio of gaming revenue generated to General Funds expended. For FY09, the Legislative Finance Committee and Department of Finance and Administration have agreed to add two new measures: "percent of work permit and work permit renewal licensees processed within 72 hour time period" and "percent of bingo and raffle licensees correctly meeting the reporting requirements."

Budget Summary Tables

		Agency Budget Summary (Dollars in Thousands)			FY09	
		FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	Recom- <u>mendation</u>	<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent Change</u>
SOURCES						
	General Fund Transfers	6,149.1	6,332.6	6,332.6	0.0	0.0
	TOTAL SOURCES	6,149.1	6,332.6	6,332.6	0.0	0.0
USES						
	Personal Services and Employee Benefits	3,616.7	4,218.3	4,218.3	0.0	0.0
	Contractual Services	804.5	740.7	740.7	0.0	0.0
	Other	1,617.0	1,373.6	1,373.6	0.0	0.0
	TOTAL USES	6,038.2	6,332.6	6,332.6	0.0	0.0
FTE						
	Permanent	63.00	63.00	63.00	0.00	0.0
	Temporary	0.50	0.50	0.50	0.00	0.0
	TOTAL FTE POSITIONS	63.50	63.50	63.50	0.00	0.0

Performance Measures

		FY07 <u>Target</u>	FY07 <u>Result</u>	FY08 <u>Target</u>	FY09 <u>Recomm</u>
Gaming Control Board					
To provide strictly regulated gaming activities and to promote responsible gaming to the citizens of New Mexico so they can attain a strong level of confidence in the Board's administration of gambling laws and assurance that the State has competitive gaming that is free from criminal and corruptive elements and influences.					
Output	Percent variance identified between actual tribal quarterly payments to the state and the audited financial statements received from the tribe	10%	10%	10%	10%
Quality	Percent of time central monitoring system is operational	100%	100%	100%	100%
Output	Percent decrease in repeat violations by licensed gaming operators	80%	100%	90%	90%
Outcome	Ratio of gaming revenue generated to general funds expended	21:1	28:1	21:1	21:1
Output	Percent of bingo and raffle licensees correctly meeting the reporting requirements				75%
Output	Percent of violations by licensed gaming operators			20%	20%
Quality	Percent of work permit and work permit renewal licensees processed within 72 hour time period				90%

Executive Summary

The State Racing Commission oversees horse racing within the State of New Mexico by licensing and regulating all race meets and races held in the State.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	2,363.1	2,363.1	0.0
Total Sources	2,363.1	2,363.1	0.0
Program			
State Racing Commission	2,363.1	2,363.1	0.0
Total Uses	2,363.1	2,363.1	0.0
FTE	19.70	19.70	0.0

- The Executive recommendation maintains budget at the FY08 operating level.

Agency Mission and Program Purpose

The State Racing Commission oversees horse racing within the State of New Mexico through licensing and regulation of the holding, conducting and operating of all race meets and races held in the State. There are a total of six horse racing tracks regulated by the Commission. The commission sets race dates and supervises the making of and distribution from pari-mutuel pools.

The commission consists of five members appointed by the governor. No more than three can be members of the same political party, and no less than three must be practical breeders of racehorses within the State. No commission member may be an officer, official or director in any association or corporation conducting racing within the state, and each member must be a New Mexico resident of such character and reputation as to promote public confidence in the administration of horse racing.

The commission regulates New Mexico's pari-mutuel horse racing industry to protect the interests of wagering patrons and the State of New Mexico, and to provide economic opportunities for horsemen, horse owners and racetrack management.

Currently, six tracks are open and operating in the state: Downs at Albuquerque; Sunland Park; Ruidoso Downs; Expo New Mexico; SunRay Park in Farmington; and Zia Park in Hobbs. There will be 293 races days combined for all tracks in FY08.

Statutory Authority: Sections 60-1-1 through 60-1-26 NMSA 1978.

Executive Recommendation*Agency Strategic Directions*

The State Racing Commission is committed to maintaining the integrity of the horse racing industry and to promoting public confidence in the administration of horse racing through licensing and regulation of all race meets and races held in the State.

One-half of the pari-mutuel tax and other fees and taxes collected by race tracks are distributed to Expo New Mexico to expend on capital improvements at the fairgrounds, and the remaining revenue collected is distributed to the General Fund.

During FY08, the commission received three applications, two proposing new race tracks in Santa Fe and Raton, and one relocating a race meet from the Downs at Albuquerque to Moriarty. It recently received a letter of intent from the Greater Tucumcari Economic Development Corporation proposing to build a new racetrack in Tucumcari. Prior to granting any approval of an application for a racing license, the commission intends to implement rules required by the recently signed Indian gaming compacts. Section 11, Subsection D, Paragraph 4, of the compacts requires the commission to adopt and comply with regulations requiring the Commission to solicit and consider the Tribes' views on the application. Upon adoption of amendments to rule 15.2.1.8 NMAC, entitled Tribal/Pueblo Consideration, the Commission will begin its process for action on these applications.

Finally, during the last regular legislative session, the Horse Racing Act was amended to modernize the language contained in that act.

Key Elements of Recommendation

The Executive recommendation maintains budget at the FY08 operating level. The recommendation fully funds 19.7 FTE, provides increases for medical services, and decreases some other operating costs to compensate for the increase. The recommendation will fully fund the State Racing Commission administration, while continuing to allow them to operate within a flat budget.

Performance Report

The State Racing Commission met all but two of its targets in FY07. The two targets not met are number of audit exceptions noted, and prior year audit findings resolved. Audit report/findings have been modified and, although improved on, auditors feel the agency can still go another step further in reconciliations. The agency has been taking appropriate measures to improve on this process through reassignment of duties and training. In July 2008, the commission will work closely with its executive budget analyst to change performance measures the agency believes have become outdated. The Executive believes the measures must be amended to accurately meet the mission and goals of the agency.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY09	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	2,276.0	2,363.1	2,363.1	0.0	0.0
TOTAL SOURCES	2,276.0	2,363.1	2,363.1	0.0	0.0
USES					
Personal Services and Employee Benefits	1,087.2	1,217.6	1,188.0	-29.6	-2.4
Contractual Services	645.6	865.4	868.8	3.4	0.4
Other	436.4	280.1	306.3	26.2	9.4
TOTAL USES	2,169.2	2,363.1	2,363.1	0.0	0.0
FTE					
Permanent	17.30	17.30	17.30	0.00	0.0
Term	0.60	0.60	0.60	0.00	0.0
Temporary	1.80	1.80	1.80	0.00	0.0
TOTAL FTE POSITIONS	19.70	19.70	19.70	0.00	0.0

Performance Measures

		<u>FY07 Target</u>	<u>FY07 Result</u>	<u>FY08 Target</u>	<u>FY09 Recomm</u>
State Racing Commission					
To provide regulation in an equitable manner to New Mexico's pari-mutuel horse racing industry and to protect the interest of wagering patrons and the State of New Mexico in a manner which promotes a climate of economic prosperity for horsemen, horse owners and racetrack management.					
Outcome	Percent of equine samples testing positive for illegal substances	0.8%	1.3%	0.8%	0.8%
Output	Total amount collected from pari-mutuel revenues, in millions	\$1.25	1.0	\$1.0	\$1.0
Efficiency	Average regulatory cost per live race day at each racetrack	\$4,000	\$4,000	\$4,000	\$4,000
Efficiency	Average number of days to close investigation cases	30	30	30	30
Output	Number of audit exceptions noted on annual financial statement	0	4	0	0
Outcome	Percent of prior year audit findings resolved	100%	70%	100%	100%
Outcome	Timely collections of penalty fees by licensee to the general fund	30	30	30	30

Executive Summary

The Board of Veterinary Medicine protects the public by establishing and enforcing minimum professional qualifications and performance standards for veterinary practitioners licensed to offer their services in the state, and by preventing non-licensed individuals from performing regulated services.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	0.0	0.0	***
Total Sources	294.6	287.3	-2.5
Program			
Board of Veterinary Medicine	294.6	287.3	-2.5
Total Uses	294.6	287.3	-2.5
FTE	3.00	3.00	0.0

- The Executive recommendation reduces Board of Veterinary Medicine Services by 2.5% to assure recurring expenditures do not exceed annual projected revenues.
- The Executive recommends that the Board conserve its fund balance and explore ways to retain a fund balance equal to one year's expenditure level.

Agency Mission and Program Purpose

The board performs its regulatory functions in accordance with New Mexico laws, the Veterinary Practice Act and the New Mexico Administrative Code. This is accomplished by: maintaining an efficient and effective examination, licensing and renewal system; resolving all formal complaints with corrective action or discipline; and ensuring compliance with the Veterinary Practice Act and the board's rules.

Statutory Authority: Sections 61-14-1 through 61-14-20 NMSA 1978.

Executive Recommendation

Agency Strategic Directions

The board's strategic direction is to regulate the veterinary medicine profession in order to promote quality veterinary care and protect the public. The board establishes and enforces qualifications and performance standards for veterinary medicine professionals, establishes and enforces standards for veterinary facilities, examines and responds to complaints, and prevents non-licensed individuals from practicing in the state.

Key Elements of Recommendation

The Executive recommends a decrease of \$7.3 below the FY08 operating level for the Board of Veterinary Medicine. This recommendation will fully fund three FTE and the contractual services and other categories.

The board projects its fund balance will be reduced by \$29.7 during FY08 and its request for FY09 assumes an additional reduction in the amount of \$30.9. The Executive recommends the board maintain a fund balance equal to annual expenditures in the event of an emergency. The board's FY09 request would have reduce fund balance to less than half of annual expenditures by the end of FY09.

Performance Report

The Board of Veterinary Medicine met only four of its fourteen performance targets in FY07 for the second consecutive year. Of the ten targets it missed, only two were missed by wide margins--the percentage of formal complaints resolved without disciplinary action, and the percentage of complaints resolved through adjudication.

The Executive recommends the FY09 targets for these measures at the same level as the FY08 targets. In addition the board will continue to improve its performance in these areas by continuing to conduct education seminars intended to reduce the number of complaints due to insufficient record keeping and communication, and reiterating its expectations to its regulated facilities concerning the need to meet minimum standards.

Budget Summary Tables

	Agency Budget Summary (Dollars in Thousands)			FY09	
	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	<u>Recom- mendation</u>	<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
Other Revenues	270.3	264.9	268.4	3.5	1.3
Fund Balance	4.5	29.7	18.9	-10.8	-36.4
TOTAL SOURCES	274.8	294.6	287.3	-7.3	-2.5
USES					
Personal Services and Employee Benefits	139.5	150.4	148.7	-1.7	-1.1
Contractual Services	93.1	89.5	89.5	0.0	0.0
Other	42.0	54.7	49.1	-5.6	-10.2
TOTAL USES	274.6	294.6	287.3	-7.3	-2.5
FTE					
Permanent	3.00	3.00	3.00	0.00	0.0
TOTAL FTE POSITIONS	3.00	3.00	3.00	0.00	0.0

Performance Measures

		<u>FY07</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>
		<u>Target</u>	<u>Result</u>	<u>Target</u>	<u>Recomm</u>
Board of Veterinary Medicine					
To regulate the profession of veterinary medicine in accordance with the Veterinary Practice Act and to promote continuous improvement in veterinary practices and management in order to protect the public.					
Outcome	Percent of New Mexico registered veterinary technicians employed in state	95%	91%	96%	90%
Outcome	Percent of New Mexico licensed veterinarians employed in the state	60%	59%	60%	60%
Outcome	Percent of formal complaints resolved without disciplinary action	90%	72%	85%	85%
Outcome	Percent of complaints resolved through adjudication	10%	28%	15%	15%
Output	Number of facilities inspected annually	144	134	144	144
Outcome	Percent of inspected facilities requiring a plan of correction	40%	36%	35%	35%
Outcome	Percent of facilities requiring adjudication to meet minimum standards	5%	13%	5%	5%
Output	Number of months to resolution of disciplinary matter	6	7.4	6	6
Outcome	Percent of facilities in full compliance	75%	84%	75%	84%
Output	Number of veterinarian licenses issued annually	60	70	60	70
Output	Number of facility licenses issued annually	10	15	10	15
Output	Number of registered veterinary technicians licenses issued annually	18	15	12	15
Output	Number of artificial insemination and pregnancy diagnosis permits issued annually	5	0	5	5
Outcome	Attrition rate of all licensees annually	5%	3%	5%	5%

Executive Summary

The Cumbres and Toltec Scenic Railroad Commission provides recreational railroad excursions into the San Juan Mountains via the scenic Cumbres Pass.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	100.0	100.0	0.0
Total Sources	3,385.4	3,613.0	6.7
Program			
Cumbres and Toltec Scenic Railroad Commission	3,385.4	3,613.0	6.7
Total Uses	3,385.4	3,613.0	6.7
FTE	3.10	2.90	-6.5

- The Executive recommends a flat level of \$100.0 in General Fund for the commission.
- It is recommended that increased revenues expected in FY09 (\$227.6) be used to fund the costs of adding a fourth passenger locomotive to railroad operations.

Agency Mission and Program Purpose

The Cumbres and Toltec Scenic Railroad commission (commission) is an interstate agency of New Mexico and Colorado. The commission preserves the railroad as a living museum. By statute, the commission is composed of four members, two from New Mexico and two from Colorado.

The Cumbres and Toltec Scenic Railroad (railroad) provides recreational railroad excursions into the scenic San Juan Mountains for thousands of people annually. The railroad line is 64 miles long and connects the towns of Chama, New Mexico and Antonito, Colorado via the 10,015-foot Cumbres Pass. The railroad is jointly owned by New Mexico and Colorado, as ratified by the Cumbres and Toltec Railroad Compact.

Statutory Authority: Sections 16-5-1 through 16-5-13 NMSA 1978.

Executive Recommendation*Agency Strategic Directions*

As the communities of Chama, New Mexico and Antonito, Colorado are particularly small and located in very rural areas, stimulating economic activity is a difficult challenge. By sustaining the railroad as a recreational and historic site, numerous tourists continue to visit the communities, ride the train and spend money at local establishments. Operating the railroad stimulates these economies and thereby fosters future growth to both communities.

The railroad will add a fourth locomotive to its operations and advertise more aggressively in FY09 with the aim of increasing both ridership and ticket sale revenue.

Key Elements of Recommendation

The Executive recommendation is to fund the commission at the same level of General Fund as was appropriated in FY08.

The Executive recommends the contractual services category increase by \$228.8 to fund the cost of running a fourth locomotive for passengers. The Executive also recommends decreasing the personal services and employee benefits category by \$3.3 to account for the loss of 0.2 FTE, while increasing the other costs category by \$2.1 to fully fund the operations of the commission.

Performance Report

Neither of the Commission's two targets were met in FY07, although both ridership and ticket sale revenue increased significantly over FY06 levels. The Executive recommends a flat target of 45,000 for the total number of passengers riding on the railroad. It is recommended that the target for revenue generated from ticket sales be increased to \$3.218 million to reflect the collections expected from 45,000 riders in FY09.

Recommended Language for the General Appropriation Act

Any revenues generated by the Cumbres and Toltec scenic railroad commission in fiscal year 2009, such as ticket sales, are appropriated to the Cumbres and Toltec scenic railroad commission for use towards operating expenses of this railroad.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)						
	FY07 Actuals	FY08 Operating Budget	Recom- mendation	FY09		
				Budget to Recommendation Dollar/FTE Change	Percent Change	
SOURCES						
General Fund Transfers	100.0	100.0	100.0	0.0	0.0	
Other Transfers	510.0	100.0	100.0	0.0	0.0	
Other Revenues	2,759.9	3,185.4	3,413.0	227.6	7.1	
TOTAL SOURCES	3,369.9	3,385.4	3,613.0	227.6	6.7	
USES						
Personal Services and Employee Benefits	116.7	143.0	137.2	-5.8	-4.1	
Contractual Services	2,762.7	3,203.4	3,434.7	231.3	7.2	
Other	34.4	39.0	41.1	2.1	5.4	
TOTAL USES	2,913.8	3,385.4	3,613.0	227.6	6.7	
FTE						
Permanent	0.00	3.00	2.90	-0.10	-3.3	
Temporary	0.00	0.10	0.00	-0.10	-100.0	
TOTAL FTE POSITIONS	0.00	3.10	2.90	-0.20	-6.5	

Performance Measures

		FY07	FY07	FY08	FY09
		<u>Target</u>	<u>Result</u>	<u>Target</u>	<u>Recomm</u>
Cumbres and Toltec Scenic Railroad Commission					
The purpose of the Cumbres and Toltec Scenic Railroad is to provide railroad excursions into the scenic San Juan Mountains.					
Outcome	Total number of passengers	45,000	41,583	45,000	45,000
Output	Revenue generated from ticket sales, in millions	\$2.900	\$2.696	\$2.636	\$3.218

Executive Summary

The Office of Military Base Planning and Support aids the Military Base Planning Commission. The commission's role is to advise the governor on measures that New Mexico can take to preserve and strengthen our military bases.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	154.3	154.3	0.0
Total Sources	154.3	154.3	0.0
Program			
Office of Military Base Planning and Support	154.3	154.3	0.0
Total Uses	154.3	154.3	0.0
FTE	1.00	1.00	0.0

- The Executive recommendation maintains funding for the Office of Military Base Planning and Support at the FY08 operating level.

Agency Mission and Program Purpose

The purpose of the Office of Military Base Planning and Support is to: employ, under the authorization of the governor's homeland security adviser, the staff necessary to carry out the work of the Office of Military Base Planning and Support and the Military Base Planning Commission; inform the governor and the governor's homeland security adviser about issues impacting the military bases in the state, including infrastructure requirements, environmental needs, military force structure possibilities, tax implications, property considerations and issues requiring coordination and support from other state agencies; serve as a liaison with the community organizations whose purpose is to support the long-term viability of the military bases; communicate with the staff of the state's congressional delegation; and, identify issues, prepare information and provide for presentations necessary for the commission to carry out its duties.

Statutory Authority: Section 9-15-48 NMSA 1978.

Executive Recommendation*Agency Strategic Directions*

The Office of Military Base Planning and Support supports the Executive's goal of increasing the number and quality of urban and rural jobs by working closely with community-military partnering organizations and the installations they support. In addition to playing a key role in identifying a new mission for Cannon Air Force Base as part of the organizational infrastructure established by the governor and the Secretary of the Air Force, the office has been instrumental in working with the Executive and the New Mexico Legislature in passing two critical pieces of legislation: a gross receipts tax deduction for military construction at Cannon; and a gross receipts tax deduction

targeted at the Operationally Responsive Space program (announced for Kirtland in June 2007). Further, the office is directly involved in a governor's initiative to identify new missions for Holloman Air Force Base, and in supporting the bed down of the Future Combat System at White Sands Missile Range. Finally, the office is facilitating coordination between Ft. Bliss and the New Mexico Commissioner of Public Lands, pertaining to the use of state trust lands adjoining Ft. Bliss, thereby avoiding encroachment.

Key Elements of Recommendation

The Executive maintains budget at the FY08 operating level for the Office of Military Base Planning and Support.

Performance Report

The Office of Military Base Planning and Support did not have performance measures for FY07. Two measures were instituted in FY08 and are discussed below.

The first measure is the number of military units impacted by the Office of Military Base Planning and Support. The office expects to have a major impact on the activities of several units: Ft. Bliss, particularly the Army Evaluation Task Force, which is the test element of the Future Combat System, as well as the lead elements of the Armored Division, which is coming to Ft. Bliss; White Sands Missile Range, the White Sands Test Center, the Center for Counter Measures, and the Army Research Laboratory; Kirtland Air Force Base, the 377th Air Base Wing, the Space and Development Test Wing, and the 58th Special Operations Wing; Holloman AFB, the 49th Fighter Wing; and Cannon Air Force Base, significantly impacting the activities and force structure of the 27th Special Operations Wing, which was activated on October 1, 2007.

The second measure relates to the number of community support organizations that have benefited from the activities of the commission and office. There are currently five community support organizations in New Mexico that will benefit from the activities of the Office of Military Base Planning and Support: Clovis Committee of 50 (by working closely with them on all Cannon actions, including the land acquisition issue); Alamogordo Committee of 50 (by participating in the state-funded assessment of Holloman Air Force Base); Kirtland Partnership Committee (by working closely with them in identifying and pursuing initiatives which benefit Kirtland, advocating for future space activities, and supporting the 58th Special Operations Wing); Las Cruces Military Affairs Committee (through assisting them in their continued organizational development as well as supporting a strategy which addresses the multiple missions of the Ft. Bliss/White Sands Missile Range complex); and the Portales Military Affairs Committee (Cannon Air Force Base).

The Executive recommendation for FY09 includes an additional performance measure: "number of communities assisted by the Office of Military Base Planning and Support." There are currently five communities in New Mexico that will benefit from the activities of the Office of Military Base Planning and Support: Las Cruces (by working closely with volunteer and elected community leaders in identifying issues important to White Sands Missile Range); Portales and Clovis (supporting bed down of the new mission for Cannon, which also includes participating in the Department of Defense-funded growth study as an appointed member of the Local Growth Management Organization); Alamogordo (by working closely with volunteer and elected community leaders in the state-funded assessment of Holloman); and Albuquerque, including Bernalillo, Belen,

Los Lunas, and Rio Rancho (by participating in the Department of Defense-funded Joint Land Use Study as well as working with the Kirtland Partnership Committee).

Budget Summary Tables

		Agency Budget Summary (Dollars in Thousands)			FY09	
		FY07	FY08	Recom-	<u>Budget to Recommendation</u>	
		<u>Actuals</u>	<u>Budget</u>	<u>mendation</u>	<u>Dollar/FTE</u>	<u>Percent</u>
					<u>Change</u>	<u>Change</u>
SOURCES						
	General Fund Transfers	150.0	154.3	154.3	0.0	0.0
	TOTAL SOURCES	150.0	154.3	154.3	0.0	0.0
USES						
	Personal Services and Employee Benefits	100.8	101.2	108.4	7.2	7.1
	Contractual Services	22.4	20.0	20.0	0.0	0.0
	Other	23.7	33.1	25.9	-7.2	-21.8
	TOTAL USES	146.9	154.3	154.3	0.0	0.0
FTE						
	Term	3.00	1.00	1.00	0.00	0.0
	TOTAL FTE POSITIONS	3.00	1.00	1.00	0.00	0.0

Performance Measures

		FY07	FY07	FY08	FY09
		<u>Target</u>	<u>Result</u>	<u>Target</u>	<u>Recomm</u>
Office of Military Base Planning and Support					
The purpose of the Office of Military Base Planning and Support is to carry out the work of the Office of Military Base Planning and Support and the Military Base Planning Commission.					
Outcome	Number of military units impacted by the activities of the Commission and the Office			5	5
Outcome	Number of community support organizations that have benefited from the activities of the commission and the office			3	3
Output	Number of communities assisted by the Office of Military Base Planning and Support				5

Executive Summary

The Spaceport Authority was created to support spaceport development in Southern New Mexico.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	365.2	825.7	126.1
Total Sources	365.2	825.7	126.1
Program			
Spaceport Authority	365.2	825.7	126.1
Total Uses	365.2	825.7	126.1
FTE	3.00	5.00	66.7

- The Executive recommendation reflects a base increase of \$95.3 in General Fund over FY08.
- The Executive expansion recommendation supports \$365.2 from the General Fund for two additional FTE, a technical director and an administrative services manager, and for marketing support contracts.

Agency Mission and Program Purpose

The Spaceport Authority is responsible for: advising and cooperating with municipalities, counties, state agencies and organizations, federal agencies and organizations and other interested persons and groups; soliciting and accepting grants of funds or property, and financial or other aid, for the purpose of carrying out the provisions of the Spaceport Development Act; adopting rules governing daily operations; operating spaceport facilities, including acquisition of real property necessary for spaceport facilities and the filing of necessary documents with appropriate agencies; constructing, purchasing, accepting donations of or leasing projects located within the state; selling, leasing or otherwise disposing of a project upon terms and conditions acceptable to the authority and in the best interests of the state; issuing revenue bonds and borrowing money for project purchase or construction; entering into contracts with regional spaceport districts and issuing bonds on behalf of the regional spaceport; refinancing a project; and contracting with regional spaceport districts to receive municipal and county regional spaceport gross receipts tax revenues.

Statutory Authority: Section 58-31-4 NMSA 1978.

Executive Recommendation*Agency Strategic Directions*

In FY07, the Spaceport Authority saw real progress in the spaceport project. The second X-Prize Cup event was held with over 20,000 people in attendance. UP Aerospace, the first spaceport customer, had its first successful launch and Virgin Galactic signed a long-term Memorandum of Agreement for the lease of Spaceport facilities.

In FY07, a great deal of engineering, analytical and environmental sciences work was accomplished for the spaceport environmental impact statement, Federal Aviation Administration (FAA) license, and for mission planning of the first successful spaceport launch. FY08 will see completion of some major milestones for Spaceport America (the branded name for the New Mexico Spaceport) and the New Mexico Spaceport Authority. A record of decision will be issued by the FAA after successful completion of the environmental impact statement (expected in the second quarter of FY08); the Spaceport license will be issued by the FAA shortly thereafter. Phase One Spaceport construction will be initiated as soon as the FAA license is granted, and many new construction jobs will be created for the three-year long building project. The Virgin Galactic's construction of the lease back facility is expected to be initiated in the third or fourth quarter of FY08. Spaceport road construction will commence after the lease back facility nears completion to avoid road damage due to heavy machinery.

Two independent studies by Futron and New Mexico State University indicate the results of these efforts will provide hundreds of millions of dollars in new economic development and thousands of new high paying jobs.

Key Elements of Recommendation

The Executive recommendation increases General Fund for the Spaceport Authority by \$460.5 or 126.1%. The Executive recommendation expands the permanent positions for the Spaceport Authority by two. The Executive recommends \$95.3 in General Fund for Spaceport Authority rent, audit and various other operating costs, and \$365.2 in General Fund for marketing support and two FTE, a technical director and an administrative services manager.

Performance Report

The Spaceport Authority is a relatively new agency and as such did not have performance measures for FY07. Looking ahead, the Authority plans to see large scale economic growth in Southern New Mexico as a result of the passage of the gross receipts tax, approval of the environmental impact statement, and receipt of the Federal Aeronautics Administration license. Construction is expected to start in mid-2008 on the spaceport and related facilities.

The Executive recommendation includes two additional performance measures for the Authority in FY09: annual aerospace jobs created due to Spaceport Authority efforts, and the number of visitors to the X-Prize Cup. Both measures will help determine the performance levels associated with the spaceports efforts to lure both businesses and recreational activities to the southern part of New Mexico.

Budget Summary Tables

		Agency Budget Summary (Dollars in Thousands)			FY09	
		FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	<u>Recom- mendation</u>	<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES						
	General Fund Transfers	257.7	365.2	825.7	460.5	126.1
	TOTAL SOURCES	257.7	365.2	825.7	460.5	126.1
USES						
	Personal Services and Employee Benefits	193.1	322.8	493.6	170.8	52.9
	Contractual Services	0.0	0.0	217.7	217.7	***
	Other	60.2	42.4	114.4	72.0	169.8
	TOTAL USES	253.3	365.2	825.7	460.5	126.1
FTE						
	Permanent	3.00	3.00	5.00	2.00	66.7
	TOTAL FTE POSITIONS	3.00	3.00	5.00	2.00	66.7

Performance Measures

		FY07 <u>Target</u>	FY07 <u>Result</u>	FY08 <u>Target</u>	FY09 <u>Recomm</u>
Spaceport Authority					
The purpose of the Spaceport Authority is to encourage and foster development of the state, cities, and counties by developing spaceport facilities in New Mexico, and to actively promote and assist public and private sector infrastructure development to attract new business industries creating new job opportunities in the state. The Authority is mandated to create the statutory framework that will enable the state to design, finance, construct, equip and operate the spaceport facilities necessary to ensure the timely, planned and efficient development of a southwest regional spaceport (Spaceport America) and to promote educational involvement in spaceport activities, education and training of the workforce to develop the skills needed for spaceport operations.					
Output	Number of jobs created by aerospace and aviation companies	150	37		
Efficiency	Number of key project milestones completed within established timeframes			10	10
Outcome	Annual aerospace jobs created due to Spaceport Authority efforts				150
Output	Number of visitors to the X-Prize Cup				50,000

Executive Summary

The Cultural Affairs Department is responsible for the stewardship and promotion of New Mexico’s unique cultural heritage and assets.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	32,728.5	33,737.0	3.1
Total Sources	44,391.3	45,658.9	2.9
Program			
Museum and Monuments	26,074.4	26,692.4	2.4
Preservation	5,122.2	5,397.6	5.4
Library Services	6,253.4	6,554.1	4.8
Program Support	4,287.6	4,383.0	2.2
Arts	2,653.7	2,631.8	-0.8
Total Uses	44,391.3	45,658.9	2.9
FTE	574.20	583.00	1.5

- The Executive recommendation includes \$165.0 in General Fund for the literacy program, a First Lady's initiative.
- \$100.0 of General Fund and 4.25 FTE to convert 4.25 term positions to permanent status for the Sandia Mountain Center program at the Museum of Natural History and Science.
- \$200.0 of General Fund and four FTE to fund staff to prepare new exhibitions and programs.
- \$50.0 for school programs at the International Folk Art Market, a First Lady's initiative.

Agency Mission and Program Purpose

The Cultural Affairs Department (CAD) is New Mexico’s cultural steward, charged with preserving many of the cultural traditions, art, scientific and historic collections, historic buildings and sites in the state. The department’s mission is to preserve, foster and interpret New Mexico’s diverse cultural, scientific and artistic heritage and expression for present and future generations, enhancing the quality of life and economic well-being of the state.

The department is a public/private funding partnership. The department’s revenue is derived from varied sources including federal funds, state funds and earned revenues. Some department programs are also supplemented through the voluntary financial support of private foundations and individuals.

In addition to the many educational programs offered within department facilities for visitors to better understand New Mexico’s cultural resources and heritage, the agency also provides high quality educational and outreach programs and services outside department facilities to reach all New Mexicans making a specific effort to reach those outside the Rio Grande corridor and in underserved communities.

The department continues to emphasize program directions fostering economic growth in New Mexico, recognizing that its programs and services help support a \$2.8 billion cultural industry in New Mexico. These efforts include ongoing assessment of the economic impact of cultural activities as well as development of strategies for increasing the contribution that arts, historic preservation and culture make to the local economies of New Mexico. In addition, the department continues to be challenged by striving to improve competing goals of both increasing revenues and increasing attendance.

Statutory Authority: Sections 9-6-1 through 9-6-6 NMSA 1978.

Museums and Monuments

The Museums and Monuments Program develops and enhances the quality of the state's museums and monuments. The program provides high-quality exhibits, performances and programs that showcase the arts, history and science of New Mexico and cultural traditions worldwide. They include diverse and changing exhibitions, performing arts events, films and other presentations in visual arts, folk and traditional arts, history, archaeology, architecture, performing arts, natural history, science, farming, ranching, space and literature. The program also develops and retains audiences for the state's museums and monuments among a diverse range of target groups.

Preservation

The Preservation Program includes the Historic Preservation Division and the Archaeological Services Division, which preserve New Mexico's history in very different ways. The Historic Preservation Division provides technical support and resources to communities throughout New Mexico to restore historic sites, places and buildings. Programs of the Historic Preservation Division include the Historic Preservation Loan Fund and the Tax Incentive program, which provide financial incentives for historic preservation projects, archaeological and architectural compliance review and the State and National Historic Properties Registries. The Archaeological Services Division helps clients preserve New Mexico's historic and prehistoric past. In accordance with state law, the division also conducts field work in advance of highway construction as well as other projects for clients such as the State Land Office, Bureau of Land Management and other public construction projects.

Library Services

The State Library maintains a collection of state documents; serves as a reference resource for state agencies and the public; provides services for underserved communities, such as Books-for-the-Blind and the Bookmobile programs that serve rural communities with no access to public libraries; and fosters development of public libraries throughout New Mexico.

Program Support

Program Support delivers administrative support (financial, human resources and information technology) to all department programs so that they can accomplish their missions. This program also provides departmental leadership and administrative support necessary to ensure that the department's mission and the governor's core agenda are achieved.

Arts

The Arts Division strengthens local communities and arts organizations statewide by providing resources and expertise to support contemporary and traditional arts and providing funding and

technical assistance to support the development and preservation of cultural resources. The division also runs the Art in Public Places program which places art in, on or around public buildings by using 1% of construction costs in accordance with State law.

Executive Recommendation

Agency Strategic Directions

Education is a core focus of the Cultural Affairs Department, running throughout all of its strategic goals, directions and programs. A 2006 Guggenheim study found that students participating in its museum education program performed better in several categories of literacy and critical thinking skills, including extended focus, hypothesizing, and providing multiple interpretations, than did students who were not in the program. CAD is committed to improving the education of New Mexicans through cultural programs. CAD educators have designed programs to supplement New Mexico's schools with content specifically geared towards state standards and benchmarks which enable participation of each grade level. CAD educators have also worked directly with teachers to help them to design curricula rich in science, math, arts and history. In 2005, Office of Archaeological Services was recognized by the Society for American Archaeology for the best archaeology educational program in the nation.

Cultural programs make a significant impact on New Mexico's economy. One of the programs initiated by the department to directly impact economic development is an innovative initiative to develop arts trails through rural regions of the state, designed to encourage tourism as well as improve the economic sustainability of the cultural communities in these areas. Less obvious ways the department influences New Mexico's economy include literacy efforts to reach those who need literacy training most and Bookmobile library services to reach remote communities throughout the state that do not have public libraries. Additionally, efforts to preserve historic buildings help to jump-start economic revitalization in communities throughout the state.

The Cultural Affairs Department is focused on increasing attendance and participation in its programs, activities, museums and monuments. Part of this strategy includes building on investments already underway, such as the State History Museum and New Mexico Archaeological Center, as well as prioritizing the safety and preservation of facilities it already owns over new capital outlay expansions.

The department consists of some 550 FTE spread in locations throughout New Mexico, with some 1,000 volunteers putting in more than 70,000 hours annually. Services reach more than 1.2 million New Mexicans annually. CAD has made efforts to improve the quality of its service delivery, with several budget initiatives specifically addressing that goal.

Key Elements of Recommendation

The Executive recommendation for the Cultural Affairs Department supports the Executive's performance and accountability policy, *Promoting and Growing New Mexico*. The Executive recommends an overall base budget increase to the General Fund of 2.9% over FY08 levels for the Cultural Affairs Department.

Program Support. The Executive recommends a \$182.2 base budget increase in General Fund for Program Support to fund operational expenses such as escalating General Services Department rates, audit costs and transportation costs related to the higher projected price of oil and gas in FY09.

Additionally, as in other CAD programs, the Executive supports an increase in information technology-related expenditures. Since services provided by the department reaches more than 1.2 million New Mexicans annually, the agency faces an operational need to implement a program for regular, planned replacement and upgrades of information technology, hitherto a piecemealed process. The Executive recommends funding increases for several different divisions to address ongoing needs throughout CAD for replacement and upgrades of information technology hardware and software. The current funding levels have not allowed the department to standardize or to acquire the resources needed to meet the governor's agenda for information technology consolidation. Historically, there was no program in place for timely replacement or upgrades of computer equipment and software, which are needed by all department staff. As a result, CAD has had to rely on obtaining cast-off equipment or donations of old equipment from other agencies to help fulfill CAD's needs for necessary information technology equipment. Legacy or obsolete hardware and software have impeded optimum service delivery to constituents and the general public. The agency has developed a five-year replacement schedule which will allow for 20% of hardware and software to be upgraded each year. The Executive recommendation includes funding for the first year of that plan which will bring the Cultural Affairs Department up to standard with other state agencies. It is critical that the agency receive appropriate levels of funding to maintain a hardware and software replacement schedule to meet the needs of staff and customers.

The Executive recommendation for Program Support reflects a 3% vacancy factor for positions funded from the General Fund.

Federal revenue for Program Support will decrease by \$93.3 in FY09 as funding to support an information technology position is no longer available to the agency. However, the agency is projecting to increase other revenue by \$30.0 over FY08 operating levels. This increase in other revenue is due to the expected increase in the sales of the New Mexico Treasures Calendar.

Museums and Monuments. The Executive recommends a \$243.6 base budget increase in General Fund for the Museums and Monuments Program to fund rising General Services Department rates and transportation costs related to the higher projected price of oil and gas in FY09. Additionally, the Executive supports an increase in information technology related expenditures to bring the agency's antiquated machinery up to date in order to support daily business operations. This will enable consistent communication throughout the division from one user to another, improving quality and timeliness of delivery of services. The Executive recommendation for the Museums and Monuments Program reflects a 3% vacancy factor for positions funded from the General Fund.

The program projected a \$237.5 increase in other revenue due to projected increases in museum attendance during FY09. The department will no longer receive several awards and grants. Federal revenue for the Museums and Monuments Program is decreasing by \$73.3 because the Museum Resources Division is not expected to receive the Institute of Museum and Library Services Grant in FY09. In addition, the Museum of Indian Arts and Culture will no longer receive the Highway Laboratory of Anthropology federal grant.

The new State History Museum is scheduled to open in late spring, 2009. The Executive recommends \$200.0 and four FTE to fund staff to prepare new exhibitions and programs.

Due to the mission critical nature of several FTE currently categorized as term positions, the Executive recommends \$100.0 and 4.25 FTE to convert 4.25 term positions to permanent status for the Sandia Mountain Center program at the Museum of Natural History and Science. The Sandia Mountain Center provides experiential education in science and ecology to public school students visiting the center on field trips with their classrooms. It serves every fifth grade student in the Albuquerque school system, and many more in surrounding communities; overall reaching one-third of all fifth graders in New Mexico. The museum does not charge a fee to the schools, so there is no earned revenue with which to fund the staff.

In addition, the Executive recommends \$50.0 for school programs at the International Folk Art Market, a First Lady's initiative.

Historic Preservation. The FY09 Executive recommendation maintains the General Fund amount for the Historic Preservation Division's base budget flat to the FY08 Operating Budget.

Library Services. The FY09 Executive recommendation includes a \$229.6 General Fund base budget increase over FY08 funding levels to fund rising General Services Department and Department of Information Technology rates. The recommendation also includes an increase in funding of \$165.0 for the literacy program, a First Lady's initiative. As in other programs, the Executive supports an increase in information technology related expenditures for the State Library to bring the division's antiquated machinery up to date in order to support daily business operations. The State Library is expecting to receive Library Services and Technology Act State Programs funding in FY09; therefore, federal revenue in this program is increasing by \$71.1 over the FY08 operating budget.

New Mexico Arts. The Executive supports a General Fund increase of \$3.1 in the program's base budget for increases in transportation insurance. Federal revenue is decreasing by \$25.0 from the FY08 operating level because the division will not receive a federal grant from the National Endowment for the Arts in FY09.

Performance Report

The continued upward movement of already high gasoline prices began to hinder the department's ability to meet performance measure targets in FY07. Declines in tourism that resulted from high gasoline prices and short periods of severe winter weather forcing the closure of many facilities during the busiest periods of the holiday season both contributed to the decline in museum and monument attendance. The agency estimates that a single snowstorm during the three days of Christmas vacation week resulted in the loss of approximately 4,000 visitors at one museum alone.

Additionally, the number of participants at on-site educational, outreach, and special events related to museum missions decreased. The agency's on-site programming is heavily dependent on schools taking field trips to department facilities. School districts' inability to find funding sources for buses to transport pupils to museums and monuments negatively impacted the number of on-site programs.

Part of the department's response to declining on-site educational attendance was a more aggressive approach to designing programs held at events with large audiences. The number of participants to off-site educational, outreach and special events related to museum missions rose by from 64,632 in FY06 to 103,041 in FY07. The Executive commends the agency for working proactively seeking ways to cope with the upward movement in gasoline prices.

In order for all areas of New Mexico to benefit from the department's grant programs, the agency actively recruits grant applications from rural areas. In FY07, 58% of historic preservation grant funds from recurring CAD appropriations were distributed to communities outside of Santa Fe, Albuquerque and Las Cruces. Similarly, the percent of library grant funds from recurring appropriations distributed to communities outside of Santa Fe, Albuquerque and Las Cruces rose to 83% in FY08.

The total number of library materials catalogued in system-wide access to libraries in state agencies and keystone library automation system online databases, available through the internet increased to 993,000 in FY07.

The decrease in attendance at programs provided by arts organizations statewide, funded by the New Mexico Arts Division from recurring appropriations reflects a change in application of state funding to reach special target audiences rather than supporting established audiences. The Cultural Affairs Department supports the efforts of these organizations to reach new audiences, many of whom would not otherwise have exposure to these art forms, even though it means a missed target. Certain cultural organizations utilized grant funds for special programs with targeted (but smaller) audiences, rather than using the funding to sustain established programs. For example, the Santa Fe Opera did not report the 149,795 general audience members reported the previous year, because it used its FY07 grant to reach 11,115 students and community members through its apprenticeship tour, which reached 129 schools and held 11 community concerts throughout New Mexico, including pueblo communities. Similarly, the Georgia O'Keeffe Museum used its arts grant for a special program reaching 15,250 students, rather than the 140,000 general audience attendance it reported the previous year.

The agency significantly reduced the number of budget adjustment requests processed annually, excluding budget adjustment requests for additional revenues. The measure, which was designed to minimize unnecessary paperwork, has accomplished its task.

Recommended Language for the General Appropriation Act

The internal service funds/interagency transfers appropriation to the preservation program of the department of cultural affairs includes one million dollars (\$1,000,000) from the department of transportation for archaeological studies related to highway projects.

Any unexpended or unencumbered balance in the cultural affairs department remaining at the end of FY09 from appropriations made from the general fund shall not revert.

Budget Summary TablesAgency Budget Summary
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	29,112.6	32,728.5	33,737.0	1,008.5	3.1
Other Transfers	0.0	3,028.7	2,000.0	-1,028.7	-34.0
Federal Revenues	3,786.9	4,180.5	4,060.3	-120.2	-2.9
Other Revenues	4,236.4	4,453.6	5,861.6	1,408.0	31.6
Fund Balance	276.2	0.0	0.0	0.0	***
TOTAL SOURCES	37,412.1	44,391.3	45,658.9	1,267.6	2.9
USES					
Personal Services and Employee Benefits	26,620.2	29,935.4	30,370.4	435.0	1.5
Contractual Services	4,258.1	5,654.0	5,887.1	233.1	4.1
Other	7,132.6	8,801.9	9,401.4	599.5	6.8
TOTAL USES	38,010.9	44,391.3	45,658.9	1,267.6	2.9
FTE					
Permanent	434.40	453.40	460.20	6.80	1.5
Term	117.10	112.80	112.80	0.00	0.0
Temporary	14.00	8.00	10.00	2.00	25.0
TOTAL FTE POSITIONS	565.50	574.20	583.00	8.80	1.5

Museums and Monuments
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	19,277.8	21,401.2	21,994.8	593.6	2.8
Other Transfers	0.0	205.1	65.0	-140.1	-68.3
Federal Revenues	0.0	73.0	0.0	-73.0	-100.0
Other Revenues	1,816.5	4,395.1	4,632.6	237.5	5.4
TOTAL SOURCES	21,094.3	26,074.4	26,692.4	618.0	2.4
USES					
Personal Services and Employee Benefits	16,357.9	18,121.1	18,409.3	288.2	1.6
Contractual Services	954.6	1,769.8	1,733.3	-36.5	-2.1
Other	4,805.4	6,183.5	6,549.8	366.3	5.9
TOTAL USES	22,117.9	26,074.4	26,692.4	618.0	2.4
FTE					
Permanent	303.70	320.20	328.00	7.80	2.4
Term	52.60	48.30	48.30	0.00	0.0
Temporary	4.00	0.00	0.00	0.00	***
TOTAL FTE POSITIONS	360.30	368.50	376.30	7.80	2.1

Preservation (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	852.0	937.6	937.6	0.0	0.0
Other Transfers	0.0	2,823.6	1,935.0	-888.6	-31.5
Federal Revenues	1,344.3	1,361.0	1,361.0	0.0	0.0
Other Revenues	2,344.3	0.0	1,164.0	1,164.0	***
TOTAL SOURCES	4,540.6	5,122.2	5,397.6	275.4	5.4
USES					
Personal Services and Employee Benefits	3,486.1	4,226.4	4,375.7	149.3	3.5
Contractual Services	224.8	328.0	380.0	52.0	15.9
Other	625.0	567.8	641.9	74.1	13.1
TOTAL USES	4,335.9	5,122.2	5,397.6	275.4	5.4
FTE					
Permanent	36.00	36.00	35.00	-1.00	-2.8
Term	39.50	39.50	40.50	1.00	2.5
Temporary	6.00	6.00	6.00	0.00	0.0
TOTAL FTE POSITIONS	81.50	81.50	81.50	0.00	0.0

Library Services (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	3,713.8	4,140.2	4,369.8	229.6	5.5
Federal Revenues	1,671.2	2,078.2	2,149.3	71.1	3.4
Other Revenues	29.6	35.0	35.0	0.0	0.0
TOTAL SOURCES	5,414.6	6,253.4	6,554.1	300.7	4.8
USES					
Personal Services and Employee Benefits	2,701.0	3,093.7	3,155.9	62.2	2.0
Contractual Services	1,210.1	1,462.2	1,691.8	229.6	15.7
Other	1,398.3	1,697.5	1,706.4	8.9	0.5
TOTAL USES	5,309.4	6,253.4	6,554.1	300.7	4.8
FTE					
Permanent	40.00	42.00	40.00	-2.00	-4.8
Term	19.50	19.50	19.50	0.00	0.0
Temporary	2.00	0.00	2.00	2.00	***
TOTAL FTE POSITIONS	61.50	61.50	61.50	0.00	0.0

Program Support (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	3,672.8	4,170.8	4,353.0	182.2	4.4
Federal Revenues	91.7	93.3	0.0	-93.3	-100.0
Other Revenues	46.0	23.5	30.0	6.5	27.7
Fund Balance	276.2	0.0	0.0	0.0	***
TOTAL SOURCES	4,086.7	4,287.6	4,383.0	95.4	2.2

Program Support
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent</u> <u>Change</u>
USES					
Personal Services and Employee Benefits	3,223.4	3,528.4	3,463.9	-64.5	-1.8
Contractual Services	665.9	538.6	551.6	13.0	2.4
Other	167.7	220.6	367.5	146.9	66.6
TOTAL USES	4,057.0	4,287.6	4,383.0	95.4	2.2
FTE					
Permanent	44.70	43.70	45.70	2.00	4.6
Term	1.00	1.00	0.00	-1.00	-100.0
Temporary	2.00	2.00	2.00	0.00	0.0
TOTAL FTE POSITIONS	47.70	46.70	47.70	1.00	2.1

Arts
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	1,596.2	2,078.7	2,081.8	3.1	0.1
Federal Revenues	679.7	575.0	550.0	-25.0	-4.3
TOTAL SOURCES	2,275.9	2,653.7	2,631.8	-21.9	-0.8
USES					
Personal Services and Employee Benefits	851.8	965.8	965.6	-0.2	0.0
Contractual Services	1,202.7	1,555.4	1,530.4	-25.0	-1.6
Other	136.2	132.5	135.8	3.3	2.5
TOTAL USES	2,190.7	2,653.7	2,631.8	-21.9	-0.8
FTE					
Permanent	10.00	11.50	11.50	0.00	0.0
Term	4.50	4.50	4.50	0.00	0.0
TOTAL FTE POSITIONS	14.50	16.00	16.00	0.00	0.0

Performance Measures

		FY07 <u>Target</u>	FY07 <u>Result</u>	FY08 <u>Target</u>	FY09 <u>Recomm</u>
Museums and Monuments					
Develop and enhance the quality of state museums and monuments by providing the highest standards in exhibitions, performances and programs showcasing the arts, history, and science of New Mexico and cultural traditions worldwide.					
Output	Attendance to museum and monument exhibitions, performances, films and other presenting programs	825,097	790,175	835,000	805,000
Output	Number of participants to off-site educational, outreach and special events related to museum missions	64,632	103,041	66,550	93,000
Output	Number of participants at on-site educational, outreach, and special events related to museum missions	325,112	274,504	326,000	304,000
Preservation					
To identify, study and protect New Mexico's unique cultural resources, including its archaeological sites, architectural and engineering achievements, cultural landscapes and diverse heritage.					
Output	Number of participants in educational, outreach and special events related to preservation mission	new	new	4,900	5,800

		<u>FY07 Target</u>	<u>FY07 Result</u>	<u>FY08 Target</u>	<u>FY09 Recomm</u>
Outcome	Percent of grant funds from recurring appropriations distributed to communities outside of Santa Fe, Albuquerque and Las Cruces	56%	58%	58%	63%
Output	Total number of new structures preserved annually utilizing preservation tax credits	45	47		
Output	Annually completed number of historic structures preserved, utilizing preservation tax credits	new	new	47	47
Output	Dollars of construction underway on historic buildings using state and federal tax credits	new	new	5.0 million	4.4 million

Library Services

To empower libraries to support the educational, economic, and health goals of their communities, and to deliver direct library and information services to those who need them.

Outcome	Percent of grant funds from recurring appropriations distributed to communities outside of Santa Fe, Albuquerque and Las Cruces	75%	83%	75%	80%
Output	Total number of library materials catalogued in system wide access to libraries in state agencies and keystone library automation system online databases, available through the internet	950,000	993,000	965,000	993,000
Output	Number of participants in educational, outreach and special events related to library mission	new	new	20,700	18,000

Program Support

Deliver effective, efficient, high-quality services in concert with the core agenda of the governor.

Outcome	Percent of performance measures' targets in the General Appropriation Act, that were met (excluding this measure)	80%	78%	80%	80%
Output	Percent reduction in number of budget adjustment requests processed annually, excluding budget adjustment requests for additional revenues	15%	50%	16%	25%

Arts Division

To preserve, enhance, and develop the arts in New Mexico through partnerships, public awareness, and education.

Output	Number of professional organizations supported throughout New Mexico for arts activities	new	new	166	166
Output	Number of clients (workers) provided professional development training in arts industry	new	new	5,240	3,800
Outcome	Percent of grant funds from recurring appropriations distributed to communities outside of Santa Fe, Albuquerque and Las Cruces	36%	38%	32%	32%
Output	Attendance at programs provided by arts organizations statewide, funded by New Mexico arts from recurring appropriations	1,800,000	1,468,000	1,800,000	1,450,000
Output	Number of musicians, music groups and businesses supporting the music industry that have registered on nmmusic.org website	new	new	600	1,000
Output	Number of participants in educational and outreach programs and workshops, including percent from rural areas	new	new	1,500	4,300
Output	Number of individuals or businesses provided training in establishing arts-based cottage industries and/or marketing	new	new	600	1,000

Executive Summary

The New Mexico Livestock Board protects the livestock industry from loss of livestock by theft or straying, helps control the spread of contagious diseases of livestock and provides meat facility licensure and inspection services.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	1,726.5	1,921.6	11.3
Total Sources	7,024.5	6,552.6	-6.7
Program			
Administration	786.9	797.8	1.4
Livestock Inspection	4,814.6	5,103.3	6.0
Meat Inspection	1,423.0	651.5	-54.2
Total Uses	7,024.5	6,552.6	-6.7
FTE	95.00	81.00	-14.7

- The Executive recommends a \$471.9 decrease for the NMLB for FY09 due to the loss of federal funds for meat inspection.
- The number of FTE in the Meat Inspection Program is recommended to drop from 21.8 to 8.5 to reflect this loss in federal funding.
- The Executive recommendation includes a total General Fund increase of \$195.1 for the NMLB, largely to fund a greater number of filled positions in the Livestock Inspection Program.

Agency Mission and Program Purpose

The mission of the New Mexico Livestock Board (NMLB) is to ensure the integrity of the livestock industry from theft and contagious disease, and to provide meat facility licensure and inspection services in order to assure consumers are receiving a clean, wholesome and safe product.

Statutory Authority: Sections 77-2-1 through 77-2-29 and Sections 25-3-1 through 25-3-21 NMSA 1978.

Administration

The Administration Program provides administrative support to the Livestock Inspection and Meat Inspection Programs through activities such as database maintenance, planning and budgeting.

Livestock Inspection

The Livestock Inspection Program safeguards the livestock industry from theft; works to prevent and respond to emergency animal health events including disease, cruelty and abuse; and develops and maintains strong working relationships with livestock producers, including Native American producers as well as tribal agencies.

Meat Inspection

The Meat Inspection Program provides a comprehensive meat facility licensing program that covers all meat dealers and peddlers in the State. The program also assesses the risk of livestock disease resulting from wildlife and feral animals and provides technical support to New Mexico's small business meat processing facilities.

Executive Recommendation*Agency Strategic Directions*

The Administration Program strives to provide technological enhancements that will ensure the transfer of relevant field data to the Albuquerque office, integrate financial and operational data systems and build capacity for a complete analysis of data. The program will continue to review and make improvements to its policies and procedures in order to increase efficiency and effectiveness. It will also conduct regular meetings with field leadership and governmental and academic entities in order to identify opportunities for improved service, support and cooperation.

The Livestock Inspection Program will attempt to attain new funding under cooperative agreements for the control, follow-up and surveillance of Bovine Tuberculosis and other diseases. It is also planning to develop standard policies and procedures to prevent and deal with livestock abuse, neglect and cruelty; update the New Mexico Livestock Emergency Response Team plan; establish the Dairy Best Management Practice Program; and complete the development of an electronic animal identification strategy.

Strategic directions for the Meat Inspection Program are continuing to develop after the U.S. Department of Agriculture assumed inspection duties at meat processing plants in the state in August of 2007 because federal standards for inspection in those plants had not been met. Because it is unlikely the NMLB will resume meat inspection duties in the near future, the Meat Inspection Program has been consolidated and will focus on the following activities for FY09: continuing to make compliance visits to meat dealers and peddlers; assessing the prevalence of unlicensed meat business operations in the state; developing improved procedures for licensing and enforcement; educating and providing technical assistance to client establishments regarding food safety and security; and beginning a wildlife disease threat assessment program that will test wild game at processing facilities.

Key Elements of Recommendation

The Executive recommends a \$471.9 decrease for the NMLB for FY09 due to the loss of federal funds for meat inspection. While part of this loss is recommended to be replaced with General Fund (\$156.4 in the Livestock Inspection Program), a decrease in General Fund of \$148.8 in the Meat Inspection Program is recommended that largely offsets this replacement. The Executive recommendation includes a total General Fund increase of \$195.1 for the NMLB.

The Executive recommends an increase of \$10.9 in the Administration Program from an increase in brand re-record fees. The increase should fund higher General Services Department rates and higher costs for rent, postage, fuel and other operational expenses. A decrease of \$8.4 is recommended for salaries and associated benefits.

A \$288.7 increase is recommended for the Livestock Inspection Program from increases of General Fund and other revenues, offset by a loss of \$173.6 in federal funds. Much of this increase is recommended to fund previously vacant Livestock Inspector positions that have now been filled. An increase of \$124.8 for salaries and associated benefits; \$54.0 for higher General Services Department rates; \$50.0 for maintenance of vehicles used for inspections; \$36.7 for maintenance of field laptops and brand, sales barn and Global Positioning System databases; and \$24.1 for postage for the triennial brand re-record in July of 2008 is recommended. A decrease of \$0.9 is recommended for other operational costs involved in the program.

A decrease of \$771.5 and 13.3 FTE is recommended for the Meat Inspection Program due to loss of federal funds for meat inspection at the state's processing plants. The General Fund recommendation for the program is down by \$98.8 under FY08 operating levels while a slight increase in other revenues is anticipated for FY09. Decreases in expenditures are recommended for salaries and associated benefits, employee training, out-of-state travel, fuel, testing and field supplies, General Services Department rates, and other operational costs such as office supplies and in-state travel.

Performance Report

The NMLB met or exceeded six of its seven performance targets for FY07, although a more detailed explanation of data collection methodologies is expected from the agency in the future.

Targets were met in the Administration Program and are recommended at FY08 operating levels for FY09.

Targets for measures in the Livestock Inspection Program are recommended at levels that reflect the increase in filled positions for FY09. While the average percentage of investigation findings completed within one month was reported at 50% for FY07, the target for this measure is recommended as 65% for FY09. Based on FY07 actuals of 82, the number of road stops per month is recommended to be 90, up from a target of only 30. The number of livestock thefts reported per one thousand head inspected is recommended to be 1.0, down from 2.0 in FY07.

For the Meat Inspection Program, the number of compliance visits to approved establishments has been replaced by the number of compliance visits to licensed establishments. This reflects the program's shift from visiting meat processing facilities to visiting meat dealers and peddlers. A baseline of 300 visits is recommended for this new measure.

Recommended Language for the General Appropriation Act

The New Mexico livestock board shall submit vouchers to the Department of Finance and Administration and shall not be granted non-vouchering status for fiscal year 2009.

Budget Summary Tables**Agency Budget Summary
(Dollars in Thousands)**

	<u>FY07 Actuals</u>	<u>FY08 Operating Budget</u>	<u>Recom- mendation</u>	<u>FY09 Budget to Recommendation</u>	
				<u>Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	1,044.5	1,726.5	1,921.6	195.1	11.3
Federal Revenues	1,502.4	905.5	0.0	-905.5	-100.0
Other Revenues	4,716.3	4,392.5	4,631.0	238.5	5.4
TOTAL SOURCES	7,263.2	7,024.5	6,552.6	-471.9	-6.7
USES					
Personal Services and Employee Benefits	4,296.2	5,262.3	4,738.7	-523.6	-10.0
Contractual Services	961.9	296.0	297.1	1.1	0.4
Other	1,419.1	1,466.2	1,516.8	50.6	3.5
TOTAL USES	6,677.2	7,024.5	6,552.6	-471.9	-6.7
FTE					
Permanent	95.00	95.00	81.00	-14.00	-14.7
TOTAL FTE POSITIONS	95.00	95.00	81.00	-14.00	-14.7

**Administration
(Dollars in Thousands)**

	<u>FY07 Actuals</u>	<u>FY08 Operating Budget</u>	<u>Recom- mendation</u>	<u>FY09 Budget to Recommendation</u>	
				<u>Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	76.2	125.9	125.9	0.0	0.0
Federal Revenues	72.3	91.6	0.0	-91.6	-100.0
Other Revenues	573.9	569.4	671.9	102.5	18.0
TOTAL SOURCES	722.4	786.9	797.8	10.9	1.4
USES					
Personal Services and Employee Benefits	549.7	589.6	586.7	-2.9	-0.5
Contractual Services	23.7	35.1	37.4	2.3	6.6
Other	142.1	162.2	173.7	11.5	7.1
TOTAL USES	715.5	786.9	797.8	10.9	1.4
FTE					
Permanent	8.00	8.00	8.00	0.00	0.0
TOTAL FTE POSITIONS	8.00	8.00	8.00	0.00	0.0

**Livestock Inspection
(Dollars in Thousands)**

	<u>FY07 Actuals</u>	<u>FY08 Budget</u>	<u>Recom- mendation</u>	<u>FY09 Budget to Recommendation</u>	
				<u>Dollar Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	387.2	910.3	1,254.2	343.9	37.8
Federal Revenues	797.7	173.6	0.0	-173.6	-100.0
Other Revenues	4,000.0	3,730.7	3,849.1	118.4	3.2
TOTAL SOURCES	5,184.9	4,814.6	5,103.3	288.7	6.0

Livestock Inspection
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent</u> <u>Change</u>
USES					
Personal Services and Employee Benefits	2,743.3	3,473.8	3,630.2	156.4	4.5
Contractual Services	925.9	252.1	253.0	0.9	0.4
Other	1,073.0	1,088.7	1,220.1	131.4	12.1
TOTAL USES	4,742.2	4,814.6	5,103.3	288.7	6.0
FTE					
Permanent	65.20	65.20	64.50	-0.70	-1.1
TOTAL FTE POSITIONS	65.20	65.20	64.50	-0.70	-1.1

Meat Inspection
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	581.1	690.3	541.5	-148.8	-21.6
Federal Revenues	632.4	640.3	0.0	-640.3	-100.0
Other Revenues	142.4	92.4	110.0	17.6	19.0
TOTAL SOURCES	1,355.9	1,423.0	651.5	-771.5	-54.2
USES					
Personal Services and Employee Benefits	1,003.2	1,198.9	521.8	-677.1	-56.5
Contractual Services	12.3	8.8	6.7	-2.1	-23.9
Other	204.0	215.3	123.0	-92.3	-42.9
TOTAL USES	1,219.5	1,423.0	651.5	-771.5	-54.2
FTE					
Permanent	21.80	21.80	8.50	-13.30	-61.0
TOTAL FTE POSITIONS	21.80	21.80	8.50	-13.30	-61.0

Performance Measures

		FY07 <u>Target</u>	FY07 <u>Result</u>	FY08 <u>Target</u>	FY09 <u>Recomm</u>
Administration					
To provide administrative and logistical services to employees.					
Output	Number of payment vouchers processed	3,000	3,000	3,000	3,000
Outcome	Percent of vouchers processed within 10 business days	90%	90%	90%	90%
Livestock Inspection					
To protect the livestock industry from loss of livestock by theft or straying and to help control the spread of dangerous diseases of livestock.					
Outcome	Average percentage of investigation findings completed within one month	50%	50%	50%	65%
Output	Number of road stops per month	30	82	30	90
Outcome	Number of livestock thefts reported per one thousand head inspected	1.0	2.0	1.0	1.0

		FY07	FY07	FY08	FY09
		<u>Target</u>	<u>Result</u>	<u>Target</u>	<u>Recomm</u>
Meat Inspection					
To provide meat inspection service to meat processors and slaughterers to assure consumers of clean, wholesome, and safe products.					
Outcome	Percent of inspections where violations are found	2%	2%	3%	2%
Outcome	Number of violations resolved within one day	240	300	225	300
Output	Number of compliance visits made to approved establishments	7,500	9500	8,000	
Output	Number of compliance visits made to licensed establishments				300

Executive Summary

The Department of Game and Fish is charged with overseeing the state's wildlife and providing recreational hunting and fishing opportunities for residents and non-residents.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	333.1	333.1	0.0
Total Sources	35,876.4	36,108.5	0.6
Program			
Sport Hunting and Fishing	19,932.0	20,014.5	0.4
Conservation Services	7,687.7	7,743.4	0.7
Wildlife Depredation and Nuisance Abatement	1,180.3	1,195.1	1.3
Administration	7,076.4	7,155.5	1.1
Total Uses	35,876.4	36,108.5	0.6
FTE	301.50	302.50	0.3

- The Executive recommends a \$232.1 (0.6%) increase over FY08 for the department, mostly from an increased use of fund balance.
- A flat level of General Fund (\$333.1) is recommended for the agency.
- The increased level of funding should be used to fund modest increases to the base budget for items such as contracts for wildlife research and personal services and employee benefits as well as for an expansion of the Administration Program.
- The expansion is for one term FTE and \$60.0 in other state funds to allow for hunting and fishing licenses to be purchased online and for more revenue to be generated for the Game Protection Fund.

Agency Mission and Program Purpose

The Department of Game and Fish operates under a seven-member State Game Commission appointed by the governor with the advice and consent of the senate. The commission employs a director responsible for administration of the department. The department protects wildlife within the state, provides hunting and fishing opportunities and manages Commission-owned lands and facilities for wildlife habitat and public use.

To this end, the agency operates fish hatcheries; provides public information on wildlife, recreational opportunities and department programs; conducts research on game and non-game species of wildlife and wildlife habitat in order to perpetuate species; stocks New Mexico waters; acquires, manages and disposes of department-owned property; promulgates and enforces hunting, trapping and fishing regulations; monitors wildlife populations; assists private landowners in improving wildlife habitat; and develops wildlife education programs.

In meeting its mission, the department uses a flexible management system that provides for species protection, propagation and conservation while simultaneously allowing for use of the animals by

the public for recreation purposes and as a food supply. In doing so, the department encourages participation, seeks input and attempts to build consensus among its varied constituencies which include environmentalists, hunters and fishermen, businessmen and private landowners, advocacy groups and other state and federal resource management agencies.

Nearly all of the department's funding is generated from sportsmen license fees and federal funds, including grants and federal excise fees generated from the sale of goods related to wildlife-associated recreation.

The department manages the following funds:

Game Protection Fund

The Game Protection Fund is the department's operating fund and is its largest fund. It is non-reverting and receives most of the General Fund for the agency. The General Fund supports personnel in the Conservation Services Program involved in conservation of threatened or endangered species as well as personnel in the Sport Hunting and Fishing Program. Additional sources of revenue include license fees, federal funds, court fines and forfeitures, other penalties, crops, interest on investments and land rental or lease income.

Share with Wildlife Fund

A subsidiary account under the Game Protection Fund is the Share With Wildlife project. It is non-reverting and receives revenues from federal grants, gifts, hunting and fishing licenses, and various other sources including donations through the state tax form check-off. Funds are used to assist at-risk wildlife, regardless of species. The fund also began receiving a small amount of General Fund in FY08 to support wildlife education and rehabilitation efforts.

Sikes Act Fund

This is a non-reverting program that receives revenues from hunting and fishing licenses, interest on investments, miscellaneous revenue and other financing sources. These funds are dedicated to habitat conservation and rehabilitation projects in the Conservation Services Program.

Big Game Enhancement Fund

This is a non-reverting program that receives revenues from hunting permits for elk, deer and big horn sheep, as well as from federal grants. The revenues are earmarked exclusively for the preservation, restoration and management of those three big game animals under the Sport Hunting and Fishing Program.

Big Game Depredation Damage Fund

This fund is funded through the sale of big game depredation damage stamps on hunting licenses and earnings from the investment of the fund. Funds are used by the Wildlife Depredation and Nuisance Abatement Program to correct damage to federal, state or private land caused by big game and to prevent such damage in the future.

Habitat Management Fund

Revenues for this recently created fund are derived from \$3.00 habitat management stamps that are included in the purchase of every hunting and fishing license or wildlife-associated recreation permit. Proceeds from the fund are used to make habitat improvements and to develop and maintain State Game Commission owned properties.

Statutory Authority: Sections 17-1-1 through 17-7-3 NMSA 1978.

Sport Hunting and Fishing

The Sport Hunting and Fishing Program monitors hunting activities within the state and is responsible for hatchery activities. This program strives to maintain a balance between satisfying hunters and fisherman by providing quality game animals and allowing an appropriate amount of these activities to provide for economic development while not depleting the resources. These services are implemented through a statewide force of professionally trained and educated biologists, conservation officers and support staff.

Conservation Services

The Conservation Services Program provides information based on biological studies, public input and statistical data specifically for the enhancement and conservation of wildlife habitats and attempts to recover indigenous threatened and endangered wildlife species. This information also establishes an important ecological context for State Game Commission decision making and for other department programs that use the information and make it available to all those who have an interest in wildlife, including anglers, hunters and other agencies that manage public lands or resources.

Wildlife Depredation and Nuisance Abatement

The Wildlife Depredation and Nuisance Abatement Program's focus is the reduction of and relief from property damage, annoyance, or risk to public safety caused by protected wildlife. The Program provides creative intervention processes and complaint administration to leaseholders, private landowners and other citizens within the state.

Administration

This program provides and coordinates administrative and management support services to allow for the smooth functioning of all other programs.

Executive Recommendation

Agency Strategic Directions

Over the coming years, the Sport Hunting and Fishing Program will continue the development of public outreach initiatives, maintain an equitable hunting allocation system, continue to collaborate with landowners, provide annual hunter safety training opportunities, monitor angler concerns, enhance wildlife law enforcement efforts, pursue increased participation in hunting and fishing and continue efforts to prevent and control wildlife diseases. Specific initiatives include the construction and operation of a warm water fish hatchery and associated Watershed Education and Training Center and the continuation of the Operation Game Thief Project that allows the public to anonymously report wildlife law violations.

The Conservation Services Program will pursue collaboration with other agencies, nongovernmental organizations, advocacy groups and landowners in implementing the Comprehensive Wildlife Conservation Strategy for New Mexico, develop management plans for State Wildlife Management Areas, conduct biennial reviews of state-listed threatened and endangered wildlife, execute species

recovery plans, promote wildlife-associated recreation and meet dam safety regulations for dams on State Game Commission property. The Habitat Management Stamp Program will continue to make habitat improvements on Game Commission-owned and other properties and will continue to foster the Gaining Access Into Nature (GAIN) program to promote public awareness of conservation efforts.

The Wildlife Depredation and Nuisance Abatement Program will continue to provide a high level of responsiveness to wildlife complaints, pursue community-based approaches to resolving human-wildlife conflicts and distribute public information about minimizing dangerous interactions with wildlife. Specific initiatives include maintaining a cooperative agreement with the U.S. Department of Agriculture (Wildlife Services) for assistance in the verification, abatement and reporting of wildlife-caused depredation, nuisance or threats to public safety as well as the dissemination of information through various types of media discouraging people from feeding bears.

The Administration Program will educate staff as to the various stakeholders affected by agency decisions, evaluate the efficiency, quality and effectiveness of administrative processes, maintain financial and procurement integrity, assess revenues in relation to agency goals, maintain staff and officer competencies through continued training, pursue diversity in the workforce and provide relevant public information. Highlights of this program include the continued production of the Wild New Mexico television show and continued collaboration with the State Game Commission, other state agencies and partner federal agencies.

Key Elements of Recommendation

The Executive recommendation increases the base budget of the department by \$172.1 above FY08 operating levels through an increased use of various fund balances, including the Game Protection Fund. Revenues from the Game Protection Fund hunting and fishing license fees - raised in FY06 - are projected to be less than Game Protection Fund expenditures for the next few fiscal years until fees can be raised again. The large (\$14,485.6) balance in the Game Protection Fund account projected for the beginning of FY09, the greater Game Protection Fund revenues anticipated in future fiscal years and the existence of a long-term plan for addressing recurring expenditures with recurring revenues justify this increase. In addition, some of the recommended expenditures for FY09 are for items such as supplies that are not annual expenditures.

Sport Hunting and Fishing Program. The Executive recommendation includes an increase of \$82.5 above FY08 operating levels for the base budget of this program. This is provided for by increased Game Protection Fund hunting and fishing license revenues distributed to this program and increased draw downs of the Game Protection Fund and Big Game Enhancement Fund. Decreased federal revenues will partially offset these increases.

The Executive recommends increases in supplies, including seed for deer and elk habitat; predator removal, television and other professional service contracts; salaries and associated benefits; and expenditures due to increased General Services Department rates. These increases are offset by decreases in other contractual services, other advertising expenditures and operating costs to remain within the confines of revenue projections.

Conservation Services Program. The Executive recommends a \$55.7 increase to the base budget above FY08 operating levels for this program for FY09. This increase will come from federal grants and an increase in Game Protection Fund and Habitat Management Fund hunting and fishing license revenue distributed to this program as well as from draw downs of the Game Protection Fund and Share with Wildlife Fund. Decreased Sikes Act Fund and Share with Wildlife Fund hunting and fishing license revenue and other revenues as well as a decreased drawdown of the Sikes Act Fund partially offset these increases.

The additional funding will be used for increases in Colorado pike minnow research and monitoring and other mostly federally-funded professional service contracts, General Services Department rate increases and salaries and associated benefits. Recommended decreases in this program are for grants to individuals - including federal landowner incentive grants not reauthorized by Congress, other contractual services and general operational costs.

Wildlife Depredation and Nuisance Abatement Program. The Executive recommends a base budget increase of \$14.8 for this Program from increased draw downs of the Big Game Depredation Damage Fund and from an increased distribution of Game Protection Fund hunting and fishing license revenue. These increases will be partially offset by a decreased drawdown of the Game Protection Fund.

The Executive recommends that the increased revenue be used for salaries and associated benefits, increased General Services Department rates and general operational costs.

Administration Program. The Executive recommends a \$19.1 increase for this program. The increase should be funded through an increased drawdown of the Game Protection Fund and increased other revenues. This will be mostly offset by a large decrease in anticipated federal revenues due to an overestimation of grant awards for FY08.

The increase should be used to fund credit card merchant fee increases for the sale of special hunt applications, a large increase in the General Services Department rates associated with this program and for contracts like a cooperative research contract with New Mexico State University. Savings should be sought from decreases in salaries and associated benefits, other contractual services (including information technology services), software maintenance costs and general operational costs. The decrease in information technology costs charged to this program reflects a new cost share approach for information technology with the other programs of the department.

The Executive also recommends an expansion of one term FTE for the processing of online hunting and fishing licenses in the Administration Program. Based on a five dollar per license convenience and shipping and handling fee, the agency expects 24,000 customers to generate \$120.0 in revenue in FY09 and expects this figure to grow over time. Sixty thousand dollars (\$60.0) will be used to fund the position and operating costs associated with the license sales. The agency is authorized to keep and budget these revenues in accordance with statute (Section 17-1-14A and 17-3-5A through 17-3-5E NMSA 1978).

Performance Report

The department met or exceeded all of its targets for FY07 with the exception of one. The agency filled 85% of vacancies within 180 days of occurrence as opposed to its target of 90% because several positions were awaiting reorganization and/or reclassification. The measure has been adjusted for FY09 to replace the 180 day requirement with a 120 day requirement, and a target of 90% has been maintained to encourage the agency to improve performance in this area.

Targets are recommended at FY08 levels for: (1) angler opportunity and success (80%) because of inherent limitations on angler success; (2) for the number of days of elk hunting opportunity provided to New Mexico resident hunters on an annual basis (165,000) because of strategic game management policies; (3) for the percent of public hunting licenses drawn by New Mexico resident hunters (80%) to reflect department policy; (4) for the annual output of fish from the department's hatchery system, in pounds (425,000) to reflect FY07 actuals (410,570); and (5) for the number of acres of wildlife habitat conserved, enhanced or positively affected statewide (100,000) because the measure refers to new acreage added annually.

The target for the number of threatened and endangered species monitored, studied or involved in the recovery plan process was raised for FY09 because targets for both FY06 and FY07 were exceeded and results are trending upward. The targets for both the percent of depredation complaints resolved within the mandated one-year timeframe and the percent of employee performance appraisals completed by the applicable anniversary date and submitted within state personnel guidelines were both raised from 95% to 98%.

In addition, several measures were added while several others were deleted for FY09 to better reflect both the strategic directions of the agency and Executive priorities.

Budget Summary Tables

	Agency Budget Summary (Dollars in Thousands)			FY09	
	FY07	FY08	Recom- mendation	<u>Budget to Recommendation</u>	
	<u>Actuals</u>	<u>Budget</u>		<u>Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	226.9	333.1	333.1	0.0	0.0
Other Transfers	7.3	5.0	5.0	0.0	0.0
Federal Revenues	9,641.4	12,778.7	12,288.3	-490.4	-3.8
Other Revenues	19,438.9	21,304.5	21,512.6	208.1	1.0
Fund Balance	2,126.9	1,455.1	1,969.5	514.4	35.4
TOTAL SOURCES	31,441.4	35,876.4	36,108.5	232.1	0.6
USES					
Personal Services and Employee Benefits	18,058.7	19,776.0	19,919.8	143.8	0.7
Contractual Services	1,943.6	3,471.5	3,565.5	94.0	2.7
Other	9,703.6	12,131.6	12,125.9	-5.7	0.0
Other Financing Uses	397.3	497.3	497.3	0.0	0.0
TOTAL USES	30,103.2	35,876.4	36,108.5	232.1	0.6

Agency Budget Summary
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent Change</u>
FTE					
Permanent	285.00	285.00	285.00	0.00	0.0
Term	12.00	12.00	13.00	1.00	8.3
Temporary	4.50	4.50	4.50	0.00	0.0
TOTAL FTE POSITIONS	301.50	301.50	302.50	1.00	0.3

Sport Hunting and Fishing
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	45.0	95.0	95.0	0.0	0.0
Federal Revenues	5,403.8	8,767.7	8,550.0	-217.7	-2.5
Other Revenues	10,391.9	10,894.3	11,018.8	124.5	1.1
Fund Balance	1,051.1	175.0	350.7	175.7	100.4
TOTAL SOURCES	16,891.8	19,932.0	20,014.5	82.5	0.4
USES					
Personal Services and Employee Benefits	11,568.3	12,519.9	12,688.8	168.9	1.3
Contractual Services	596.4	1,423.5	1,290.2	-133.3	-9.4
Other	4,329.8	5,491.3	5,538.2	46.9	0.9
Other Financing Uses	397.3	497.3	497.3	0.0	0.0
TOTAL USES	16,891.8	19,932.0	20,014.5	82.5	0.4
FTE					
Permanent	191.00	191.00	191.00	0.00	0.0
Term	2.00	2.00	2.00	0.00	0.0
Temporary	4.00	4.00	4.00	0.00	0.0
TOTAL FTE POSITIONS	197.00	197.00	197.00	0.00	0.0

Conservation Services
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	181.9	238.1	238.1	0.0	0.0
Other Transfers	7.3	5.0	5.0	0.0	0.0
Federal Revenues	3,737.9	3,358.0	3,500.0	142.0	4.2
Other Revenues	2,884.9	3,003.5	2,732.3	-271.2	-9.0
Fund Balance	0.0	1,083.1	1,268.0	184.9	17.1
TOTAL SOURCES	6,812.0	7,687.7	7,743.4	55.7	0.7
USES					
Personal Services and Employee Benefits	2,328.7	2,530.3	2,555.6	25.3	1.0
Contractual Services	647.0	1,344.7	1,560.4	215.7	16.0
Other	2,657.3	3,812.7	3,627.4	-185.3	-4.9
TOTAL USES	5,633.0	7,687.7	7,743.4	55.7	0.7

		Conservation Services (Dollars in Thousands)			FY09	
		FY07	FY08	Recom-	<u>Budget to Recommendation</u>	
		<u>Actuals</u>	<u>Budget</u>	<u>mendation</u>	<u>Dollar</u>	<u>Percent</u>
					<u>Change</u>	<u>Change</u>
FTE						
	Permanent	32.00	32.00	32.00	0.00	0.0
	Term	8.00	8.00	8.00	0.00	0.0
	Temporary	0.50	0.50	0.50	0.00	0.0
	TOTAL FTE POSITIONS	40.50	40.50	40.50	0.00	0.0

		Wildlife Depredation and Nuisance Abatement (Dollars in Thousands)			FY09	
		FY07	FY08	Recom-	<u>Budget to Recommendation</u>	
		<u>Actuals</u>	<u>Budget</u>	<u>mendation</u>	<u>Dollar</u>	<u>Percent</u>
					<u>Change</u>	<u>Change</u>
SOURCES						
	Federal Revenues	9.3	0.0	0.0	0.0	***
	Other Revenues	1,025.9	983.3	1,075.1	91.8	9.3
	Fund Balance	0.0	197.0	120.0	-77.0	-39.1
	TOTAL SOURCES	1,035.2	1,180.3	1,195.1	14.8	1.3
USES						
	Personal Services and Employee Benefits	285.7	325.8	339.1	13.3	4.1
	Contractual Services	69.7	179.7	128.7	-51.0	-28.4
	Other	520.6	674.8	727.3	52.5	7.8
	TOTAL USES	876.0	1,180.3	1,195.1	14.8	1.3
FTE						
	Permanent	5.00	5.00	5.00	0.00	0.0
	TOTAL FTE POSITIONS	5.00	5.00	5.00	0.00	0.0

		Administration (Dollars in Thousands)			FY09	
		FY07	FY08	Recom-	<u>Budget to Recommendation</u>	
		<u>Actuals</u>	<u>Budget</u>	<u>mendation</u>	<u>Dollar</u>	<u>Percent</u>
					<u>Change</u>	<u>Change</u>
SOURCES						
	Federal Revenues	490.4	653.0	238.3	-414.7	-63.5
	Other Revenues	5,136.2	6,423.4	6,686.4	263.0	4.1
	Fund Balance	1,075.8	0.0	230.8	230.8	***
	TOTAL SOURCES	6,702.4	7,076.4	7,155.5	79.1	1.1
USES						
	Personal Services and Employee Benefits	3,876.0	4,400.0	4,336.3	-63.7	-1.4
	Contractual Services	630.5	523.6	586.2	62.6	12.0
	Other	2,195.9	2,152.8	2,233.0	80.2	3.7
	TOTAL USES	6,702.4	7,076.4	7,155.5	79.1	1.1
FTE						
	Permanent	57.00	57.00	57.00	0.00	0.0
	Term	2.00	2.00	3.00	1.00	50.0
	TOTAL FTE POSITIONS	59.00	59.00	60.00	1.00	1.7

Performance Measures

		FY07 Target	FY07 Result	FY08 Target	FY09 Recomm
Sport Hunting and Fishing					
To provide a statewide system for hunting activities as well as self-sustaining and hatchery-supported fisheries taking into account hunter safety, quality hunts, high demand areas, guides and outfitters, quotas and assuring that local and financial interests receive consideration.					
Outcome	Angler opportunity and success	80%	83%	80%	80%
Outcome	Number of days of elk hunting opportunity provided to New Mexico resident hunters on an annual basis	165,000	165,544	165,000	165,000
Outcome	Percent of public hunting licenses drawn by New Mexico resident hunters	80%	83%	80%	80%
Output	Annual output of fish from the department's hatchery system, in pounds	400,000	410,579	425,000	425,000
Output	Number of mentored/youth hunting opportunities				50
Output	Acres of private land enrolled in access programs (OPEN GATE)				60,000
Conservation Services					
To provide information and technical guidance to any person wishing to conserve and enhance wildlife habitat and recover indigenous species of threatened and endangered wildlife.					
Output	Number of threatened and endangered species monitored, studied or involved in the recovery plan process	35	69	35	50
Outcome	Number of gaining access into nature opportunities offered	2	20	30	
Outcome	Number of acres of wildlife habitat conserved, enhanced or positively affected statewide	100,000	110,621	100,000	110,000
Output	Number of recreational days of access provided by Gaining Access Into Nature project (GAIN)				10,000
Wildlife Depredation and Nuisance Abatement					
To provide complaint administration and intervention processes to private landowners, leaseholders and other New Mexicans so they may be relieved of and precluded from property damage, annoyances, or risks to public safety caused by protected wildlife.					
Outcome	Percent of depredation complaints resolved within the mandated one-year timeframe	95%	98%	95%	98%
Output	Number of wildlife complaints responded to				100
Administration					
To provide an adequate and flexible system of direction, oversight, accountability and support to all divisions so they may successfully attain planned outcomes for all department programs.					
Output	Number of contacts made to increase department diversity	5,000	33,644		
Output	Percent of vacancies filled within one hundred eighty days of occurrence	90%	85%	90%	
Quality	Percent error rate in processing special hunt applications	<1%	<1%	<1%	
Quality	Percent of employee performance appraisals completed by anniversary date and submitted within state personnel guidelines	95%	95%	95%	98%
Output	Percent of special hunt applications processed without error				99.8%
Outcome	Percent of vacancies filled within 120 days of occurrence				90%

Executive Summary

The Energy, Minerals and Natural Resources Department is charged with oversight and protection of the natural and energy resources in New Mexico.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	25,923.5	26,973.3	4.0
Total Sources	69,824.8	63,580.7	-8.9
Program			
Renewable Energy and Energy Efficiency	2,440.0	2,265.5	-7.2
Healthy Forests	12,412.2	8,554.2	-31.1
State Parks	34,304.0	32,728.4	-4.6
Mine Reclamation	4,480.3	5,328.6	18.9
Oil and Gas Conservation	10,174.0	8,622.3	-15.3
Leadership and Support Program	6,014.3	6,081.7	1.1
Total Uses	69,824.8	63,580.7	-8.9
FTE	524.00	525.00	0.2

- The Executive recommendation includes a \$6,244.1 decrease for the agency because the carryover of multi-year federal grant awards in the Healthy Forests and State Parks Programs from FY08 has not been budgeted.
- A \$748.8 General Fund increase is recommended for the agency's base to fund large increases in General Services Department rates, salaries, associated benefits and expenditures related to information technology.
- Expansions of \$326.5 (\$301.0 in General Fund) are recommended to fund a position in the Mining and Minerals Program to assess abandoned uranium mines and to fund operations of the Renewable Energy Transmission Authority.

Agency Mission and Program Purpose

The mission of the Energy, Minerals and Natural Resources Department (EMNRD) is to position New Mexico as a leader in energy and natural resource management. To meet this mandate, the department uses a flexible, team-based management system that is proactive, demands accountability and concentrates on customer service. The system allows the department to provide leadership in the protection, management, conservation and responsible use of the state's natural resources.

EMNRD is charged with protecting the environment and ensuring the reclamation of land and resources affected by mining activities; growing and sustaining healthy forests; leading the development of reliable energy supplies; and improving the state's parks system, while sustaining cultural and natural resources.

Statutory Authority: Sections 9-5A-1 through 9-5A-10 NMSA 1978.

Renewable Energy and Energy Efficiency

The Renewable Energy and Energy Efficiency Program promotes renewable energy, energy efficiency and conservation as well as the use of alternative fuels and transportation. Anticipated benefits of the program are: lower energy consumption and expenditures; generation of new jobs and revenues; greater environmental protection; less consumptive water use for coal-fired power generation; less dependency on foreign oil, and greater energy security.

Healthy Forests

The Healthy Forests Program protects, promotes and restores forest lands in New Mexico for the benefit of both current and future generations. The program protects forest lands and public safety through efficient implementation of fire management and suppression activities and through management of insects, pests and diseases that affect trees. The program helps in restoration efforts by developing resource management plans and by promoting tree-planting programs. It also promotes safe forests through a strategy of assessing the communities most vulnerable to damage from wild fires and designing appropriate management plans to mitigate problems.

State Parks

The State Parks Program ensures the conservation and management of natural and cultural resources for present and future generations, while providing a variety of recreational experiences for the public. The program seeks to develop diverse park resources through effective planning, communication and development of individual park management plans.

Mine Reclamation

The Mine Reclamation Program ensures the responsible use, conservation, reclamation and safeguarding of resources and land affected by mining. The scope of the program is to review and administer permits for mining and reclamation operations; maintain registration of all mining and mill operations in the state; inspect permitted facilities; identify/safeguard and reclaim abandoned mine areas; and inform and educate members of the public about mining and provide them with opportunities for participation.

Oil and Gas Conservation

The Oil and Gas Conservation Program ensures the protection, conservation, management and responsible development of oil, gas and associated natural resource products. Through its oversight of drilling permits and well inspections, the program prevents waste of oil and gas, protects the rights of mineral owners, and prevents the loss or contamination of fresh water supplies as a result of exploration activities.

Leadership and Support Program

The Leadership and Support Program provides and coordinates administrative and management support services to allow for the smooth functioning of all other programs.

Executive Recommendation*Agency Strategic Directions*

EMNRD is an important component of the Executive's performance and accountability policy, *Protecting and Promoting New Mexico's Environment*.

Renewable Energy and Energy Efficiency The Energy Conservation and Management Division (ECMD) continues to aggressively implement clean energy-related policies and statutes established by the Governor and Legislature over the last six years. Priorities include: (1) stimulating clean energy (renewable energy, energy efficiency, and clean fuels) projects and facilities; (2) providing training, outreach, and technical assistance to the general public, local and tribal governments, public schools, universities, and targeted industries, to foster deployment of clean energy technologies and strategies; and (3) coordinating with the General Services Department and other state agencies to ensure that New Mexico state government is leading by example in all aspects of its daily operations, new building construction, and vehicle procurement and utilization.

Selected accomplishments include: (1) facilitating the development of over 500 megawatts of new wind power on New Mexico's eastern plains; (2) administering over 25 clean energy projects, totaling over \$2.5 million; (3) providing input for implementing the Efficient Use of Energy Act, resulting in the commitment of over \$20 million per year in utility-provided energy efficiency incentives to the residential and commercial sectors; (4) leveraging private investments of \$2.5 million, federal tax credits of \$216,000 and solar market development tax credits for EMNRD-certified solar systems for \$532,000; and (5) developing rules for implementing the sustainable building tax credits passed by the 2007 New Mexico Legislature for building energy efficient and green buildings in both the residential and commercial sectors – the first tax credits in the nation of this breadth and depth. Through these tax incentives, the bar is being raised for energy efficiency in statewide building codes.

Prospectively, ECMD plans to build on the clean energy policy and program foundation now firmly in place by: (1) pursuing additional market-based incentives and other cost-effective measures in statute to continue to stimulate both clean energy projects and clean energy-related manufacturing enterprises throughout the state; (2) expanding its “lead by example” outreach to school districts, universities and local governments; (3) establishing a Zero-Energy Home Program focused on ensuring that new homes incorporate cost-effective state-of-the-art energy efficiency measures, with particular attention to the low-income home buyer; and (4) in coordination with the Economic Development Department, facilitating the demonstration and deployment of promising economic development potential throughout the state.

Healthy Forests. The Forestry Division's role is to protect New Mexico's forests and watershed health. This mission is largely driven on two fronts: advocate for forest and watershed health promotion and restoration and prevent and fight fires. Forest and watershed health efforts require strong partnerships and collaborations between and among local, state, tribal, federal and private entities. The Forestry Division provides the leadership that drives those partnerships and collaborations. The division's newly established Forest and Watershed Health Office, as well as the seven field offices, follow the division's Forest and Watershed Health Plan for establishing and maintaining a collaborative, landscape-scale framework for these efforts.

While New Mexico was spared the severity of last year's fire season, the 2007 spring and summer fire season was devastating for our western neighbors. Previous years' efforts to better equip local government fire departments allowed New Mexico to mobilize resources to assist other states and remain responsive to wildfires in New Mexico. The fire departments' added capacity will improve protection to forested communities and at-risk watersheds long into the future.

Fire risks in wild land areas increasingly threaten people and businesses as well as forests and watershed health. The division continues to chair and coordinate the New Mexico Fire Planning Task Force that deals with wild land urban interface areas most vulnerable to danger from forest fires in New Mexico. The division is currently funding and directing the development of 19 county/area Community Wildfire Protection Plans (CWPPs) and is providing technical assistance to four New Mexico Association of County funded CWPPs.

State Parks. Formed in 1933 as the New Mexico State Parks Commission, the New Mexico State Parks Division has grown into a 34-park system that includes 19 lakes and 182,978 acres of land. State parks are located in 25 of New Mexico's 33 counties. Two other new state parks are in process – Red Rock in Gallup and Cerrillos Hills/Galisteo Basin in Santa Fe County – which should increase the New Mexico State Parks System to 36 units during FY09.

Annual visitation is just over four million. The State Parks Program generates over \$200 million annually for New Mexico's economy and is part of the Executive's plan for sustainable economic development in New Mexico, especially in rural areas.

After eight straight years of visitation declines (FY97-FY04), State Parks posted visitation increases in FY05, essentially maintaining those gains in FY06 and FY07 despite the challenges posed by drought and rising gas prices. Self-generated revenues increased in FY05, FY06 and FY07, which also reversed five prior years of declines.

Highlights of the State Parks Program during FY07 included: (1) the timely expenditure of funds from several large appropriations and a major bond series; (2) the roll-out of the pilot project phase of an Outdoor Classroom Program in conjunction with the Public Education Department that puts New Mexico at the forefront of efforts to have "no child left inside"; and (3) a successful first-year implementation of New Mexico's new mandatory boating safety law, which brought more boaters than ever into division safety classes and gave boaters new options for getting boating safety education through division-approved on-line courses.

The strategic direction for State Parks includes efforts to: (1) increase visitation; (2) improve recreation opportunities statewide; (3) protect sites important to New Mexico's natural and cultural heritage; (4) make boating in New Mexico safer; (5) grow the role of state parks in statewide health and wellness efforts; and (6) improve facilities and expand education programs – especially Outdoor Classroom programs for school children. In addition, in 2008/2009 State Parks will celebrate its 75th anniversary for which the division plans to offer special events and programs for the public.

Mine Reclamation. The Mine Reclamation Program continued to make strides in assuring the reclamation and safeguarding of New Mexico's mines. The program is overseeing several large hard rock and coal mine reclamation projects, including the major reclamation of mine tailings at the Phelps Dodge Tyrone Mine. Under a federal grant, the program safeguarded over 160 abandoned mine openings in the past two years. The program has also received awards for its innovative and high quality reclamation work, including most recently the National Award from the Office of Surface Mining for outstanding performance and exemplary abandoned mine land reclamation for the Real de Dolores Mine Safeguard Project south of Santa Fe.

The program is seeing an increase in uranium exploration projects and is taking steps to prepare for a possible return of uranium mining in northwest New Mexico. Specialized uranium mine reclamation training and coordination with tribal, federal and state agencies, along with citizen groups, have been implemented to educate program staff and to increase public trust.

The program has initiated efforts to address the legacy of past uranium mining in New Mexico through conducting field investigations, determining remediation steps, and leveraging funding for clean-up with other agencies and tribal governments.

Oil and Gas Conservation. The Oil and Gas Conservation Division continues to concentrate on enforcement of its rules to prevent environmental contamination from oil and gas operations and to enhance those rules in order to ensure that it provides clear guidance on practices to protect human health and the environment. At the end of FY07 there were 1,664 non-compliant wells; at the end of FY06 there were 1,902, reflecting a 13% decrease. Thirty-seven more Agreed Compliance Orders (ACOs) for inactive wells were issued in FY07 than in FY06; these ACOs are agreements between the well operators and the division regarding how many wells will be returned to compliance within specific timeframes. This is a 67% increase.

In addition to the above activities, in FY07 a new surface waste management rule was adopted; this rule clarified how waste generated by drilling activities should be responsibly disposed. Also, the division increased the breadth of permit images available through the web by approximately one million pages through the scanning of critical environmental permit documents, resulting in a total of approximately six million pages of documents accessible electronically. In FY09, the division will continue to refine its rules, consistently enforce them and expand its web-based offerings.

Key Elements of Recommendation

The Executive recommendation for EMNRD includes a \$6,244.1 decrease due primarily to the nature of budgeting multi-year federal grant awards for the Healthy Forests and State Parks Programs. These programs budgeted the full amount of multiple multi-year awards in FY08, will spend down portions of them over the course of the fiscal year, and will budget the remainders when establishing their FY09 operating budgets. A General Fund increase of \$748.8 is recommended for EMNRD's base budget to fund large increases in General Services Department rates, salaries, associated benefits and information technology software agreements and equipment. In addition, \$326.5 (\$301.0 in General Fund) is recommended for the first full year of Renewable Energy Transmission Authority (RETA) operations and for an expansion position in the Mining and Minerals Program to assess abandoned uranium mines.

A \$174.5 decrease is recommended for the Renewable Energy and Energy Efficiency Program due to an anticipated loss of federal funds for this program. Decreases in expenditures for contracts for a clean fuels program; public outreach and biomass research; travel; office and educational supplies; and other operating costs including advertising and furniture are recommended. The Executive recommendation includes a \$280.2 increase in General Fund to fund higher General Services Department rates, the cost of maintaining software license agreements and the RETA operations expansion.

A \$3,858.0 decrease is recommended for the Healthy Forests Program due mainly to the budgeting methodology for multi-year federal grant awards described above. Decreases in expenditures are

recommended for grants to wildfire-vulnerable communities, contracts for bark beetle infestation and hazardous fuels reduction, and travel. The Executive recommends a \$245.7 increase in General Fund for this program to fund salaries, associated benefits, increased General Services Department rates, software maintenance agreements and general operating costs. A five percent vacancy rate was applied to classified permanent employees in this program.

A \$1,575.6 decrease is recommended for the State Parks Program due mainly to the budgeting methodology for multi-year federal grant awards described above. Decreases in expenditures are recommended for facility improvements including roadways and for travel-related costs including fuel in order to reflect FY07 actuals. A General Fund increase of \$71.3 is recommended to fund increased General Services Department rates, salaries, associated benefits, audit costs and software maintenance agreements. Increases for utilities, including the purchase of 50% of electricity costs from renewable sources, and repairs and replacement of heavy equipment, are recommended to come from other revenues. A six percent vacancy rate was applied to classified permanent and temporary employees in this program.

An \$848.3 increase is recommended for the Mine Reclamation Program due primarily to an anticipated increase in federal revenues for abandoned mine reclamation and assessment; a 2006 amendment to federal law made New Mexico eligible for funds for these purposes for which the State had previously been ineligible. An increase of \$77.6 in General Fund is recommended to support salaries, associated benefits, higher General Services Department rates and the expansion position for uranium mine assessments and permitting described above.

A decrease of \$1,551.7 is recommended for the Oil and Gas Conservation Program due to significant overestimation of severance conservation tax revenue in FY08. Expenditures for the use of those funds -- contracts for plugging abandoned wells and for land remediation -- are recommended to decrease accordingly. Decreases are also recommended for salaries, associated benefits and general operating costs. The Executive recommends increases for General Services Department rates (particularly to maintain the ONGARD computer system), information technology services and equipment and field supplies. A General Fund increase of \$188.9 is recommended to fund these items. A five percent vacancy rate was applied to classified permanent employees in this program.

A \$67.4 increase is recommended for the Leadership and Support Program to fund a large increase in General Services Department rates, salaries, associated benefits and software maintenance agreements. General Fund support of \$229.7 is recommended to fund the increased General Services Department rates but is partially offset by a reduction of \$43.6 in general operating costs. A three percent vacancy rate was applied to classified permanent employees in this program.

Performance Report

EMNRD met or exceeded 13 of its 18 targets in FY07. Specifically, the Renewable Energy and Energy Efficiency Program met or exceeded all three of its targets for FY07. The target for one of these measures -- the percent reduction in energy use in public facilities receiving energy efficiency retrofit projects through the Energy Efficiency and Renewable Energy Bonding Act, the Public Facilities Energy Efficiency Act, the Water Conservation Act, or the Clean Energy projects program -- has been recommended to increase. The other two measures applicable in FY07 have been replaced by three new measures to reflect and clarify the mission of the program.

One of three targets were met or exceeded in the Healthy Forests Program in FY07. The number of agreements established, workshops and trainings conducted, and plans developed to support and maintain small diameter and woody biomass industries was zero due to lack of federal funding for such activities. This measure has been dropped for FY09 due to its dependence on this funding. The target for the percent of at-risk communities participating in collaborative wildfire protection planning was missed because of vacancies within the program in positions related to this measure.

Three of four targets were met or exceeded in the State Parks Program in FY07. The only target not met was for the number of interpretive programs available to park visitors. While this remains a focus of the program, the target was not met due to widespread flooding on Memorial Day weekend, difficulties filling interpretive positions at the Rio Grande Nature Center and the extended absence of the interpretive officer at the Veteran's Memorial Center. Targets for both the number of visitors to state parks and the self-generated revenue per visitor are recommended to be raised to reflect both FY07 actuals and efforts to stabilize visitation at parks in dry years.

The Mine Reclamation Program met or exceeded both of its measures in FY07. The Executive recommends an increased target for the percent of permitted mines with approved reclamation plans and adequate financial assistance posted to cover the cost of reclamation for FY09, and has added a new measure for FY09 to reflect the increased scope of the program.

The Oil and Gas Conservation Program met or exceeded three of its four targets for FY07 -- the number of inspections of oil and gas wells and associated facilities, the percent of applications for administrative orders reviewed within 30 days, and the number of inventoried wells statewide. Only 22% of a targeted 25% of inventoried orphaned wells were plugged, largely due to increased oil prices lowering the supply of plugging operations in the state. The Oil and Gas Conservation Division consolidated its measures for FY09 in an attempt to better capture the effectiveness of the program.

The Leadership and Support Program met one of its two applicable targets in FY07. The target for the percent of prior-year financial audit findings resolved was not applicable because the agency had no prior-year audit findings. The target for the number of waste isolation pilot plant related emergency responder and shipment inspection trainings and practice exercises conducted was narrowly missed due to two long-term vacancies outside the agency in positions responsible for conducting training.

Budget Summary Tables

	Agency Budget Summary (Dollars in Thousands)			FY09	
	FY07	FY08	Recom- mendation	<u>Budget to Recommendation</u>	
	<u>Actuals</u>	<u>Operating Budget</u>		<u>Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	22,553.2	25,923.5	26,973.3	1,049.8	4.0
Other Transfers	7,159.3	2,949.3	3,104.1	154.8	5.2
Federal Revenues	12,545.8	24,349.9	18,265.3	-6,084.6	-25.0
Other Revenues	13,373.7	14,964.5	12,985.5	-1,979.0	-13.2
Fund Balance	1,971.5	1,637.6	2,252.5	614.9	37.5
TOTAL SOURCES	57,603.5	69,824.8	63,580.7	-6,244.1	-8.9

Agency Budget Summary
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 Operating <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent</u> <u>Change</u>
USES					
Personal Services and Employee Benefits	26,691.0	29,797.2	30,840.6	1,043.4	3.5
Contractual Services	7,401.1	13,778.0	11,096.2	-2,681.8	-19.5
Other	13,540.6	21,831.9	17,380.6	-4,451.3	-20.4
Other Financing Uses	7,626.8	4,417.7	4,263.3	-154.4	-3.5
TOTAL USES	55,259.5	69,824.8	63,580.7	-6,244.1	-8.9
FTE					
Permanent	421.00	434.00	435.00	1.00	0.2
Term	42.00	42.00	42.00	0.00	0.0
Temporary	48.00	48.00	48.00	0.00	0.0
TOTAL FTE POSITIONS	511.00	524.00	525.00	1.00	0.2

Renewable Energy and Energy Efficiency
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 Operating <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	856.8	1,186.2	1,466.4	280.2	23.6
Other Transfers	533.9	0.0	0.0	0.0	***
Federal Revenues	730.8	1,253.8	799.1	-454.7	-36.3
Fund Balance	533.9	0.0	0.0	0.0	***
TOTAL SOURCES	2,655.4	2,440.0	2,265.5	-174.5	-7.2
USES					
Personal Services and Employee Benefits	1,023.7	1,323.4	1,336.3	12.9	1.0
Contractual Services	881.0	796.8	460.8	-336.0	-42.2
Other	213.3	319.8	468.4	148.6	46.5
Other Financing Uses	533.9	0.0	0.0	0.0	***
TOTAL USES	2,651.9	2,440.0	2,265.5	-174.5	-7.2
FTE					
Permanent	9.00	13.00	13.00	0.00	0.0
Term	2.00	2.00	2.00	0.00	0.0
TOTAL FTE POSITIONS	11.00	15.00	15.00	0.00	0.0

Healthy Forests
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	3,387.8	3,534.6	3,780.3	245.7	7.0
Other Transfers	329.9	0.0	0.0	0.0	***
Federal Revenues	4,315.3	8,205.5	4,263.8	-3,941.7	-48.0
Other Revenues	1,016.9	572.8	410.1	-162.7	-28.4
Fund Balance	129.2	99.3	100.0	0.7	0.7
TOTAL SOURCES	9,179.1	12,412.2	8,554.2	-3,858.0	-31.1

		Healthy Forests (Dollars in Thousands)			FY09	
		FY07	FY08	Recom-	<u>Budget to Recommendation</u>	
		<u>Actuals</u>	<u>Budget</u>	<u>mendation</u>	<u>Dollar</u>	<u>Percent</u>
					<u>Change</u>	<u>Change</u>
USES						
	Personal Services and					
	Employee Benefits	4,042.5	4,166.9	4,303.9	137.0	3.3
	Contractual Services	1,024.1	2,615.3	1,418.1	-1,197.2	-45.8
	Other	3,558.3	5,630.0	2,832.2	-2,797.8	-49.7
	Other Financing Uses	329.9	0.0	0.0	0.0	***
	TOTAL USES	8,954.8	12,412.2	8,554.2	-3,858.0	-31.1
FTE						
	Permanent	57.00	57.00	57.00	0.00	0.0
	Term	11.00	11.00	11.00	0.00	0.0
	TOTAL FTE POSITIONS	68.00	68.00	68.00	0.00	0.0

		State Parks (Dollars in Thousands)			FY09	
		FY07	FY08	Recom-	<u>Budget to Recommendation</u>	
		<u>Actuals</u>	<u>Budget</u>	<u>mendation</u>	<u>Dollar</u>	<u>Percent</u>
					<u>Change</u>	<u>Change</u>
SOURCES						
	General Fund Transfers	10,574.0	12,861.3	12,932.6	71.3	0.6
	Other Transfers	2,945.8	2,814.2	2,810.3	-3.9	-0.1
	Federal Revenues	2,284.5	8,755.9	6,606.8	-2,149.1	-24.5
	Other Revenues	8,709.8	8,334.3	8,619.9	285.6	3.4
	Fund Balance	264.9	1,538.3	1,758.8	220.5	14.3
	TOTAL SOURCES	24,779.0	34,304.0	32,728.4	-1,575.6	-4.6
USES						
	Personal Services and					
	Employee Benefits	11,865.0	13,379.9	13,849.1	469.2	3.5
	Contractual Services	1,240.4	4,219.7	3,720.8	-498.9	-11.8
	Other	8,047.4	14,205.2	12,499.4	-1,705.8	-12.0
	Other Financing Uses	2,487.1	2,499.2	2,659.1	159.9	6.4
	TOTAL USES	23,639.9	34,304.0	32,728.4	-1,575.6	-4.6
FTE						
	Permanent	233.00	239.00	239.00	0.00	0.0
	Term	6.00	6.00	6.00	0.00	0.0
	Temporary	48.00	48.00	48.00	0.00	0.0
	TOTAL FTE POSITIONS	287.00	293.00	293.00	0.00	0.0

		Mine Reclamation (Dollars in Thousands)			FY09	
		FY07	FY08	Recom-	<u>Budget to Recommendation</u>	
		<u>Actuals</u>	<u>Budget</u>	<u>mendation</u>	<u>Dollar</u>	<u>Percent</u>
					<u>Change</u>	<u>Change</u>
SOURCES						
	General Fund Transfers	411.0	461.7	539.3	77.6	16.8
	Other Transfers	741.7	0.0	0.0	0.0	***
	Federal Revenues	3,029.7	3,072.6	3,882.5	809.9	26.4
	Other Revenues	718.7	946.0	906.8	-39.2	-4.1
	TOTAL SOURCES	4,901.1	4,480.3	5,328.6	848.3	18.9

Mine Reclamation
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent</u> <u>Change</u>
USES					
Personal Services and Employee Benefits	2,354.0	2,505.2	2,658.7	153.5	6.1
Contractual Services	617.8	1,598.9	2,331.2	732.3	45.8
Other	220.5	376.2	338.7	-37.5	-10.0
Other Financing Uses	741.7	0.0	0.0	0.0	***
TOTAL USES	3,934.0	4,480.3	5,328.6	848.3	18.9
FTE					
Permanent	16.00	16.00	17.00	1.00	6.3
Term	15.00	15.00	15.00	0.00	0.0
TOTAL FTE POSITIONS	31.00	31.00	32.00	1.00	3.2

Oil and Gas Conservation
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	4,111.0	4,433.0	4,621.9	188.9	4.3
Other Transfers	2,558.0	85.1	80.0	-5.1	-6.0
Federal Revenues	496.0	544.5	478.0	-66.5	-12.2
Other Revenues	2,928.3	5,111.4	3,048.7	-2,062.7	-40.4
Fund Balance	1,043.5	0.0	393.7	393.7	***
TOTAL SOURCES	11,136.8	10,174.0	8,622.3	-1,551.7	-15.3
USES					
Personal Services and Employee Benefits	3,846.7	4,638.8	4,512.2	-126.6	-2.7
Contractual Services	3,620.8	4,530.7	3,142.7	-1,388.0	-30.6
Other	1,070.2	886.0	863.2	-22.8	-2.6
Other Financing Uses	2,597.2	118.5	104.2	-14.3	-12.1
TOTAL USES	11,134.9	10,174.0	8,622.3	-1,551.7	-15.3
FTE					
Permanent	61.00	63.00	63.00	0.00	0.0
Term	5.00	5.00	5.00	0.00	0.0
TOTAL FTE POSITIONS	66.00	68.00	68.00	0.00	0.0

Leadership and Support Program
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	3,212.6	3,446.7	3,632.8	186.1	5.4
Other Transfers	50.0	50.0	213.8	163.8	327.6
Federal Revenues	1,689.5	2,517.6	2,235.1	-282.5	-11.2
TOTAL SOURCES	4,952.1	6,014.3	6,081.7	67.4	1.1

Leadership and Support Program (Dollars in Thousands)					
	FY07 Actuals	FY08 Budget	Recom- mendation	FY09	
				Budget to Recommendation Dollar Change	Percent Change
USES					
Personal Services and Employee Benefits	3,559.1	3,783.0	4,180.4	397.4	10.5
Contractual Services	17.0	16.6	22.6	6.0	36.1
Other	430.9	414.7	378.7	-36.0	-8.7
Other Financing Uses	937.0	1,800.0	1,500.0	-300.0	-16.7
TOTAL USES	4,944.0	6,014.3	6,081.7	67.4	1.1
FTE					
Permanent	45.00	46.00	46.00	0.00	0.0
Term	3.00	3.00	3.00	0.00	0.0
TOTAL FTE POSITIONS	48.00	49.00	49.00	0.00	0.0

Performance Measures

		FY07 Target	FY07 Result	FY08 Target	FY09 Recomm
Renewable Energy and Energy Efficiency					
The purpose of the Renewable Energy and Energy Efficiency Program is to develop and implement clean energy programs in order to decrease per capita energy consumption, utilize New Mexico's substantial renewable energy resources, minimize local, regional and global air emissions, lessen dependence on foreign oil and reduce in-state water demands associated with fossil-fueled electrical generation.					
Explanatory	Annual utility costs for state-owned buildings in dollars	13,023,000	13,150,000	13,023,000	
Outcome	Percent reduction in energy use in public facilities receiving energy efficiency retrofit projects through the Energy Efficiency and Renewable Energy Bonding Act, the Public Facilities Energy Efficiency Act, the Water Conservation Act or the Clean Energy projects program	10%	10%	10%	15%
Outcome	Energy savings, percent of total building energy consumption, in percent of British thermal units per square foot in public facilities receiving state-funded efficiency retrofit projects		n/a		
Outcome	Percent decrease in gasoline consumption by state and local government fleets through the application of alternative transportation fuel technologies	15%	15%	15%	
Output	Number of new state facilities, including public schools and institutions of higher education, certified to the U.S. green building council's leadership in energy and environmental design standards		n/a		
Output	Number of inventoried clean energy projects evaluated annually				50
Outcome	Percent of total transportation fuels used by state agencies that are produced from renewable sources				10%
Outcome	Percent of retail electricity sales from investor-owned utilities in New Mexico from renewable energy sources				10%
Outcome	Percent of inventoried alternative energy projects evaluated annually			30%	
Healthy Forests					
The purpose of the Healthy Forests Program is to promote the health of New Mexico's forest lands by managing wildfires, mitigating urban-interface fire threats and providing stewardship of private and state forest lands and associated watersheds.					
Output	Number of nonfederal wild land firefighters provided professional and technical Incident Command System training	500	1,201	500	
Outcome	Percent of at-risk communities participating in collaborative wildfire protection planning	25%	23.5%	25%	25%
Output	Number of agreements established, workshops and training conducted and plans developed to support and maintain small diameter and woody biomass industries	15	0	15	
Output	Number of acres restored in New Mexico's forests and watersheds				8,000

		<u>FY07 Target</u>	<u>FY07 Result</u>	<u>FY08 Target</u>	<u>FY09 Recomm</u>
State Parks					
To create the best recreational opportunities possible in state parks by preserving cultural and natural resources, continuously improving facilities, and providing quality, fun activities and to do it all efficiently.					
Output	Number of acres added to state parks				40
Explanatory	Number of visitors to state parks	4,000,000	4,031,352	4,000,000	4,000,500
Explanatory	Self-generated revenue per visitor, in dollars	\$0.83	\$0.935	\$0.83	\$0.87
Output	Number of interpretive programs available to park visitors	2,500	2,415	2,500	2,600
Outcome	Percent of visitors satisfied with state parks				80%
Output	Miles added to State Parks trails and the Rio Grande Trail				20
Output	Number of persons that complete a certified New Mexico boating safety education course				800
Outcome	Percent completion of new parks and park expansion projects receiving appropriations	45%	45%	45%	
Mine Reclamation					
The purpose of this program is to implement the state laws that regulate the operation and reclamation of hard rock and coal mining facilities and to reclaim abandoned mine sites.					
Output	Number of abandoned mine reclamation projects completed, as specified in the abandoned mine land federal grant				
Outcome	Percent of permitted mines with approved reclamation plans and adequate financial assurance posted to cover the cost of reclamation	96%	97.5%	100%	100%
Outcome	Percent of required inspections conducted per year to ensure mining is being conducted in compliance with approved permits and regulations	100%	100%	100%	100%
Output	Percent of abandoned uranium mines with current site assessments				96%
Oil and Gas Conservation					
To assure the conservation and responsible development of oil and gas resources through professional, dynamic regulation.					
Output	Number of orphan wells plugged	n/a	n/a		
Outcome	Percent of inventoried orphaned wells plugged annually	25%	22%	25%	
Output	Number of inspections of oil and gas wells and associated facilities	21,750	24,400	21,750	24,000
Efficiency	Percent of remediation plans for major releases approved within sixty days after notification				
Outcome	Percent reduction in number of spills caused by infrastructure failures	n/a	n/a		
Efficiency	Percent of applications for administrative orders reviewed within thirty days	80%	80%		
Output	Number of formal notices of violation issued	n/a	n/a		
Outcome	Percentage of violations resolved in ninety days	n/a	n/a		
Explanatory	Number of inventoried orphaned wells statewide	90	120	90	
Explanatory	Number of complaints received from landowners or lessees regarding split-estate or producer impact activities	12	n/a	12	
Output	Number of inactive wells				120
Outcome	Percent increase in the amount of water diverted from disposal for other uses				10%
Leadership and Support Program					
This program includes the Administrative Services Division and the Office of the Secretary. It sets policy for the Department and provides support for every division in achieving goals.					
Outcome	Percent of prior-year financial audit findings resolved	100%	n/a	100%	100%
Output	Number of waste isolation pilot plant related emergency responder and shipment inspection trainings and practice exercises conducted	40	38	40	40
Outcome	Percent of time local area computer network is available	95%	95%	95%	95%
Outcome	Percent of all hire packets reviewed for compliance within five working days of receipt	90%	n/a		

Executive Summary

The Youth Conservation Corps promotes the education, success and well-being of the youth of New Mexico through conservation efforts that provide lasting benefits to the State's communities.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	0.0	0.0	***
Total Sources	2,428.7	2,775.4	14.3
Program			
Youth Conservation Corps	2,428.7	2,775.4	14.3
Total Uses	2,428.7	2,775.4	14.3
FTE	2.00	2.00	0.0

- The Executive recommends an increase of \$346.7 for the YCC due to increased revenues expected for FY09.
- Ninety-seven percent of this increase is to provide additional funding for conservation projects that employ youth around the State.

Agency Mission and Program Purpose

The Youth Conservation Corps (YCC) provides employment for young persons in public projects that conserve New Mexico's natural resources and provide community benefits of lasting value. To be eligible to work for the YCC a person must be a New Mexico resident, unemployed and between the ages of 14 and 25. The YCC is administratively attached to the Energy, Minerals and Natural Resources Department (EMNRD).

The YCC is governed by a nine-member YCC Commission composed of five members of the general public and the heads of EMNRD, the Children, Youth and Families Department, the State Land Office and the Public Education Department or their designees. The Commission's main responsibilities include: administering and enforcing the provisions of the New Mexico Youth Conservation Corps Act and the rules and regulations adopted by the Commission; developing and approving YCC work projects, activities and contracts with project sponsors; establishing standards, procedures and policies for selecting, hiring and providing compensation for YCC members and other personnel; and fostering partnerships and cooperation between the YCC and New Mexico's secondary and post-secondary schools to assist YCC members in obtaining education and job training.

Statutory Authority: Sections 9-5B-1 through 9-5B-11 NMSA 1978.

Executive Recommendation

Agency Strategic Directions

The YCC is working towards enhancing its programming and funding through partnerships, ensuring active Commission participation and creating greater public awareness of its programs.

Key Elements of Recommendation

The Executive recommends an increase of \$346.7 for the YCC due to increased revenues expected for FY09. Ninety-seven percent of this increase will be used to offer additional grants to various government agencies, non-profit organizations and Native American tribes to employ youth for participation in conservation projects across New Mexico.

The Executive recommends that the other costs category increase by \$9.5 to cover operational expenses, while the personal services and employee benefits category decrease by \$0.7 to more accurately reflect the costs of the two FTE of the agency.

Performance Report

The agency met three of its four targets in FY08, employing 730 youth over the course of the fiscal year, completing 95% of its projects during the year and awarding 18 cash bonuses and tuition vouchers to youth. The target for the number of youth employed annually has been adjusted upward (to 700) to reflect FY07 actuals and an increase in anticipated revenue for FY09.

The agency did not meet its target of funding 45 projects during the year that improve New Mexico's natural resources and provide lasting community benefits because it funded a smaller number (32) of larger projects. In order to give the agency the flexibility to fund larger projects, the Executive recommends deleting this performance measure for FY09.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY09	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
Other Revenues	2,843.5	2,428.7	2,775.4	346.7	14.3
TOTAL SOURCES	2,843.5	2,428.7	2,775.4	346.7	14.3
USES					
Personal Services and Employee Benefits	141.4	147.0	146.3	-0.7	-0.5
Contractual Services	1,907.7	2,174.5	2,512.4	337.9	15.5
Other	54.9	57.2	66.7	9.5	16.6
Other Financing Uses	50.0	50.0	50.0	0.0	0.0
TOTAL USES	2,154.0	2,428.7	2,775.4	346.7	14.3
FTE					
Permanent	2.00	2.00	2.00	0.00	0.0
TOTAL FTE POSITIONS	2.00	2.00	2.00	0.00	0.0

Performance Measures

		<u>FY07</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>
		<u>Target</u>	<u>Result</u>	<u>Target</u>	<u>Recomm</u>
Youth Conversation Corps					
To provide funding for the employment of New Mexicans between the age of 14 and 25 to work on projects that will improve New Mexico's natural, cultural, historical and agricultural resources.					
Output	Number of projects funded in a year that improve New Mexico's natural resources and provide lasting community benefits	45	32	45	
Outcome	Percent of projects completed during the year	95%	95%	95%	
Output	Number of youth employed annually	625	625	625	700
Outcome	Percent of grant awards used toward wages for corps members			75%	75%
Output	Number of cash bonuses and tuition vouchers awarded	18	18	18	
Outcome	Percent of projects completed within one year				95%

Executive Summary

The Intertribal Ceremonial Office administers and promotes an annual intertribal ceremonial.

	FY08 Operating Budget	FY09 Recommendation	% Change
General Fund	157.9	159.7	1.1
Total Sources	177.9	179.7	1.0
Program			
Intertribal Ceremonial Office	177.9	179.7	1.0
Total Uses	177.9	179.7	1.0
FTE	2.00	2.00	0.0

- The Executive recommendation reflects an overall increase of \$1.8 over FY08 to provide for increases in General Services Department insurance premiums.

Agency Mission and Program Purpose

The Intertribal Ceremonial Office (Office) aids in the planning, coordination and development of an intertribal ceremonial event. The Office is managed by a director, who is appointed by the governor. The governor serves as an ex-officio member of the seven-member Intertribal Ceremonial Board. This board will consist of members appointed by the governor, who will serve five-year terms. Board members must be bona fide residents of the state, and a majority of the members must be Native American.

The Office was created in 2005 and is administratively attached to the Tourism Department and administers the Intertribal Ceremonial Fund.

Statutory Authority: Sections 9-15C-1 to 9-15C-5 NMSA 1978.

Executive Recommendation

Agency Strategic Directions

The Office will continue to work towards realizing the goals in the Executive's performance and accountability policy, *Promoting and Growing New Mexico*, by promoting a yearly intertribal ceremonial event.

Key Elements of Recommendation

The Executive recommendation increases the General Fund budget for the Intertribal Ceremonial Office by \$1.8. The increase will provide adequate funding for increased General Services Department premiums for workers' compensation, liability and property insurance. The Intertribal Ceremonial Office is a non-reverting agency. The Executive recommendation includes \$20.0 in fund balance. The fund balance available at the end of FY07 is \$41.9, according to the Statewide Human

Resources, Accounting, and Management Reporting System, and \$20.0 of that amount is currently budgeted in FY08.

Performance Report

The Intertribal Ceremonial Office met performance targets for the number of sponsorships and the percent of operating revenue sources other than General Fund. The office was unable to meet the target for the dollar value of sponsorships, narrowly missing the \$135.0 target by \$2.2. The office was also unable to meet the target for the number of Intertribal Ceremonial tickets sold, because an executive director was not appointed until February 2007. According to the office, the number of tickets sold is an educated guess as there was no executive director to track ticket sales. Now that an executive director is in place, the office anticipates being able to meet the ticket sales target in FY08 and to track ticket sales more effectively. For FY09, the Executive recommendation reflects an increase in target levels for three of its measures, based on historical performance. The fourth measure is new for FY08, and no historic data is available, so the target is recommended at the FY08 level.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	175.0	157.9	159.7	1.8	1.1
Fund Balance	0.0	20.0	20.0	0.0	0.0
TOTAL SOURCES	175.0	177.9	179.7	1.8	1.0
USES					
Personal Services and Employee Benefits	44.7	104.9	106.1	1.2	1.1
Contractual Services	65.0	63.0	63.0	0.0	0.0
Other	23.4	10.0	10.6	0.6	6.0
TOTAL USES	133.1	177.9	179.7	1.8	1.0
FTE					
Permanent	2.00	2.00	2.00	0.00	0.0
TOTAL FTE POSITIONS	2.00	2.00	2.00	0.00	0.0

Performance Measures

		<u>FY07 Target</u>	<u>FY07 Result</u>	<u>FY08 Target</u>	<u>FY09 Recomm</u>
Intertribal Ceremonial Office					
The Intertribal Ceremonial Office administers and promotes an annual intertribal event, and is administratively attached to the Tourism Department.					
Output	Number intertribal ceremonial tickets sold	18,500	12,966	15,000	16,000
Output	Dollar value of sponsorships	\$135,000	\$132,700	\$125,000	\$150,000
Outcome	Percent of operating revenue sources other than general fund	0%	0%	10%	10%
Output	Number of sponsorships	75	75	80	100

Executive Summary

The Commissioner of Public Lands is entrusted with generating and maximizing revenue from state trust lands in order to support public schools, education and other beneficiary institutions while protecting and preserving the lands for future generations.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	0.0	0.0	***
Total Sources	13,724.8	13,724.8	0.0
Program			
Commissioner of Public Lands	13,724.8	13,724.8	0.0
Total Uses	13,724.8	13,724.8	0.0
FTE	155.00	155.00	0.0

- The Executive recommends a flat budget for the Commissioner of Public Lands.
- Increases for higher General Services Department rates, salaries, associated benefits and information technology costs are offset by decreases in other areas.

Agency Mission and Program Purpose

The Commissioner of Public Lands is charged with generating and maximizing revenue from state trust lands in order to support public education and other beneficiary institutions, while simultaneously striving to protect, conserve and maintain the lands so they may be used by future generations. State trust lands include nine million land surface acres and over 13 million subsurface or mineral acres. The Commissioner of Public Lands is an elected official pursuant to the New Mexico Constitution.

The purpose of the State Land Stewardship Division is to generate the highest possible level of sustainable revenue for the beneficiary institutions. The program consists of the Office of the Commissioner (including the Office of the General Counsel) and three divisions: Surface Resources Management; Oil, Gas and Mineral Resources; and Administrative Services.

The Surface Resources Management Division is responsible for monitoring activities that relate to renewable sources on state trust lands. These activities include the issuance of agricultural leases, easements and rights-of-way. Other activities include mapping, surveying, managing forest and watershed areas and oversight of all commercial development on state trust lands, including business leases and land exchanges.

The Oil, Gas and Mineral Resources Division is responsible for non-renewable mineral resource management. This includes oil and gas lease sales, gas and oil royalty processing, and natural gas, oil, carbon dioxide, potash, minerals, gravel and sand audits. These audit activities help to determine the accuracy of assessments and volume of material extracted.

The Administrative Services Division administers and manages performance reviews, planning, budget, finance and accounting. The division also oversees the print shop, the physical plant, information technology, procurement and human resources.

Statutory Authority: Article V, Section 1 of the New Mexico Constitution; Sections 19-1-1 through 19-1-24 NMSA 1978.

Executive Recommendation

Agency Strategic Directions

The Commissioner of Public Lands through the State Land Office continue to maximize revenues for New Mexico public schools, universities and other beneficiaries, while safeguarding and preserving one of our state's most valuable assets – 13 million acres of state trust lands.

Key Elements of Recommendation

The Executive recommends a flat budget for the Commissioner of Public Lands through a reprioritization of funds to cover increased General Service Department rates (\$61.8 over FY08) and other increased costs. Increases are recommended for salaries and associated benefits (\$47.8), the replacement of information technology equipment for its highest users (\$82.5) and the contracts needed to service the new equipment (\$75.8).

Decreases are recommended for contracts for remediation projects, royalty litigation and the preservation of water assets (\$75.8); utilities to reflect FY07 actuals (\$64.0); office and field supplies (\$25.0); furniture and fixtures (\$13.6); and other operational costs such as travel, postage, employee training and advertising (\$89.5).

The agency plans to continue to dedicate over 97% of total trust revenue generated to its beneficiaries, operating on less than three percent of the revenue it collects.

Performance Report

The State Land Office exceeded six of its eight targets in FY07. The agency broke a record in FY07 for the most total trust revenue generated (\$475.8 million) due to high oil and gas prices and production. It also collected significant bonus income per leased acre from oil and gas activities (\$256.84) and income per acre from oil, natural gas and mineral activities (\$146.23).

The State Land Office greatly exceeded its target for generating money through oil, natural gas and mineral audit activities (\$15.4 million) because of a settlement with a major oil and gas company. Since this was an unusual event, the target for FY09 is recommended at FY08 operating levels (\$4.0 million).

Other targets concerning revenue and income estimates are recommended for FY09 based on five year rolling averages. The recommended target for the number of lease and attachment documents imaged is 500,000, despite FY07 actuals of 546,000, because of a historic average of 165,400 before FY07.

The percent of total trust revenue generated that is allocated to beneficiaries is recommended to be raised from 84% to 97% to reflect FY07 actuals and the mission of the State Land Office.

Recommended Language for the General Appropriation Act

The commissioner of public lands is authorized to hold in suspense amounts received pursuant to agreements entered into for the sale of state royalty interests that, as a result of the sale, became eligible for tax credits under Section 29 of the Internal Revenue Code, above those amounts required by law to be transferred to the land grant permanent fund. The commissioner may expend as much of the money so held in suspense, as well as additional money held in escrow accounts resulting from the sales and money held in fund balance, as is necessary to re-purchase the royalty interests pursuant to the agreements.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY09	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
Other Revenues	12,331.1	13,724.8	13,724.8	0.0	0.0
TOTAL SOURCES	12,331.1	13,724.8	13,724.8	0.0	0.0
USES					
Personal Services and Employee Benefits	9,289.4	10,193.7	10,259.5	65.8	0.6
Contractual Services	827.6	858.2	858.2	0.0	0.0
Other	1,697.0	2,155.8	2,104.4	-51.4	-2.4
Other Financing Uses	517.1	517.1	502.7	-14.4	-2.8
TOTAL USES	12,331.1	13,724.8	13,724.8	0.0	0.0
FTE					
Permanent	155.00	155.00	155.00	0.00	0.0
TOTAL FTE POSITIONS	155.00	155.00	155.00	0.00	0.0

Performance Measures

		<u>FY07 Target</u>	<u>FY07 Result</u>	<u>FY08 Target</u>	<u>FY09 Recomm</u>
Commissioner of Public Lands					
To generate sustainable revenue from state trust lands to support public education and other beneficiary institutions and to build partnerships with all New Mexicans to conserve, protect and maintain the highest level of stewardship for these lands so that they may be a significant legacy for generations to come.					
Output	Total trust revenue generated, in millions	\$300.9	\$475.8	\$382.4	\$433.8
Outcome	Bonus income per leased acre from oil and gas activities	\$160.66	256.84	\$212.15	\$297.43
Outcome	Dollars generated through oil, natural gas and mineral audit activities, in millions	\$4.0	15.4	\$4.0	\$4.0
Output	Average income per acre from oil, natural gas and mineral activities	\$95.04	\$146.23	\$136.88	\$141.29
Output	Average income per acre from agriculture leasing activities	\$.92	\$.88	\$0.82	\$0.82
Output	Average income per acre from commercial leasing activities	\$19.32	\$16.25	\$14.67	\$12.50
Output	Number of lease and attachment documents imaged	500,000	546,000	500,000	500,000
Output	Percent of total trust revenue generated allocated to beneficiaries	96%	97%	84%	97%

Executive Summary

The Office of the State Engineer and Interstate Stream Commission are the stewards and administrators of New Mexico's water resources on behalf of the public.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	25,387.5	25,417.6	0.1
Total Sources	53,735.4	47,118.6	-12.3
Program			
Irrigation Works Construction Fund	7,670.4	8,087.4	5.4
Debt Service Fund	270.0	0.0	-100.0
Hydrographic Income Fund	7,050.0	0.0	-100.0
Improvement to the Rio Grande Income Fund	935.0	930.2	-0.5
Water Resource Allocation Program	13,892.4	13,892.4	0.0
Interstate Stream Compact Compliance	12,748.8	13,009.7	2.0
Litigation and Adjudication	6,971.2	7,001.3	0.4
Program Support	4,197.6	4,197.6	0.0
Total Uses	53,735.4	47,118.6	-12.3
FTE	354.50	354.50	0.0

- The recommendation supports a \$30.1 increase in General Fund for General Services Division rates.

Agency Mission and Program Purpose

The State Engineer is charged with administering the state's water resources and actively protecting and managing the beneficial use of water by its citizens in accordance with law. The state engineer has authority over the supervision, measurement, appropriation, and distribution of all surface and ground water in New Mexico, including streams that cross state boundaries. The state engineer also serves as the secretary to the Interstate Stream Commission (ISC). The ISC is charged by statute to protect, conserve, and develop the waters and stream systems of the state. The ISC's staff and budget are functionally aligned under the State Engineer as the Interstate Compact Compliance and Water Development Program, which is described below.

The Ferguson Act of 1898 designated about one-ninth of all land in the state as trust land to benefit certain public institutions. The Act designated 500,000 trust land acres to benefit reservoirs and other irrigation works and 100,000 acres to fund improvements to the Rio Grande. The legislature created two corresponding funds to receive revenues earned from those lands.

Statutory Authority: Sections 72-2-1 through 72-2-18 and 72-14-1 through 72-14-23 NMSA 1978.

Irrigation Works Construction Fund

The Irrigation Works Construction Fund (IWCF) supports the design and improvement of acequias, construction and rehabilitation of on-farm irrigation works, dam rehabilitation, and legal

proceedings and projects that improve the efficient use, management and availability of the state's water.

Debt Service Fund

The Debt Service Fund is established for the reduction of the revenue bond issued in 1998 for the Interstate Stream Commission. The final payment on the bond issuance will be made in FY08. Thereafter, revenues that had been deposited in the Hydrographic Bond Income Fund will be credited directly to the appropriate trust fund – the Irrigation Works Construction Fund or the Improvement of the Rio Grande Income Fund.

Hydrographic Income Fund

In 1998, the Interstate Stream Commission issued revenue bonds in the amount of \$2,000,000. Under the authorizing resolution of the bond issue, the agency is required to pledge each year's income properly creditable to the Irrigation Works Construction Fund and the Improvement of the Rio Grande Income Fund to pay the debt service associated with the bond issue. The authorizing resolution requires that an income fund be established into which such pledged revenues will be deposited. The Hydrographic Bond Income Fund is the fund established to receive these pledged revenues. Sufficient transfers are then made from the Hydrographic Bond Income Fund to a separate fund established from which debt service payments are made.

Improvement of the Rio Grande Income Fund

The Improvement of the Rio Grande Income Fund (IRGIF) supports projects that improve understanding, efficient use, management, and availability of water in the Rio Grande including but not limited to: vegetation management in Elephant Butte and Caballo reservoirs; water salvage projects in the Middle Rio Grande, such as the Elephant Butte pilot channel project; channel maintenance along the Rio Chama below Abiquiu Dam; levee and flood control projects; and data collection to evaluate reclamation programs.

Water Resource Allocation

This program administers the state's surface and groundwater resources through active water resource management (AWRM). AWRM is accomplished via the distribution, measurement, protection, conservation and development of the water resources of the state. The program is responsible for the continued development and population of the Water Administration Technical Engineering and Resource System (WATERS) database. The program develops hydrologic models that are used in the evaluation of water right applications, adjudications and in the water right hearing process. The program also inspects all nonfederal dams within the state to ensure safe operations. The program is organized into the Water Rights Division, including WATERS, the Water Use and Conservation Bureau, the Dam Safety Bureau and the Hydrology Bureau.

Interstate Stream Compact Compliance and Water Development

This program investigates, protects, conserves, develops and plans for the use of the waters of the state. The ISC's primary goals are to ensure New Mexico complies with and obtains its full share of water under interstate compacts that determine entitlements to water flowing through or from a given river basin. New Mexico is a party to eight interstate river compacts: the Colorado River Compact; the Upper Colorado River Basin Compact; the La Plata River Compact; the Animas-La Plata Project Compact; the Rio Grande Compact; the Costilla Creek Compact; the Pecos River Compact; and the Canadian River Compact.

The purpose of each compact is to govern the sharing of the waters of rivers that flow through the compacting states. Each compact state is responsible for complying with the terms of the compact. Doing so requires accounting for stream depletions and deliveries to downstream states. The ISC is organized into the following bureaus: Pecos; Colorado and Rio Grande; Other Basins; Legal and Planning; and Communications.

Litigation and Adjudication

This Litigation and Adjudication (LAP) program obtains judicial determinations and definitions of water rights within each stream system and underground water basin and supports the state's legal efforts to administer water rights and meet interstate stream obligations. The Litigation and Adjudication Program (LAP) is comprised of: the Pecos, Lower Rio Grande and Northern New Mexico Adjudication Bureaus; the Administrative Litigation Unit; Litigation Support; and the Hydrographic Survey Bureau.

Program Support

Program Support provides and coordinates administrative and management support services to the Office of the State Engineer (OSE) and ISC to allow for the smooth functioning of all other programs. The program has four bureaus: Finance, Budget Services, Human Resources and Information Technology Systems.

Executive Recommendation

Agency Strategic Directions

There are a number of ways in which OSE and ISC are working to achieve the governor's performance and accountability policy, *Protecting and Promoting New Mexico's Environment*, including: implementation of the State Water Plan; Active Water Resource Management; management of drought-induced problems through the Drought Management Task Force; prioritization of water system projects through the Water Infrastructure Investment Team; water rights adjudication; establishment of water courts; settlement of Indian water rights; and border water cooperation.

State Water Plan. In December 2003, ISC and OSE completed New Mexico's first State Water Plan as mandated by the State Water Plan Act. This plan represents the first comprehensive water management plan in New Mexico's history. The plan identifies 98 implementation strategies and policies that address the requirements in Section 72-14-3.1 NMSA 1978. The State Water Plan serves as the basis for OSE/ISC strategic planning. A progress report on the New Mexico State Water Plan was published in 2006. It outlined progress made on all 98 implementation strategies since 2003. The agency is mandated to review the plan every five years and update it as necessary in response to changing conditions. In addition, OSE's Water Use and Conservation/Subdivision Bureau is continuing to work on a regional collaboration water planning template that will be used by regional water planning communities to address conservation, funding and combining of resources with the possibility of combining systems when appropriate. To assist municipalities, a 40-year water plan template is being developed to standardize the requirements under Section 72-1-9 NMSA 1978, which protect municipal water rights and those of other identified entities from forfeiture for non-use by demonstrating a need for the acquired water rights to meet demand within the next 40 years. The OSE has promulgated new domestic well rules and regulations to better manage ground water use.

The agency also is reviewing the groundwater rules and regulations, which have not been updated in over ten years.

Active Water Resource Management. OSE/ISC have initiated Active Water Resource Management (AWRM) in seven priority basins statewide and plan to expand these efforts to other priority basins when necessary. AWRM refers to a broad range of activities which emphasize permitting transfers of water, monitoring and metering of diversions of water, and administering diversions of water by the amount authorized by existing permits, decrees or partial final decrees under the prior water appropriation doctrine set forth in Article XVI, Section 2 of the New Mexico Constitution. AWRM regulations provide the framework for water rights administration under that doctrine. AWRM has four main components.

The first is to create water master districts and appoint water masters. As provided by the New Mexico Water Code, the State Engineer will create water master districts, appoint water masters to apportion and regulate the waters, designate basin project teams, create and implement public communication plans and coordinate funding considerations with each of the counties within each district. To date, initial water master staff has been hired for all seven priority basin areas.

The second is to perform water rights abstracting of the paper files and populate the WATERS database. A critical component of AWRM is to have an accurate accounting of the elements that describe a water right, along with other relevant information such as any restrictive conditions required by an OSE permit, for each water right in an affected basin. The WATERS database is a geographic information system database created for this purpose that will not only improve record keeping and ease of retrieval but will also allow the agency to quickly produce water rights transaction analyses and water supply availability projections that are more complex and accurate than currently possible. To date, the files of 16 major river basins have been abstracted into the database including six of the seven critical AWRM basins; 52% of all currently known water rights files are abstracted.

The third component of AWRM is to develop a plan for the measurement and metering of the diversion of water. In order to administer the amount of use, water must be measured when it is diverted from its source and devices must be installed and maintained so that water use data at a given diversion point can be measured, recorded, compiled and evaluated. It is essential for the State Engineer to be able to monitor and control diversions, especially during times of shortage, because surface water is fully appropriated and groundwater aquifers are being mined.

The fourth and final component is the technical and legal preparation. This includes the promulgation and adoption of rules. General framework and water master district-specific rules are being promulgated for adoption along with hydrological models and water master manuals for the administration of water in each district.

Drought Task Force. Executive Order 2003-019 established a Drought Task Force (DTF) with a strike team and six work groups to assist with planning to manage drought-induced problems. The State Engineer chairs the task force and has held annual Drought Summits since 2003 to discuss ways to mitigate drought impacts on agriculture, wildlife, fire risk, drinking water systems, recreation and tourism.

Water Infrastructure Investment Team. In addition to the DTF, the State Engineer also chairs a multi-agency Water Infrastructure Investment Team (WIIT) established by Executive Order 2005-024. The purpose of the team is to evaluate, improve and prioritize water system projects and funding to provide quality infrastructure designed to support long-term growth in New Mexico by strategically allocating available resources.

Water Rights Adjudications. The New Mexico State Water Plan, completed in December 2003, identifies the completion of water rights adjudications as one of 11 fundamental statewide common priorities related to water. Currently, 12 active water rights adjudication lawsuits are pending in state and federal courts in New Mexico that involve approximately 45% of the state. The State Water Plan calls for accelerating the adjudication of water rights and pursuing adjudication process improvements. OSE has undertaken several initiatives to implement these policies. One initiative is the development and implementation of adjudication plans. The 2003 State Water Plan included a project timeline setting out details of the prioritization and scheduling for the phases of all twelve pending water rights adjudications that do not involve Indian tribes. Estimated completion dates are based upon existing resources. A second initiative is resource prioritization. OSE attorneys and hydrographic survey staff have worked with New Mexico staff of the United States District Court to prioritize allocation of available resources in order to facilitate completion of the adjudication of water rights in the Rio Pueblo de Taos/Rio Hondo, Rio Chama, Rio Santa Cruz/Rio Truchas, and Zuni River suits. A third initiative is adjudication procedures reform. OSE attorneys are working with the Administrative Office of the Courts to develop proposed procedural reforms that would both facilitate the participation of water right claimants in the adjudication process and expedite the prosecution of water rights adjudications.

Water Courts. The Executive's platform to establish water courts in New Mexico became a reality on January 29, 2004, when the New Mexico Supreme Court established a Water Court Division within each judicial district in the state. The Supreme Court has since designated a judge in each district to serve as a water judge to hear water rights and adjudication matters.

Indian Water Rights Settlements. In recent years, OSE/ISC legal and technical staff have represented the state in intensive negotiations of the Indian water rights claims in three separate adjudications: the Navajo Nation Settlement in the San Juan River adjudication; the Settlement Agreement with the Pueblos of Nambé, Pojoaque, Tesuque, and San Ildefonso in the Aamodt adjudication; and the Taos Pueblo Settlement in the Rio Pueblo de Taos/Rio Hondo adjudication. The Mescalero Apache, with a minor exception, and the Jicarilla Apache previously have had their claims adjudicated.

For each of the three currently pending settlements, a local settlement agreement has been executed within the last few years by the affected tribe or Pueblo, the State of New Mexico, and in some cases other local water right owning parties. With regard to the Aamodt Settlement, on May 3, 2006, the State of New Mexico, the Pueblos of Nambé, Tesuque, Pojoaque, and San Ildefonso, the County of Santa Fe and the City of Santa Fe executed a settlement agreement designed to resolve the claims of the four Pueblos to the use of waters in the Nambé-Pojoaque-Tesuque stream system in north central New Mexico.

With regard to the Navajo Nation Settlement, the State of New Mexico and the Navajo Nation signed a water rights settlement on April 19, 2005 that would resolve the claims of the Navajo Nation for the use of waters of the San Juan River Basin in northwestern New Mexico. With regard

to the Taos Pueblo settlement, on May 30, 2006, the Pueblo, the State of New Mexico, and several Taos-area water right owning parties executed a settlement agreement designed to resolve the claims of Taos Pueblo to the use of waters in the Rio Pueblo de Taos and Rio Hondo stream systems in north central New Mexico.

Each of these settlement agreements must be approved by Congress and executed by the United States Government acting through the Secretary of the Interior. The State of New Mexico continues to work with Department of the Interior Department of Justice officials and the New Mexico congressional delegation to refine the federal legislation that will be needed to approve each settlement agreement and authorize necessary federal appropriations.

Border Water Cooperation. The agency has an ongoing dialogue with Texas and Mexico regarding Rio Grande and shared aquifer water quality, water quantity and environmental issues. The agency participates in water work groups for the Ten Border Governors' Conference and the New Mexico/Chihuahua Border Commission. In addition, the ISC routinely confers with the International Boundary and Water Commission to work with Mexico on water-related issues as required by treaty.

The Interstate Stream Commission participates in the water work groups for both the New Mexico/Chihuahua Border Commission and the Ten Border Governors Conference. These efforts are intended to increase our knowledge of shared water resources with our Mexican neighbors, as well as to provide an opportunity for diplomatic links to resolve water resource issues of mutual concern. To date, New Mexico's relationship with the state of Chihuahua, Mexico over water issues has been collegial and there are no pending disputes. The Interstate Stream Commission also routinely confers with the International Boundaries and Water Commission regarding Mexican treaty issues related to the sharing of surface water on the Rio Grande and the Colorado River.

New Mexico is a member of eight different interstate stream compacts with neighboring U.S. states that govern the sharing of surface waters on streams that cross our borders. In the past, Texas has sued New Mexico with regard to our compliance with interstate stream compacts on the Pecos and Canadian Rivers. In both instances, the United States Supreme Court decided the cases in Texas' favor. New Mexico is currently implementing a Pecos River Settlement that will ensure compliance with the Supreme Court decree.

In recent years, Texas has threatened litigation with respect to New Mexico's compliance with the Rio Grande Compact. New Mexico has been able to keep Texas at bay with an intensive technical study campaign, beginning to implement active water resource management, proactively addressing water quality concerns, and development of a comprehensive legal strategy. Also, Nevada and Arizona have also threatened legal action to resolve differences of interpretation regarding the Colorado River Compact. All seven Colorado River Basin states (NM, AZ, CA, CO, NV, UT, and WY) have been in intense and protracted negotiations regarding the development of shortage sharing criteria to forestall any litigation. To date, this effort has been successful but the situation remains tenuous.

Key Elements of Recommendation

The Executive recommendation supports an increase of \$30.1 to the General Fund base for the Litigation and Adjudication Program to support the increase in General Services Department rates.

The Executive recommends the elimination of the Office of the State Engineer Debt Service Fund and the Hydrographic Income Fund. The Debt Service Fund was established for the reduction of revenue bonds issued in 1998 for the Interstate Stream Commission. The final payment on the bond issuance will be made in FY08. Thereafter, revenues that had been deposited in the Hydrographic Bond Income Fund will be credited directly to the Irrigation Works Construction Fund or the Improvement of the Rio Grande Income Fund.

Performance Report

The Executive recommends retaining the majority of the performance targets for the Water Resource Allocation Program based on FY07 actuals. The target for the measures having to do with the backlog of unprotested and unaggrieved water rights applications is decreased because even though the agency has shown steady improvement in processing rates, the rate of new applications has outpaced these improvements as the result of new well regulations and heightened awareness of the potential for drought. The target for the percent readiness to perform AWRM in the lower San Juan river basin, lower Pecos river basin and lower Rio Grande river basin have been raised to 95%, 70% and 65%, respectively, as the agency continues to make solid progress toward AWRM in these key river basins.

In the Interstate Stream Compact Compliance and Water Development Program, the Pecos River Compact and Rio Grande River Compact accumulated delivery credit or deficit have to do with compliance with interstate river compacts. In both cases, New Mexico can accumulate water delivery credits by over-delivery of water, but may not go into a deficit relative to these water delivery requirements. Because either deficit or excessive surplus would both be undesirable, the targets for both measures are set at zero, regardless of previous performance. As shown by the FY06 and FY07 results for both measures, the state has been able to slowly build up delivery credits on both rivers. These surpluses demonstrate OSE/ISC's effectiveness at developing water management systems and practices that ensure compliance with interstate compact delivery requirements. New in FY08 are two measures relating to the implementation phase of the Pecos Settlement. The Executive recommends retaining the 12,000 and 15,750 targets for acres purchased and acre-foot capacity for the augmentation well fields.

In the Litigation and Adjudication Program, the Executive recommends retaining the target of 1,000 for the number of offers to defendants in adjudications. The agency is increasingly pursuing group settlements, which count as one offer but can encompass hundreds or thousands of defendants. The target for percent of all water rights with judicial determinations is retained at 45%.

Recommended Language for the General Appropriation Act

For the Interstate Stream Compact Compliance and Water Development Program:

Emergency Drought Water agreement revenue:

Revenue from the sale of water to United States government agencies by New Mexico for the emergency drought water agreement dated April 2003, which expires February 28, 2013 and from contractual reimbursements associated with state engineer use of the revenue is appropriated to the state engineer for the conservation and recovery of the listed species in the middle Rio Grande basin, including the optimizing of middle Rio Grande conservancy district operations.

Conservation water agreement revenue:

Revenue from the sale of water to United States government agencies by New Mexico resulting from litigation settlement between New Mexico and the United States implemented by the conservation water agreement dated June 29, 2001, and from contractual reimbursements associated with state engineer use of the revenue is appropriated to the state engineer for use as required by the conservation water agreement.

Game Protection Language for Ute dam FTE:

The internal services funds/interagency transfers appropriation to the interstate stream compact compliance and water development program of the state engineer includes one hundred thousand dollars (\$100,000) from the game protection fund for Ute dam operation. Any unexpended or unencumbered balance remaining at the end of fiscal year 2009 from this appropriation shall revert to the game protection fund.

Acequia Program Language:

The appropriations to the interstate stream compact compliance and water development program of the state engineer include (1) one million nine hundred thousand dollars (\$1,900,000) to (a) match seventeen and one-half percent of the cost of work undertaken by the United States army corps of engineers pursuant to the Federal Water Resources Development Act of 1986 provided that no amount of this appropriation shall be expended for any project unless the appropriate acequia system or community ditch has agreed to provide seven and one-half percent of the cost from any source other than the irrigation works construction fund or improvement of the Rio Grande fund and provided that no more than two hundred fifty thousand dollars (\$250,000) shall be allocated to one acequia per fiscal year; b) for the construction, improvement, repair and protection from floods of dams, reservoirs, ditches, flumes and appurtenances of community ditches in the state through the interstate stream commission 80/20 program, provided that not more than one hundred twenty thousand dollars (\$120,000) of this appropriation shall be used for any one community ditch and that state funds two hundred thousand dollars (\$200,000) for engineering services for approved acequia projects.

The interstate stream commission's authority to make loans for irrigation improvements includes five hundred thousand dollars (\$500,000) for loans to acequia, irrigation and conservancy districts.

The interstate stream commission's authority also includes five hundred thousand dollars (\$500,000) for loans to irrigation districts, conservancy districts and soil and water conservation districts for re-loan to farmers for implementation of water conservation improvements.

Irrigation Works Construction Fund loan language:

The interstate stream commission's authority to make loans from the irrigation works construction fund includes two million dollars (\$2,000,000) to irrigation districts, acequias, conservancy districts and soil and water conservation districts for purchase and installation of meters and measuring equipment. The maximum loan term is five years.

Game Protection Language for Eagle Nest FTE:

The internal services funds/interagency transfer's appropriations to the interstate stream compact compliance and water development program of the state engineer in the other category include eighty-two thousand three hundred dollars (\$82,300) from the game protection fund for Eagle Nest dam operation.

The appropriation to the litigation and adjudication program of the state engineer include two million nine hundred eighty-one thousand two hundred dollars (\$2,981,200) from the water trust fund.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY09	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	22,000.7	25,387.5	25,417.6	30.1	0.1
Other Transfers	16,933.3	13,648.1	11,842.7	-1,805.4	-13.2
Federal Revenues	54.9	0.0	0.0	0.0	***
Other Revenues	9,143.3	7,890.7	8,779.9	889.2	11.3
Fund Balance	12,320.9	6,809.1	1,078.4	-5,730.7	-84.2
TOTAL SOURCES	60,453.1	53,735.4	47,118.6	-6,616.8	-12.3
USES					
Personal Services and Employee Benefits	22,567.6	24,014.2	23,951.7	-62.5	-0.3
Contractual Services	10,082.4	8,897.1	8,825.1	-72.0	-0.8
Other	5,779.0	5,168.7	5,324.2	155.5	3.0
Other Financing Uses	16,635.3	15,655.4	9,017.6	-6,637.8	-42.4
TOTAL USES	55,064.3	53,735.4	47,118.6	-6,616.8	-12.3
FTE					
Permanent	331.00	354.50	354.50	0.00	0.0
TOTAL FTE POSITIONS	331.00	354.50	354.50	0.00	0.0

IWCF (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY09	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
Other Transfers	6,468.3	1,796.3	0.0	-1,796.3	-100.0
Other Revenues	224.0	0.0	7,009.0	7,009.0	***
Fund Balance	708.0	5,874.1	1,078.4	-4,795.7	-81.6
TOTAL SOURCES	7,400.3	7,670.4	8,087.4	417.0	5.4

IWCF
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 Operating <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent</u> <u>Change</u>
USES					
Other Financing Uses	7,400.3	7,670.4	8,087.4	417.0	5.4
TOTAL USES	7,400.3	7,670.4	8,087.4	417.0	5.4
FTE					
TOTAL FTE POSITIONS	0.00	0.00	0.00	0.00	***

Debt Service Fund
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
Other Transfers	270.0	270.0	0.0	-270.0	-100.0
TOTAL SOURCES	270.0	270.0	0.0	-270.0	-100.0
USES					
Other	270.0	270.0	0.0	-270.0	-100.0
TOTAL USES	270.0	270.0	0.0	-270.0	-100.0
FTE					
TOTAL FTE POSITIONS	0.00	0.00	0.00	0.00	***

Hydrographic Income Fund
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
Other Revenues	7,541.5	7,050.0	0.0	-7,050.0	-100.0
Fund Balance	758.5	0.0	0.0	0.0	***
TOTAL SOURCES	8,300.0	7,050.0	0.0	-7,050.0	-100.0
USES					
Other Financing Uses	8,300.0	7,050.0	0.0	-7,050.0	-100.0
TOTAL USES	8,300.0	7,050.0	0.0	-7,050.0	-100.0
FTE					
TOTAL FTE POSITIONS	0.00	0.00	0.00	0.00	***

IRGIF
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
Other Transfers	1,561.8	0.0	0.0	0.0	***
Other Revenues	14.1	0.0	930.2	930.2	***
Fund Balance	0.0	935.0	0.0	-935.0	-100.0
TOTAL SOURCES	1,575.9	935.0	930.2	-4.8	-0.5

		IRGIF (Dollars in Thousands)			FY09	
		FY07	FY08	Recom-	<u>Budget to Recommendation</u>	
		<u>Actuals</u>	<u>Budget</u>	<u>mendation</u>	<u>Dollar</u>	<u>Percent</u>
					<u>Change</u>	<u>Change</u>
USES						
	Other Financing Uses	935.0	935.0	930.2	-4.8	-0.5
	TOTAL USES	935.0	935.0	930.2	-4.8	-0.5
FTE						
	TOTAL FTE POSITIONS	0.00	0.00	0.00	0.00	***

		Water Resource Allocation (Dollars in Thousands)			FY09	
		FY07	FY08	Recom-	<u>Budget to Recommendation</u>	
		<u>Actuals</u>	<u>Budget</u>	<u>mendation</u>	<u>Dollar</u>	<u>Percent</u>
					<u>Change</u>	<u>Change</u>
SOURCES						
	General Fund Transfers	9,735.2	12,771.5	12,771.5	0.0	0.0
	Other Transfers	509.3	577.4	577.4	0.0	0.0
	Other Revenues	484.5	543.5	543.5	0.0	0.0
	Fund Balance	2,529.2	0.0	0.0	0.0	***
	TOTAL SOURCES	13,258.2	13,892.4	13,892.4	0.0	0.0
USES						
	Personal Services and					
	Employee Benefits	10,256.0	11,470.0	11,331.9	-138.1	-1.2
	Contractual Services	1,295.1	1,042.0	1,042.0	0.0	0.0
	Other	1,650.5	1,380.4	1,518.5	138.1	10.0
	TOTAL USES	13,201.6	13,892.4	13,892.4	0.0	0.0
FTE						
	Permanent	162.00	184.50	184.50	0.00	0.0
	TOTAL FTE POSITIONS	162.00	184.50	184.50	0.00	0.0

		Interstate Stream Compact Compliance and Water Development (Dollars in Thousands)			FY09	
		FY07	FY08	Recom-	<u>Budget to Recommendation</u>	
		<u>Actuals</u>	<u>Budget</u>	<u>mendation</u>	<u>Dollar</u>	<u>Percent</u>
					<u>Change</u>	<u>Change</u>
SOURCES						
	General Fund Transfers	3,773.3	6,805.3	6,805.3	0.0	0.0
	Other Transfers	6,160.8	5,646.3	5,907.2	260.9	4.6
	Federal Revenues	54.9	0.0	0.0	0.0	***
	Other Revenues	879.2	297.2	297.2	0.0	0.0
	Fund Balance	8,305.2	0.0	0.0	0.0	***
	TOTAL SOURCES	19,173.4	12,748.8	13,009.7	260.9	2.0
USES						
	Personal Services and					
	Employee Benefits	4,351.0	4,187.3	4,197.4	10.1	0.2
	Contractual Services	7,252.9	5,894.2	5,894.2	0.0	0.0
	Other	2,992.9	2,667.3	2,918.1	250.8	9.4
	TOTAL USES	14,596.8	12,748.8	13,009.7	260.9	2.0
FTE						
	Permanent	53.00	54.00	54.00	0.00	0.0
	TOTAL FTE POSITIONS	53.00	54.00	54.00	0.00	0.0

Litigation and Adjudication
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar Change	Percent Change
SOURCES					
General Fund Transfers	5,131.6	2,077.0	2,107.1	30.1	1.4
Other Transfers	1,539.5	4,894.2	4,894.2	0.0	0.0
TOTAL SOURCES	6,671.1	6,971.2	7,001.3	30.1	0.4
USES					
Personal Services and Employee Benefits	4,841.4	4,894.7	4,894.7	0.0	0.0
Contractual Services	1,319.6	1,731.0	1,731.0	0.0	0.0
Other	463.1	345.5	375.6	30.1	8.7
TOTAL USES	6,624.1	6,971.2	7,001.3	30.1	0.4
FTE					
Permanent	75.00	72.00	72.00	0.00	0.0
TOTAL FTE POSITIONS	75.00	72.00	72.00	0.00	0.0

Program Support
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar Change	Percent Change
SOURCES					
General Fund Transfers	3,360.6	3,733.7	3,733.7	0.0	0.0
Other Transfers	423.6	463.9	463.9	0.0	0.0
Fund Balance	20.0	0.0	0.0	0.0	***
TOTAL SOURCES	3,804.2	4,197.6	4,197.6	0.0	0.0
USES					
Personal Services and Employee Benefits	3,119.2	3,462.2	3,527.7	65.5	1.9
Contractual Services	214.8	229.9	157.9	-72.0	-31.3
Other	402.5	505.5	512.0	6.5	1.3
TOTAL USES	3,736.5	4,197.6	4,197.6	0.0	0.0
FTE					
Permanent	41.00	44.00	44.00	0.00	0.0
TOTAL FTE POSITIONS	41.00	44.00	44.00	0.00	0.0

Performance Measures

		FY07 Target	FY07 Result	FY08 Target	FY09 Recomm
Water Resource Allocation					
To provide for efficient use of the available surface and underground waters of the state to any person so they can maintain their quality of life. Also, to provide safety inspections of all non-Federal dams within the state, to owners and operators of such dams, so they can operate the dam safely.					
Output	Average number of unprotested new and pending applications processed per month	80	82.3	60	80
Output	Average number of protested and aggrieved applications processed per month	12	9	9	9
Explanatory	Number of unprotested and unaggrieved water right applications backlogged	600	599	850	630
Explanatory	Number of protested and aggrieved water rights backlogged	198	288	250	250
Outcome	Percent of applications abstracted into the water administration technical engineering resource system database	54%	56.6%	58%	58%
Outcome	Percent readiness to perform active water resource management within lower San Juan river basin	65%	91%	93%	95%
Outcome	Percent readiness to perform active water resource management within lower Pecos river basin	60%	57%	65%	70%
Outcome	Number of transactions abstracted annually into the water administration technical engineering resource system database			22,000	22,000
Outcome	Percent readiness to perform active water resource management within lower Rio Grande river basin	55%	60%	60%	65%
Interstate Stream Compact Compliance and Water Development					
To provide resolution of federal and interstate water issues and to develop water resources and stream systems for the people of New Mexico, so they can have maximum sustained beneficial use of available water resources.					
Outcome	Cumulative state line delivery credit per the Pecos river compact and amended decree at end of calendar year to be greater than or equal to zero acre-feet (final accounting will be available at end of fiscal year)	0	67,300	0	0
Outcome	Rio Grande river compact accumulated delivery credit or deficit at end of calendar year to be greater than or equal to zero	0	180,100	0	0
Outcome	Number of acres purchased toward 12,000 minimum requirement to complete implementation phase of Pecos settlement			12,000	12,000
Outcome	Acre-foot capacity of augmentation well fields constructed toward 15,750 minimum requirement to complete implementation phase of Pecos settlement			15,750	15,750
Litigation and Adjudication					
To obtain a judicial determination and definition of water rights within each stream system and underground basin to effectively perform water rights administration and meet interstate stream obligations.					
Outcome	Number of offers to defendants in adjudications	1,800	1,200	1,000	1,000
Outcome	Percent of all water rights that have judicial determinations	40%	42%	42%	42%
Program Support					
To provide necessary administrative support to the agency programs so they may be successful in reaching their goals and objectives.					
Output	Percent of department contracts that include performance measures	100%	100%	100%	100%

Executive Summary

The Organic Commodity Commission certifies organic products and is an advocate for organic food production in New Mexico.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	302.9	302.9	0.0
Total Sources	388.9	391.3	0.6
Program			
Organic Commodity Commission	388.9	391.3	0.6
Total Uses	388.9	391.3	0.6
FTE	4.00	4.00	0.0

- The Executive recommends an increase of \$2.4 for the OCC from other revenues to cover the cost of an accreditation audit.
- The recommendation for General Fund is flat at \$302.9.

Agency Mission and Program Purpose

The Organic Commodity Commission (OCC) is composed of five members appointed by the Governor with the advice and consent of the Senate. The agency provides organic certification to New Mexico businesses, protects consumers in the marketplace and promotes organic agriculture through public education and marketing assistance. The mission of the OCC is to become an effective advocate for organic production in New Mexico, to make the certification process accessible and to rigorously ensure the truthfulness of organic claims with active emphasis on compliance and enforcement through increased targeted and random surveillance, spot-checks and laboratory testing.

The agency’s constituency is not only organic farmers and businesses within the state, but also New Mexico taxpayers who spend millions of dollars on organic products from local, national and international sources. The OCC is charged with ensuring compliance with organic standards on all organic products sold or moved within state borders.

Statutory Authority: Sections 76-22-1 through 76-22-28 NMSA 1978.

Executive Recommendation

Agency Strategic Directions

The OCC supports health and safety through rigorous organic certification and compliance programs, field workshops on marketing and organic inspector training across the State of New Mexico. The OCC also releases an annual publication known as the Organic Marketing Guide to ensure the safety of, and public confidence in, organic commodities purchased by New Mexico’s consumers.

Currently, the agency is focusing on: raising assessment revenues generated by certifications by 10%; continuing a minimum of 20 spot checks annually of organically certified farms; holding informative workshops for organic farmers; continuing organic seed research with New Mexico State University; and processing increasing numbers of requests for assistance.

Key Elements of Recommendation

The Executive recommendation for this agency is to increase the overall budget by \$2.4 or 0.6%. This is a result of a growth in anticipated license and other revenue (\$8.4 over FY08 levels), partially offset by a decrease in anticipated federal revenue (\$6.0). The General Fund recommendation is flat at \$302.9.

The recommendation is to increase the contractual services category by \$9.0 in order to fund an International Organic Accreditation Service audit and a more costly state audit. Funding for lower General Services Department rates and slightly increased general operational costs is also recommended.

Performance Report

The OCC met or exceeded four of five targets in FY07. The Executive recommends increasing targets for FY09 for the number of certified organic businesses, the number of spot-checks performed, the number of attendees at the annual organic farming conference and the number of client requests for assistance to reflect FY07 actuals.

The percent of organic farms that are inspected annually is recommended to remain at 100%. Despite missing its 10% target in FY07, the percent increase in the New Mexico organic market as measured by clients' gross sales of organic products is recommended to remain at 10% because of the natural variability in agricultural production and because the projected national growth average for FY09 is 15%.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY09	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	289.0	302.9	302.9	0.0	0.0
Federal Revenues	0.0	10.0	4.0	-6.0	-60.0
Other Revenues	85.8	76.0	84.4	8.4	11.1
TOTAL SOURCES	374.8	388.9	391.3	2.4	0.6
USES					
Personal Services and Employee Benefits	214.2	225.5	225.5	0.0	0.0
Contractual Services	65.0	79.4	88.4	9.0	11.3
Other	59.0	84.0	77.4	-6.6	-7.9
TOTAL USES	338.2	388.9	391.3	2.4	0.6
FTE					
Permanent	4.00	4.00	4.00	0.00	0.0
TOTAL FTE POSITIONS	4.00	4.00	4.00	0.00	0.0

Performance Measures

		FY07	FY07	FY08	FY09
		<u>Target</u>	<u>Result</u>	<u>Target</u>	<u>Recomm</u>
Organic Commodity Commission					
To provide consumers of organic products in New Mexico with credible assurance about the veracity of organic claims made, and to enhance the development of local economies tied to agriculture, through rigorous regulatory oversight of the organic industry in New Mexico and through ongoing educational and market assistance projects.					
Outcome	Percent increase in New Mexico organic market as measured by clients' gross sales of organic products	10%	3%	10%	10%
Output	Percent of organic farms that are inspected annually	100%	100%	100%	100%
Output	Number of certified organic businesses	120	166	140	180
Output	Number of spot-checks performed	20	20	25	30
Output	Number of attendees at the annual organic farming conference	450	450	500	575
Output	Number of client requests for assistance	400	750	500	800

Executive Summary

The Commission on the Status of Women addresses women's issues and promotes women's self-sufficiency.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	629.8	629.8	0.0
Total Sources	2,173.5	2,129.8	-2.0
Program			
Commission on the Status of Women	2,173.5	2,129.8	-2.0
Total Uses	2,173.5	2,129.8	-2.0
FTE	14.00	15.00	7.1

- The Executive recommendation supports a shift in funding from the contractual services category to the personnel services and employee benefits category to support one term FTE dedicated to the TeamWorks program.
- The Executive supports a flat General Fund recommendation with FY08 operating levels.

Agency Mission and Program Purpose

The Commission on the Status of Women (CSW) increases the awareness of the rights, responsibilities and interests of women and girls in New Mexico through preservation and recognition of women's history and contributions to the state. CSW also administers programs that provide information and career development services to women and girls to increase and improve their employment, economic status and opportunities for self-sufficiency.

The commission has three clearly established activities. The first activity, created in statute, is the Displaced Homemaker Program. This program provides research, planning and direct services for middle-aged homemakers that are displaced due to dissolution of marriage, death of a spouse or loss of family income. These displacements cause many women to suffer various hardships, including: reduced income; high rate of unemployment due to age; lack of work experience; discrimination; and limited or no opportunity to collect assistance payments such as social security, unemployment compensation, Medicaid and other health insurance benefits or pension plans from the spouse.

The second program is a recognition program for women. The commission hosts the Governor's Award Banquet attended by the governor, political officials and citizenry that secures recognition of selected women's accomplishments.

The third program is the TeamWorks Program, a workforce development program for adult women. The program is part of the federal Temporary Assistance for Needy Families (TANF) block grant and improves the employability and long-term social and economic success of trainees as they gain self-sufficiency. Clients in this program participate in a twelve-week training program that provides essential job skills and simultaneously addresses issues that affect a woman's employability. These include, but are not limited to: transportation, child care, domestic violence, substance abuse, low educational achievement, legal problems and proper work clothing.

Statutory Authority: Sections 28-3-1 through 28-3-11 NMSA 1978.

Executive Recommendation

Agency Strategic Directions

FY07 was another successful year at the CSW especially in the area of girls programming. As a follow-up to the 2005 and 2006 Believe in New Mexico Girls conferences and girls documentary, the Commission took on statewide Girls Town Halls/On the Road Project. Town halls were held in Carlsbad, Gallup, Las Vegas, Deming and in Albuquerque, which included charter schools and girls involved with the Children, Youth and Families Department. A Believe in New Mexico Girls On the Road Project final report was published outlining recommendations on issues effecting girls lives.

The Displaced Homemaker Office (DHO) conducted 15 workshops in Albuquerque, Las Cruces, Las Vegas, and Clovis. The Commission received 2,895 calls on the toll free number, of which approximately 70% were handled by the DHO Coordinator, who assists women seeking information and assistance on how to access state services and other services in New Mexico communities. The DHO also provided valuable direct service by offering one-on-one counseling that covered a gamut of issues such as employment counseling, divorce issues, and housing. The counseling is a unique service that is focused on the displaced homemaker and her special circumstances and needs.

The recognition of New Mexico Women had another banner year. The 2007 Governor's Outstanding New Mexico Woman Award event was attended by 650 guests. This award has become the state's most distinguished award that honors women. Women were recognized from Albuquerque, Aztec, Carlsbad, Las Cruces, Farmington, Las Vegas, New Laguna, Roswell, Ruidoso, Ruidoso Downs, Santa Fe and Shiprock.

The commission's TeamWorks Program is a 60-month federally funded program that assists women who are heads of single-parent households and recipients of TANF. In 2007, the program assisted a total of 1,000 women at its Albuquerque and Las Cruces sites. Due to the nature and scope of the TeamWorks program, the CSW established collaborations with 115 agencies/service providers including 453 employers as a way to enhance their services. They also established agreements with the Mid-Region Council of Governments Business and Career Center, UNM and University of Phoenix for on-site Masters level student counselor interns, and Legal FACS for legal and domestic violence advocacy services. Additionally, with Human Services Department, Corrections Department and others in the Criminal Justice system, CSW developed programs that allowed participants to complete applications for services prior to their release from prison and who participated in the Restorative Justice initiative to afford services to women who are released from prison.

Key Elements of Recommendation

The Executive maintains a flat General Fund recommendation with FY08 to support CSW operations including the addition of one term FTE. Funding for the term FTE will be supported by a shift from the contractual services category to personnel services and employee benefits. Overall, funding for CSW operating activities remains flat from FY08 levels.

Performance Report

The CSW achieved its performance target in 13 of 16 performance areas. Two of the three unachieved measures were: percent of TeamWorks participants employed at nine months after initial employment placement and number of completed surveys or questionnaires that were addressed by the Commission. The third performance target, number of TeamWorks 12-week classes conducted, has been revised to seven-week classes as a result of the Deficit Reduction Act.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	574.2	629.8	629.8	0.0	0.0
Other Transfers	1,400.0	1,440.0	1,440.0	0.0	0.0
Other Revenues	42.8	103.7	60.0	-43.7	-42.1
TOTAL SOURCES	2,017.0	2,173.5	2,129.8	-43.7	-2.0
USES					
Personal Services and Employee Benefits	735.3	781.4	840.3	58.9	7.5
Contractual Services	756.8	885.2	799.4	-85.8	-9.7
Other	487.0	506.9	490.1	-16.8	-3.3
TOTAL USES	1,979.1	2,173.5	2,129.8	-43.7	-2.0
FTE					
Permanent	7.00	7.00	7.00	0.00	0.0
Term	7.00	7.00	8.00	1.00	14.3
TOTAL FTE POSITIONS	14.00	14.00	15.00	1.00	7.1

Performance Measures

		<u>FY07</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>
		<u>Target</u>	<u>Result</u>	<u>Target</u>	<u>Recomm</u>
Commission on Status of Women					
To provide information, public events, leadership, support services and career development to individuals, agencies and women's organizations so they can improve the economic, health and social status of women in New Mexico.					
Outcome	Number of paid employment teamworks placements	315	786	300	300
Outcome	Percent of teamworks participants employed at nine months after initial employment placement	70%	68%	70%	70%
Output	Number of temporary assistance for needy families clients served through the teamworks program	1,000	1,035	1,000	1,100
Outcome	Percent of teamworks employment placements at \$7.00 per hour	45%	47%	35%	40%
Output	Number of teamworks 12-week classes conducted	18	8	18	
Outcome	Average hourly rate for teamworks employments in Albuquerque	\$7.50	\$7.69	\$7.50	\$7.50
Outcome	Average hourly rate for teamworks employments in Las Cruces	\$6.50	\$6.73	\$6.50	\$6.50
Output	Number of collaborations and meetings coordinated or conducted with other agencies and organizations	150	200	100	200
Output	Number of major publications distributed annually	1	1	1	1
Output	Number of award programs conducted annually	1	2	1	2
Output	Number of workforce conferences or trainings sponsored	10	10	8	10
Output	Number of informational conferences conducted	2	2	2	2
Outcome	Number of information fairs	2	2	1	1
Outcome	Number of completed surveys or questionnaires	750	467		
Outcome	Number of workshops on women, divorce and finances	12	12	12	12
Outcome	Number of follow-up activities for the year of the New Mexico girl	1	5	1	2
Output	Number of teamworks 7-week classes				20

Executive Summary

The Office of African American Affairs assists in enhancing the quality of life for each generation of African Americans in New Mexico economically, educationally, physically and culturally.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	1,161.7	823.8	-29.1
Total Sources	1,161.7	823.8	-29.1
Program			
Office of African American Affairs	1,161.7	823.8	-29.1
Total Uses	1,161.7	823.8	-29.1
FTE	6.00	6.00	0.0

- The Executive recommends full funding of personnel costs and small increases for operational expenses.
- The Executive recommends transferring \$348.5 in operating costs for the African American Performing Arts Center to EXPO New Mexico.

Agency Mission and Program Purpose

The Office of African American Affairs (OAAA) studies issues important to African Americans, including history and culture; provides education, scholarships and other financial assistance for education and career development; and addresses economic and social problems related to African American citizens of New Mexico. The Office also cooperates with and assists public and private entities dealing with issues important to African Americans and advocates for the African American citizens of New Mexico.

Statutory Authority: Sections 28-21-1 through 28-21-4 NMSA 1978.

Executive Recommendation*Agency Strategic Directions*

The Office of African American Affairs continues its mission of studying, identifying and providing solutions to issues and concerns to African Americans in New Mexico. OAAA is developing programs that will provide job training and skills development opportunities for African Americans in New Mexico. These efforts will be designed to improve workforce diversity and increase the number of African Americans who are employable. The Office will work to ensure that African American veterans and seniors receive proper care and treatment; develop strategies that will increase the number of African Americans who are registered to vote; work to improve access to quality and affordable housing for African Americans; and establish effective partnerships with faith based organizations. OAAA will also study the causes and effects of crime and the incarceration rate of African Americans in the state's juvenile justice system and prisons.

The Office continues to inform the public regarding issues important to African Americans in New Mexico through: newsletters and flyers sent around the state; the website; advertisements in New Mexico publications; a statewide community e-mail network "News You Can Use"; and appearances on various radio shows around the state.

The Office of African American Affairs will no longer be involved with the operations of the African American Performing Arts Center located at EXPO New Mexico.

Key Elements of Recommendation

The Executive recommends a General Fund total for the Office of African American Affairs of \$823.8. This represents a base recommendation of \$1,172.3 and a reduction of \$348.5, which transfers all funding for the African American Performing Arts Center (AAPAC) to EXPO New Mexico.

The base budget recommendation for FY09 of \$823.8, when compared to the FY08 Operating Budget without the AAPAC, is a base increase of \$10.6 or 1.3 percent. This increase will fully fund all five remaining authorized FTE and authorize and fund a temporary position that is currently unauthorized. Reductions were made in transportation pool, education supplies, miscellaneous expenses and library acquisitions in order to fully fund personal and benefits. A \$28.0 reduction was made in contractual services in order to pay for the temporary position.

Performance Report

The Office of African American Affairs met all its performance targets for FY07. OAAA has positioned itself to provide the state's African American community with quality services and will continue to partner with other state and non-state agencies to continue to meet and exceed its performance targets. At its annual Awards Banquet, and in concert with the U.S. Postal Service during Black History Month, it honored individuals from around the State of New Mexico for achievements in community, health, and education. The annual Veterans Ceremony honored the New Mexico Buffalo Soldiers.

The OAAA educational conferences held were: the Educational Forum focusing on the educational needs of youth; the African American Male Summit; Meet the Buyers Education Business Seminar, and the Creative Minds Art Project for Youth Ages 6-12. In partnership with other organizations OAAA also held the International Science and Education Fair and the conference on Women Veterans' Health. They continue to hold town hall meetings. During FY07, town hall meetings were held in Hobbs, Grants, Los Lunas, Belen, Santa Fe, Gallup, Las Cruces and Roswell.

This was an especially productive year for the OAAA in disseminating information around the state. The OAAA mailed out requested information to 550 churches, organizations and counties. It did several mass mailings and has two weekly radio broadcasts (Voices, Train to Glory). The broadcasts from the Voices radio program are streamed through OAAA's web page and it also published three new publications for use by communities in New Mexico.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY09	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	683.3	1,161.7	823.8	-337.9	-29.1
TOTAL SOURCES	683.3	1,161.7	823.8	-337.9	-29.1
USES					
Personal Services and Employee Benefits	305.1	422.4	385.2	-37.2	-8.8
Contractual Services	181.2	303.2	228.2	-75.0	-24.7
Other	137.8	282.6	210.4	-72.2	-25.5
Other Financing Uses	25.0	153.5	0.0	-153.5	-100.0
TOTAL USES	649.1	1,161.7	823.8	-337.9	-29.1
FTE					
Permanent	6.00	6.00	5.00	-1.00	-16.7
Temporary	0.00	0.00	1.00	1.00	***
TOTAL FTE POSITIONS	6.00	6.00	6.00	0.00	0.0

Performance Measures

		FY07 <u>Target</u>	FY07 <u>Result</u>	FY08 <u>Target</u>	FY09 <u>Recomm</u>
Office of African American Affairs					
To provide information and advocacy services to all New Mexicans and to empower African Americans of New Mexico to improve their quality of life.					
Output	Number of educational regional conferences	5	7	5	7
Output	Number of New Mexican African Americans recognized per year, statewide, for their achievements	25	56	25	30
Output	Number of African American organizations and churches statewide to be included in a database	375	510	475	475
Output	Number of town hall meetings conducted per year	7	14	7	10
Output	Number of churches, organizations and counties receiving information	375	550	375	400
Output	Number of forums within the state to mobilize citizens to address issues in prior-year town hall meetings	5	7	7	7

Executive Summary

The Commission for Deaf and Hard-of-Hearing Persons provides advocacy, referral and education services to deaf and hard-of-hearing persons to improve their quality of life.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	0.0	0.0	***
Total Sources	4,133.3	3,921.6	-5.1
Program			
Commission for Deaf and Hard-of- Hearing Persons	4,133.3	3,921.6	-5.1
Total Uses	4,133.3	3,921.6	-5.1
FTE	15.00	15.00	0.0

- The Executive recommends a base decrease of 5.1%.
- The recommendation fully funds personal services and employee benefits and mandatory costs.

Agency Mission and Program Purpose

The Commission for Deaf and Hard-of-Hearing Persons provides services to deaf and hard-of-hearing persons. The Commission is responsible for overseeing the New Mexico telecommunications relay network for deaf and hard-of-hearing citizens in government agencies, institutions, and businesses, as well as for individuals affiliated with those who have a hearing loss. The Commission operates a single program providing advocacy, outreach, referral and educational services and oversight of the telecommunications relay network for deaf and hard-of-hearing persons.

The Commission’s Advocacy Unit works with individual citizens to help them address their individual communication access issues. The Advocacy Unit provides the same support to employers and public accommodations covered by the American Disabilities Act. The Advocacy Unit also delivers formal educational programs to promote compliance with the American Disabilities Act as it relates to hearing loss.

The Commission’s Accessible Technology Unit is a statewide program that distributes telecommunications equipment to residents of New Mexico on a permanent loan basis. The telecommunications equipment benefits deaf, hard-of-hearing, speech impaired and deaf blind citizens. The Accessible Technology Unit also provides TTY training for the 911 Emergency Call Centers statewide.

Statutory Authority: Sections 28-11B-1 through 28-11B-4 and Sections 63-9F-1 through 63-9F-13 NMSA 1978.

Executive Recommendation*Agency Strategic Directions*

The Commission assists deaf and hard-of-hearing New Mexicans in accessing educational programs, obtaining telecommunications equipment, and in becoming self-sufficient, tax-paying individuals. At the end of FY05 the Commission revised its strategic plan, which assessed the needs of the deaf and hard-of-hearing population and developed nine priorities for the next six years. The Commission's strategic plan includes the following objectives: raise public awareness of the Commission's mission, programs, and services, as well as issues facing deaf and hard-of-hearing persons and their families; influence public policy; improve staff training and development; expand the Commission's physical presence; increase the availability of interpreters and real-time captioners; expand communication advocacy activities; increase collaboration with other state agencies; provide consumers with up-to-date technology and equipment; and continue to assess the social issues and needs of the deaf and hard-of-hearing in New Mexico.

Key Elements of Recommendation

The Commission's operations are entirely supported by a surcharge on telecommunication services which is deposited in the Telecommunication Access Fund (TAF). The fund was established in 1993 to provide specialized telecommunications equipment and a relay system for hearing-impaired individuals. The equipment and relay system allows deaf and hard-of-hearing persons to communicate using various communications systems. Fund revenue is generated from a surcharge on telephone services and will increase in tandem with telephone usage.

Current expenditure levels exceed recurring TAF revenue. Revenue collection is expected to be \$3,273.5 in FY08 and \$3,323.3 in FY09. Given the FY08 authorized expenditure level of \$4,133.3, the TAF fund balance is projected to be \$7,538.5, a 10% reduction from the end of FY07. In FY09, the TAF fund balance is projected to decline by 7.94% (\$598.3) based on the Executive recommended expenditure level of \$3,921.6.

The Executive recommends the Commission closely monitor expenditures to make the greatest impact on the lives of deaf and hard-of-hearing persons possible. The Executive recommendation begins the process of reducing the use of non-recurring fund balance to fund recurring expenses. The major reduction of expenses in the recommendation is in contractual services, which is recommended to more closely align with actual expenses. The FY09 recommendation provides an overall increase of \$1,186.7 over FY07 actual expenditures.

An increase of \$55.9 is recommended to fully fund personal services and employee benefits. The recommendation supports an increase of \$10.6 for mandatory cost increases including group insurance, retirement, contributions, workers' compensation and unemployment compensation, information system services property insurance, telecommunications and audit services. Contractual costs related to public policy making and communication is recommended to be reduced by \$278.2.

Performance Report

In FY07, the Commission revised its performance measures. The new measures are consistent with the TAF Management Plan, provide national benchmarking data, and will be beneficial in assessing performance as the Commission expands to meet the needs of the deaf and hard-of-hearing.

The Executive recommends the Commission continue efforts to improve services to deaf and hard-of-hearing New Mexicans by including a breakdown of year-to-year goals, objectives, activities, performance tracking and resources needed to achieve goals in the Commission's strategic plan.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY09	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
Other Transfers	2,735.0	3,217.6	3,323.3	105.7	3.3
Fund Balance	1,076.2	915.7	598.3	-317.4	-34.7
TOTAL SOURCES	3,811.2	4,133.3	3,921.6	-211.7	-5.1
USES					
Personal Services and Employee Benefits	658.9	848.2	902.2	54.0	6.4
Contractual Services	1,550.9	2,475.0	2,197.2	-277.8	-11.2
Other	350.1	355.1	367.2	12.1	3.4
Other Financing Uses	175.0	455.0	455.0	0.0	0.0
TOTAL USES	2,734.9	4,133.3	3,921.6	-211.7	-5.1
FTE					
Permanent	13.00	15.00	15.00	0.00	0.0
TOTAL FTE POSITIONS	13.00	15.00	15.00	0.00	0.0

Performance Measures

		<u>FY07 Target</u>	<u>FY07 Result</u>	<u>FY08 Target</u>	<u>FY09 Recomm</u>
Commission for Deaf and Hard-of-Hearing Persons					
To provide advocacy, outreach, referral, education and oversee the New Mexico telecommunications relay network for the deaf and hard-of-hearing citizens, government agencies, institutions, businesses and hearing individuals affiliated with those who have a hearing loss so they may become more aware of accessibility and services available and have equal access to telecommunications services.					
Output	Number of workshops and training sessions conducted	15	29		
Output	Number of outreach events coordinated	0			
Output	Number of information referrals, outreach and clients served	7,500	8,568	10,000	10,000
Output	Number of review and audits of the New Mexico telephone relay service conducted	0			
Output	Hours provided by the sign language interpreter referral service	40,000	23,474		
Output	Number of sign language interpreting mentors	16			
Output	Number of accessible technology equipment distributions		1,246	1,750	1,750
Outcome	Percent reduction in telephonic communication barriers			60%	60%
Output	Staff hours devoted to reducing communication barriers			7,500	7,500
Outcome	Percent reduction of general communication barriers			50%	50%

Executive Summary

The Martin Luther King, Jr. Commission promotes nonviolence as a philosophy to all the people of New Mexico to improve interracial cooperation and reduce youth conflicts in communities.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	402.1	404.0	0.5
Total Sources	402.1	404.0	0.5
Program			
Martin Luther King, Jr. Commission	402.1	404.0	0.5
Total Uses	402.1	404.0	0.5
FTE	3.00	3.00	0.0

- The Executive fully funds the three permanent positions along with the increase in General Services Department rates.

Agency Mission and Program Purpose

The Martin Luther King, Jr. Commission's activities focus on: increasing participation of people of all ethnic backgrounds, races and religions in the annual Martin Luther King, Jr. holiday commemoration projects; providing alternatives to youth violence; rewarding youth achievement; and supporting disadvantaged youth in the spirit of Dr. King's principles of nonviolence.

Dr. King's six principles are: (1) nonviolence is a way of life for courageous people; (2) nonviolence seeks to win friendship and understanding; (3) nonviolence seeks to defeat injustice not people; (4) nonviolence holds that suffering can educate and transform; (5) nonviolence chooses love instead of hate; and (6) nonviolence believes that the universe is on the side of justice.

Statutory Authority: Sections 28-19-1 through 28-19-4 NMSA 1978.

Executive Recommendation*Agency Strategic Directions*

The Martin Luther King, Jr. Commission continues to promote and support the non-violent principles of Dr. King in New Mexico through remembrance, celebration and action so that more New Mexicans may get involved in making a difference by improving interracial cooperation and helping reduce youth violence in all communities. The commission continues to provide educational support around the state to local at-risk youth programs addressing gang, school and family violence.

The commission continues to: sponsor the annual Youth Conference and Leadership Tour to Atlanta, Georgia, attended by 20 youth; print the "I Have A Dream" speech in English and Spanish; maintain a library of numerous materials regarding Martin Luther King, Jr. that is open to the public; and collaborate with state, federal and private agencies to promote Dr. King's principles of

nonviolence. The commission, in support of the Martin Luther King Jr. holiday, assists local commissions in developing local community service projects and assists in the improvement of state local commissions' activities and programs and disseminates commission guidelines, information and awards.

Key Elements of Recommendation

The Executive recommendation fully funds the commission's three staff positions along with the associated increases in benefits. The commission did not request any increases in operating costs above the FY08 level except for supplies, which was requested and recommended at the FY07 actual expense level. The costs for the leadership tour are recommended at the same level as FY08, \$66.5.

Performance Report

The Commission met and exceeded its performance targets for FY07. The Commission continued to support 15 statewide MLK holiday commemorations; held nine youth anti-violent workshops at different locations in the state; and attended its Annual Youth Conference in Albuquerque which was attended by 350 participants, the most to ever attend the event.

Budget Summary Tables

		Agency Budget Summary (Dollars in Thousands)			FY09	
		FY07	FY08	Recom-	<u>Budget to Recommendation</u>	
		<u>Actuals</u>	<u>Operating Budget</u>	<u>mendation</u>	<u>Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES						
	General Fund Transfers	372.6	402.1	404.0	1.9	0.5
	TOTAL SOURCES	372.6	402.1	404.0	1.9	0.5
USES						
	Personal Services and Employee Benefits	135.5	201.2	199.8	-1.4	-0.7
	Contractual Services	17.5	47.4	47.4	0.0	0.0
	Other	157.8	153.5	156.8	3.3	2.1
	TOTAL USES	310.8	402.1	404.0	1.9	0.5
FTE						
	Permanent	3.00	3.00	3.00	0.00	0.0
	TOTAL FTE POSITIONS	3.00	3.00	3.00	0.00	0.0

Performance Measures

		FY07	FY07	FY08	FY09
		<u>Target</u>	<u>Result</u>	<u>Target</u>	<u>Recomm</u>
Martin Luther King, Jr. Commission					
To promote Martin Luther King, Jr.'s non-violent principles and philosophy to the people of New Mexico through remembrance, celebration, and action, so that more citizens get involved in making a difference toward the improvement of interracial cooperation and help reduce youth violence in our communities.					
Outcome	Percent of program objectives achieved	100%	100%	100%	100%
Output	Number of annual statewide youth conferences using Dr. King's principles of nonviolence	1	1	1	1
Output	Number of statewide holiday commemorative programs supported	14	15	15	15
Output	Number of youth anti-violence workshops conducted	9	9	9	9

Executive Summary

The New Mexico Commission for the Blind assists blind or visually-impaired citizens to achieve economic, vocational and social equality.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	2,005.0	2,046.1	2.0
Total Sources	8,616.5	8,120.3	-5.8
Program			
Commission for the Blind	8,616.5	8,120.3	-5.8
Total Uses	8,616.5	8,120.3	-5.8
FTE	107.50	96.50	-10.2

- The Executive recommendation includes \$41.1 from the General Fund for General Service Department rates and Department of Information Technology rates.
- Included in the base recommendation is a reduction of 11 factory workers and \$257.2 from other revenue which reflects policy changes within the Commission.

Agency Mission and Program Purpose

The Commission for the Blind encourages and enables blind or visually-impaired citizens of New Mexico to achieve economic, vocational and social equality so that they can achieve independence based on their personal interests and abilities.

The commission serves three basic population groups: young persons 14-21 years old who are transitioning from school; persons over 14 years of age who have a vocational goal; and persons of any age who have an independent living goal. Services are provided through a number of programs and activities. The Vocational Rehabilitation Services program assists blind persons to become productive, employed, tax paying citizens. There are an increasing number of adults with multiple disabilities who do not have Braille skills, and have an increased need to gain computer skills. The Adult Orientation Center provides intensive training in the skills of blindness. The Employment Development Center provides real work experience in the manufacturing and sales of a number of products as well as on-the-job training. The Business Enterprise Program provides employment opportunities for blind individuals who wish to operate food service facilities. The NEWSLINE for the Blind publication enables blind and visually-impaired persons to access a wide range of newspapers and publications.

Statutory Authority: Sections 28-7-15 through 28-7-3 NMSA 1978.

Executive Recommendation*Agency Strategic Directions*

The commission has identified five primary trends impacting its programs: a growing number of adults who become blind later in life and are without Braille skills; an increase in the number of persons who have multiple disabilities; an increase in the number of older persons who have a vocational goal; a dramatic increase in the number of older blind persons requiring independent living services; and an increase in the need for computer proficiency to become and remain employed.

The agency is beginning to address these trends by adding staff specializing in independent living programs and by increasing the skill levels of current employees. In FY07 and FY08, the commission plans to transition services provided by the Employment Development Center. Currently, the center provides work for individuals which is non-competitive and non-integrated, producing items for resale. The agency plans to transition these individuals into competitive, integrated and more appropriate employment by providing increased independent living services with existing resources.

Key Elements of Recommendation

The Executive recommendation fully funds the agency's current operations and provides support for programmatic growth and change consistent with the agency's strategic directions.

The Executive recommendation reduces the agency's overall budget by 5.8% (\$496.2) attributed to an anticipated decline in revenue generated from the sale of goods produced by the Employment Development Center and loss of the agency's federal basic support grant (\$163.4) and federal funds included in the operating budget for the compensation package that will not materialize (\$133.5). A base increase from the General Fund of \$41.1 is recommended by the Executive to support General Services Department and Department of Information Technology rates.

A 6.35% vacancy rate is applied to personal services and employee benefits. Included in the decrease of \$375.2 in this category is a reduction of \$257.2 for the deletion of 11 factory workers. This is the result of the Commission transitioning clients currently manufacturing items for resale at the Employment Development Center into more meaningful and appropriate employment within the community.

Performance Report

The commission reports a high percentage of competitively-employed clients served, along with high starting wages earned by clients, when compared with other states. In New Mexico, 93.3% of clients receive wages that are at or above minimum wage. The commission continues to successfully train visually-impaired clients and place them in quality employment opportunities with a \$14.50 per hour average wage. This is achieved not only through career training but also by promoting and conveying the belief that blindness is not a barrier to employment or any other aspect of a full, meaningful life. In FY07, the average hourly wage for individuals served by the commission was \$17.85. This average is skewed as a result of a single individual who was making over \$100.00 per hour. In FY09, the recommended target more closely aligns with historical activity.

The commission is challenged with an increasing number of vocational rehabilitation consumers who require intensive and highly-specialized services and training. The commission must meet these services in innovative ways as it continues to build upon the successes of the past.

Recommended Language for the General Appropriation Act

Any unexpended or unencumbered balances in the commission for the blind remaining at the end of fiscal year 2009 from appropriations made from the general fund shall not revert.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)			FY09		
	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	<u>Recom- mendation</u>	<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	1,919.4	2,005.0	2,046.1	41.1	2.0
Federal Revenues	5,560.3	5,957.5	5,660.1	-297.4	-5.0
Other Revenues	499.3	654.0	414.1	-239.9	-36.7
TOTAL SOURCES	7,979.0	8,616.5	8,120.3	-496.2	-5.8
USES					
Personal Services and Employee Benefits	4,788.1	5,161.2	4,786.0	-375.2	-7.3
Contractual Services	134.0	207.4	207.4	0.0	0.0
Other	3,056.9	3,247.9	3,126.9	-121.0	-3.7
TOTAL USES	7,979.0	8,616.5	8,120.3	-496.2	-5.8
FTE					
Permanent	106.50	106.50	95.50	-11.00	-10.3
Term	1.00	1.00	1.00	0.00	0.0
TOTAL FTE POSITIONS	107.50	107.50	96.50	-11.00	-10.2

Performance Measures

		<u>FY07 Target</u>	<u>FY07 Result</u>	<u>FY08 Target</u>	<u>FY09 Recomm</u>
Commission for the Blind					
To assist blind or visually impaired citizens of New Mexico to achieve economic and social equality, so they can have independence based on their personal interests and abilities.					
Output	Number of quality employment opportunities for blind or visually impaired consumers	34	35	45	35
Output	Number of blind or visually impaired consumers trained in the skills of blindness to enable them to live independently in their homes and communities	500	585	600	585
Outcome	Average employment wage for the blind or visually impaired person	\$12.00	17.85	\$14.50	14.50
Output	Number of employment opportunities provided for blind business entrepreneurs in different vending and food facilities through the business enterprise program	30	32	32	32

Executive Summary

The Indian Affairs Department serves to strengthen the government-to-government relationship between the State and tribal governments, as well as improving the well-being of Native Americans in New Mexico.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	3,454.5	3,513.1	1.7
Total Sources	3,954.5	4,052.0	2.5
Program			
Indian Affairs Department	3,954.5	4,052.0	2.5
Total Uses	3,954.5	4,052.0	2.5
FTE	15.00	15.00	0.0

- The Executive recommends an increase of \$58.6 in General Fund over FY08 operating levels.
- The Executive recommendation includes \$500.0 from the Tobacco Settlement Program Fund for tobacco cessation and prevention programs benefiting Native American communities.
- The recommendation includes continuation of \$1,732.8 in funding for grants to tribes and pueblos.

Agency Mission and Program Purpose

The Indian Affairs Department (IAD) serves as the coordinating body between state agencies and tribal governments for New Mexico Indian tribes. The department addresses issues pertaining to health, economic development, education, legislation and social issues in the most efficient and effective way. Laws 2004, Chapter 24 elevated the agency to a cabinet-level department and created a ten-member commission appointed by the governor.

IAD acts as the intermediary between the State and tribal governments to enhance and improve communication and outreach to Native Americans; assists in developing policies that result in positive resolutions to issues impacting Native Americans; provides leadership in intergovernmental and intra-agency coordination and collaboration; and serves as a conduit for implementing policies and procedures agreed upon by the State and tribal governments.

The focus of IAD is to: provide leadership in coordinating tribal, state, federal and international efforts; provide programs and services that address the needs of the Indian population, state government, and other state and federal agencies; promote the department’s mission, accomplishments and services to the general public, tribes, Indian organizations and state government; address and advise tribes on policy, legal and legislative issues which impact the Indian population in areas of taxation, water, homeland security, health, social services, economic development and inter- and intra-governmental agreements; and provide internal management, direction and accountability to agency staff and external agencies for projects and issues related to IAD.

Laws 2005, Chapter 146 enacted the Tribal Infrastructure Act to: ensure adequate financial resources for infrastructure development for tribal communities; provide for the planning and development of infrastructure in an efficient and cost-effective manner; and develop infrastructure in tribal communities to improve the quality of life and encourage economic development. The Act created a tribal infrastructure board which is administratively attached to IAD.

Statutory Authority: Section 9-21-1 through 9-21-24 NMSA 1978.

Executive Recommendation

Agency Strategic Directions

IAD's focus is to improve the quality of life for all New Mexico Indian citizens by influencing policies of the State of New Mexico that strengthen state-tribal relations. IAD has established a Tribal Leadership Program to begin to articulate a new vision for state-tribal relations. A leadership team has been established to collectively develop key priorities and make policy recommendations that address issues facing tribal communities including health, economic development, public safety and education.

IAD will continue to implement a tribal youth initiative, which includes a culturally-sensitive leadership program, to address the high dropout rate for Native American high school students and teen suicide for Indian youth. In addition, IAD is developing a youth sports-and-wellness program aimed at reducing the onset of diabetes among Native American youth while promoting important cultural values.

Primary strategic directions include: establishing effective communication and outreach with tribal entities; providing efficient administration of state-allocated funds to tribal entities; providing information, education, training and technical assistance to tribal entities; and strengthening relationships with state agencies, legislators and the general public. IAD is also currently engaged in a concerted effort to provide more training and technical consultation on the capital outlay process in order to reduce the number of incomplete capital projects on tribal and pueblo lands. In the health and human services realm, strategic initiatives include the expansion of behavioral health and emergency preparedness services for tribal communities.

Key Elements of Recommendation

The Executive recommendation reflects a General Fund increase of \$58.6 over the FY08 operating budget level. Grants to the tribes are maintained at the FY08 operating budget level.

The base recommendation includes full funding for all approved positions in the personal services and employee benefits category, \$500 from the Tobacco Settlement Program Fund for tobacco cessation and prevention programs benefiting Native American communities throughout the state, and \$547.0 in General Fund for the continuation of seven projects initiated in FY08: economic development (\$50.0); case management services for victims of radiation exposure (\$100.0); youth development programs (\$57.0); educational outreach programs for Native American students (\$90.0) substance abuse prevention and intervention programs in Rio Arriba County (\$20.0); and the summer leadership and public policy academy (\$140.0).

The Executive recommendation also includes \$38.9 in transfers from CYFD for behavioral health training for Native American tribes and pueblos.

Performance Report

IAD met or exceeded all of its performance targets for FY07. IAD achieved its output target of 100% for two performance measures: including more than two performance measures in all of its grants and service contracts and completing employee development plans before the employee's anniversary date. IAD achieved its goal of receiving no audit findings for FY07. IAD continues to demonstrate significant improvement in the number of capital projects that are completed and closed each year. In FY07, 126 capital projects were completed and closed out, nearly doubling the number of projects targeted for completion. Finally, by holding ten training sessions on the capital outlay process, IAD provided more than twice the number of training sessions as targeted in this performance measure.

FY08 performance measures will be maintained in FY09; however, as the number of incomplete capital outlay projects continues to be a concern, the Executive recommends increasing the performance targets for completion of projects over and under \$50,000 respectively and increasing the number of capital outlay training sessions from six to ten in FY09.

Recommended Language for the General Appropriation Act

The Executive recommends the following language relating to a distribution from the Tobacco Settlement Program Fund:

The other state funds appropriation to the Indian affairs department includes five hundred thousand dollars (\$500,000) from the tobacco settlement program fund for tobacco cessation and prevention programs for Native American communities throughout the state.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY09	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	2,711.6	3,454.5	3,513.1	58.6	1.7
Other Transfers	500.0	500.0	538.9	38.9	7.8
TOTAL SOURCES	3,211.6	3,954.5	4,052.0	97.5	2.5
USES					
Personal Services and Employee Benefits	988.3	1,223.9	1,273.0	49.1	4.0
Contractual Services	833.8	326.4	367.7	41.3	12.7
Other	1,159.6	2,404.2	2,411.3	7.1	0.3
TOTAL USES	2,981.7	3,954.5	4,052.0	97.5	2.5
FTE					
Permanent	14.00	15.00	15.00	0.00	0.0
TOTAL FTE POSITIONS	14.00	15.00	15.00	0.00	0.0

Performance Measures

		<u>FY07 Target</u>	<u>FY07 Result</u>	<u>FY08 Target</u>	<u>FY09 Recomm</u>
Indian Affairs Department					
The Indian Affairs Department is the coordinating agency for intergovernmental and interagency programs concerning tribal governments and the state.					
Output	Percent of employee files that contain performance appraisal development plans completed by the employee's anniversary date	100%	100%	100%	100%
Outcome	Number of audit findings	0	0	0	0
Output	Number of capital projects over fifty thousand dollars completed and closed	40	56	40	60
Output	Number of capital outlay process training sessions conducted for tribes	4	9	6	10
Output	Percent of grants and service contracts with more than two performance measures	100%	100%	100%	100%
Output	Number of capital outlay projects under fifty thousand dollars completed and closed	30	70	40	70

Executive Summary

The Aging and Long-Term Services Department provides services to, and advocates on behalf of, elder New Mexicans, and adults with disabilities or long-term care service needs.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	46,911.7	48,541.5	3.5
Total Sources	64,136.6	65,184.9	1.6
Program			
Program Support	3,180.8	3,344.9	5.2
Consumer and Elder Rights	2,065.9	1,947.2	-5.7
Adult Protective Services	15,881.4	15,697.7	-1.2
Aging Network	35,010.8	35,459.5	1.3
Long-Term Services	7,997.7	8,735.6	9.2
Total Uses	64,136.6	65,184.9	1.6
FTE	286.00	276.00	-3.5

- The Executive supports a base increase of \$885.6 in General Fund to address increased costs in the New Mexico Senior Employment Program as a result of changes in minimum wage requirements, increased transportation and office rental costs and the costs of maintaining essential information management systems.
- The recommendation includes the transfer of 20 client service agent positions from the Aging and Long-Term Services Department, Adult Protective Services Program to the Children, Youth and Families Department, Child Protective Services Program.
- The recommendation provides an increase of \$308.1 in General Fund, \$308.1 in federal match, and eight FTE to administer the coordinated long-term care waiver program.
- The Executive recommendation includes \$36.1 in General Fund, \$36.1 in federal match and two FTE to provide quality assurance and provider support services for the Mi Via waiver program.
- The Executive recommendation supports \$400.0 in General Fund to provide operational funds for two new senior centers.
- The recommendation includes \$50.0 in General Fund to support the annual conference on aging sponsored by ALTSD.

Agency Mission and Program Purpose

The Aging and Long-Term Services Department (ALTSD) serves as the primary advocate and provider of services for approximately 317,000 seniors and 338,000 persons with disabilities in the state. The Department provides services that support independence for elders including: transportation, outreach, information and referral assistance and advocacy, senior center activities, congregate and home-delivered meals, long-term care ombudsman oversight, employment assistance, and volunteer opportunities.

Statutory Authority: Sections 28-4-1 through 28-4-9 NMSA 1978.

Program Support

Program Support provides fiscal and programmatic oversight and development; administers human resources; manages volunteer programs; represents the department in legal matters; conducts internal audit functions; oversees information technology; and provides leadership and policymaking functions.

Consumer and Elder Rights

Consumer and Elder Rights educates, assists and advocates for seniors, people with disabilities, residents of long-term care facilities and their families so they may have access to the best choices in healthcare, prescription drugs and institutional long-term care. Since late 2004, the Aging and Disability Resource Center has provided access to information, assistance, referrals and advocacy. The Resource Center quickly developed into a statewide clearinghouse for services provided by public and private entities. Program activities include: a long-term care ombudsman program that provides consumer education, investigation and resolution of complaints, and systemic advocacy; a benefits counseling program; and a prescription drug assistance section that seeks to ensure that seniors and adults with disabilities obtain medications they need at a cost they can afford.

Aging Network

The Aging Network combines the work of the Older Worker program and the Community Involvement program to provide training, education, work experience, nutritional and social services for older individuals. The Aging Network providers include senior centers, congregate meal sites, adult day care programs, volunteer programs, employment program host agencies, Senior Olympics, New Mexico Alzheimer's Association, and others. The Aging Network includes: senior employment programs that provide training and employment opportunities to older low-income individuals; the Golden Opportunity for Lifelong Development (GOLD) program that uses older workers as mentors to train others to achieve meaningful employment and lead productive lives; senior volunteer programs; an Alzheimer's disease program; nutrition programs; and health and wellness programs.

Long-Term Services

The Long-Term Services Program coordinates services for the frail, elderly, and people with disabilities so they may live in the least restrictive environment possible. Long-term services provided include: the Mi Via self-directed waiver program; the disabled and elderly waiver program; the "Money Follows the Person" program, which offers eligible elderly and disabled Medicaid recipients residing in nursing homes the opportunity to receive home and community-based living services; the personal-care option program, which provides services paid for by Medicaid for in-home care services to low-income seniors and adults with disabilities who require institutional level care; the Program for All-inclusive Care for the Elderly (PACE) program to provide comprehensive health and social services for seniors and adults with disabilities; and a traumatic brain-injury program to provide case management and life skills training to individuals who have suffered a trauma to the brain resulting in temporary or permanent diminished mental or physical impairment. Also included is a zero-tolerance of elder abuse section to ensure that incidents of adult abuse, neglect and exploitation are fully identified, carefully investigated, properly documented and aggressively prosecuted.

Adult Protective Services

In FY06, the Adult Protective Services Program was transferred to the Aging and Long-Term Services Department from the Children, Youth and Families Department (CYFD). The program investigates allegations of abuse, neglect or exploitation of vulnerable populations outside of institutional settings. Case management is provided to ensure a comprehensive array of services is available to persons in need of protective services. Before the close of FY08, ALTSD is scheduled to assume responsibility for all APS intake functions for elderly adults and adults with disabilities.

Executive Recommendation*Agency Strategic Directions*

The Aging and Long-Term Services Department continues to address issues regarding autonomy, health, economic well-being, community involvement and personal responsibility to achieve the highest quality of life for older persons, adults with disabilities, and their families. The department's goal is to develop unified programs and policies that focus on a seamless, comprehensive, efficient and cost-effective home and community-based long-term care system. ALTSD is working to coordinate services with other state government agencies to ensure a comprehensive array of services and high quality care is provided for New Mexicans.

The strategic initiatives of ALTSD are focused on advancing efforts to rebalance the system of care to favor home and community-based services over institutional care. The agency's priority initiatives are interrelated and address three areas: access to, and coordination of home and community-based services; continuing to build a health and long-term care safety net for the state's most vulnerable citizens; and strengthening the capacity for employment, volunteer and lifelong learning opportunities for seniors and people living with disabilities in New Mexico. A significant demographic trend that directly impacts the agency's strategic direction is the aging of society and the significant influx of retirees into the state.

Special attention during the last year has been focused in several key areas. First, has been the successful implementation of Mi Via, the New Mexico's nationally acclaimed, self-directed waiver. Though less than a year old, the program has garnered significant notice outside New Mexico for its far-reaching program design that allows participants maximum choice and independence in managing their own care. Since November 2006, program growth has exceeded enrollment expectations, with over 600 individuals receiving services or engaged in the process of receiving services.

Utilizing many of the lessons learned in this innovative program, the agency has worked diligently to develop a new program called Coordinated Long-Term Services (CLTS). The Coordinated Long-Term Services Program will be a managed long-term care program that will ultimately serve an estimated 38,000 Medicaid recipients and replace both the disabled and elderly waiver and the personal care option. A joint initiative with the Human Services Department, it seeks to address the fragmented mix of institutional, state plan and home and community-based services by creating one coordinated and integrated system of care. This program has already generated national attention for its sweeping goal of integrating primary, acute and long-term services into one program.

The Aging and Disability Resource Center has also helped to expand access to health care and services to many more New Mexicans this year in two key ways. First, since intake for Adult Protective Services is now completely handled in the resource center, the agency is able to manage reports of suspected abuse, neglect and exploitation in a way that fully respects the unique characteristics of adults. Second, the center's expanded capacity to provide care coordination is resulting in far more vulnerable people receiving needed services.

One key continuing initiative of ALTSD is the enforcement of "zero tolerance" of abuse, neglect, or exploitation of seniors and vulnerable adults. Strategies for implementing this initiative include: the creation of an adult abuse prevention and enforcement team to conduct investigations of nursing facilities and pursue prosecution of documented cases of abuse, neglect and exploitation; implementation of a "granny cam" loan bank program to provide monitoring equipment to residents of long-term care facilities; and revision and enhancement of joint-protocol guidelines and procedures with other agencies for coordinated investigations of abuse, neglect or exploitation. The Ombudsman Program also has expanded, and will likely resolve in excess of 5,000 complaints this year. Plans for next year include expanding the ability of ombudsman volunteers to serve elders residing in assisted living facilities, as well as training additional staff to assist with community reintegration for those nursing home residents who desire to receive services in the community.

Finally, the aging network continues to serve as the backbone to service access for seniors throughout the State. With over 200 active senior centers, these programs are often on the cutting edge of innovation in order to better serve the changing needs of recent retirees, while continuing to provide such basic services as congregate and home delivered meals, and homemaker and chore services. The agency will continue to focus on the strategic interventions and initiatives that are necessary to develop the full continuum of services seniors want and need to promote lifelong independence and healthy aging.

Key Elements of Recommendation

The Executive recommendation reflects a General Fund increase of 3.5% over FY08 operating levels to provide for the on-going operational costs of agency programs as well as the expansion of services and supports provided through the Aging Network and the Long-Term Services Division.

Program Support. The Executive recommends an increase of \$48.5 in General Fund. Federal Older Worker and Older American Act administrative dollars are expected to be maintained at FY08 levels while transfers from the Human Services Department are expected to increase by \$213.3. These additional funds will be used to expand training and employment services to seniors eligible for services under the Temporary Aid for Needy Family (TANF) program. The recommendation includes a 2.5% vacancy factor for personal services and employee benefits.

Consumer and Elder Rights. The budget for the Consumer and Elder Rights Program reflects an increase of \$13.0 in General Fund and a decrease of \$131.7 in federal funds for services to individuals with Alzheimer's disease. As a result of this decrease in funding, the Executive recommends the transfer of one FTE from the Consumer and Elder Rights Division to the Aging Network program so that the resources and expertise developed with Alzheimer's disease can be shared with providers, families and other interested parties with the aging service network. The Executive recommends a 2.25% vacancy factor for the program.

Aging Network. The recommendation for the Aging Network Program reflects a General Fund increase of \$743.1 over the FY08 operating level. This includes an increase in the base budget of \$305.0 to increase the wages of senior mentors to \$7.50 per hour and \$50.0 in General Fund for the Annual Conference on Aging. Because many seniors exist on fixed incomes, this support will help maintain conference attendance levels by maintaining affordable registration fees. The recommendation also includes \$400.0 in General Fund to support the operation of two new senior centers. Services provided include: meals and nutrition programs; employment, volunteer and mentoring programs; and legal services to support grandparent caregivers.

Long-Term Services. The Executive recommends an increase of \$369.2 in General Fund. The recommendation includes the transfer of three FTE from the Long -Term Services Division to the Adult Protective Services Division. These three positions are primarily engaged in investigative work related to complaints filed through the ombudsman program or the APS program. Oversight and accountability for these investigative functions will be enhanced by direct placement within the organizational structure of APS. The Executive recommends a vacancy factor of 4%.

The recommendation also includes \$36.1 in General Fund, and a corresponding \$36.1 in federal matching funds, for two FTE in the Mi Via self-directed waiver to provide quality assurance and provider support services. The additional positions are needed to ensure compliance with federal waiver regulations and to enhance the quality of goods and services provided to New Mexico's citizens with disabilities.

Additionally, the Executive recommends \$308.1 in General Fund, \$308.1 in federal match, and eight FTE to administer the coordinated long-term care (CLTC) Medicaid waiver. The CLTC waiver, based on a capitated risk-based payment system, will eventually provide both primary health and community support services to over 40,000 citizens of new Mexico. Both current residents of nursing homes, as well as other persons requiring skilled levels of nursing care, will have the opportunity to receive needed services in their home environment. Individuals currently receiving services through the disabled and elderly waiver or the personal care option, will transition to the CLTS waiver over a 12-15 month period starting on or about July 1, 2008. The coordinated long-term services system that will be established with the new waiver will remove the existing nursing facility bias, and instead, emphasize more cost-effective and desirable home and community-based services. The new service option provided under the CLTC waiver will delay or prevent more costly nursing home admissions.

Adult Protective Services. The Executive recommendation reflects an increase of \$482.9 in General Fund to support basic operations of the program. The recommendation includes a vacancy factor of 5% for personal services and employee benefits. The recommendation includes the addition of three FTE transferred from the Long -Term Services Program and the transfer of 20 FTE from APS to the Child Protective Services Program at CYFD. The transfer of the twenty client service agent positions will enhance CYFD's capacity to address the demands of increasing caseloads and new federal service mandates. The collaboration between these two Executive agencies is a positive model of how state agencies can work together to share resources for the common good of New Mexico's most vulnerable citizens at no additional cost to New Mexico's taxpayers.

Performance Report

ALTSO met or exceeded 15 out of 38 or 40% of its performance targets for FY07. In Program Support, the agency exceeded its performance targets for the number of contractors monitored and the percent of contractors assessed with no significant findings. The number of program performance and financial expenditures reports analyzed and processed within established deadlines was 97% of target. The number of persons attending the annual conference on aging was several hundred less than predicted primarily due to the award of fewer scholarships as a result of budget constraints and the lack of public transportation to the conference site. Given its success in increasing the number of contractors assessed with no significant findings, the Executive recommends maintaining this performance target at 100% in FY09.

The Consumer and Elder Rights Program met or exceeded four of six of its performance targets for FY07. With 448 new volunteers trained, the program obtained nearly tripled the number of volunteers targeted to provide direct assistance to clients in the areas of health insurance and benefits counseling. The program more than doubled its targeted performance goal for the number of outreach events providing education on prescription drug plans. Over 6,200 individuals received assistance to actually access low-cost prescription drugs, 1,000 more individuals than originally planned. The number of hours of legal representation saw an increase of 13% over FY06 levels and the total number of hours exceeded FY07 targets.

Two measures were not met. The program made 34,300 client contacts (98% of target) to assist on health insurance, prescriptions and other programs. Although the ombudsman program made 79,272 resident contacts, this was still 3,700 contacts below target. The agency believes that vacancies in some key positions may have been a contributing factor in its failure to achieve targets for these two measures but believes that it is on course to achieve FY08 targets for these two measures.

In an effort to develop measures that represent better indicators of performance, five new performance measures have been established for FY08 for the Consumer and Elder Rights Program. These include measures relating to the resolution of ombudsman cases, the number of individuals accessing the resource center, the number of individuals with multiple needs contacting the resource center and the number of individuals receiving low cost prescription drugs through the resource center's prescription drug assistance program. The Executive recommends maintaining the FY08 targeted performance criteria for these measures in FY09.

The Adult Protective Services Program met two of its four performance targets for FY07. Significantly, the rate of repeat maltreatment of APS involved adults has declined from 10.44% to 9.20% over the period FY06-FY07. The program exceeded its target for the number of individuals served most likely as a result of the more comprehensive intake process that is provided through the resource center. The program was not able to develop a sound data collection methodology for the measure intended to determine the percent of investigated cases closed within thirty-five days; therefore, no results are available for this measure. The Executive recommends eliminating this measure for FY08 and FY09 since several new performance indicators have been developed to measure program performance in this area. These new measures, which went into effect for FY08, include the percent of cases closed within 90 days of referral and the number of adults receiving adult protective services intervention.

The Aging Network Program met seven of its 22 performance targets for FY07. Due to funding reductions, there was a 25% decline in both the number of mentors trained and the number of clients receiving mentoring services for employment. Although the program did not achieve its targets on these measures, it was still able to exceed related targets for the percent of temporary assistance for TANF clients placed in employment and the average number of clients placed in meaningful employment. The program was also able to exceed targets for measures related to the number of persons served through community services (10,200 persons above target); the number of one-way trips provided to access community services (8,095 trips above target); and the number of persons receiving meals in congregate settings (3,357 persons above target). The program also met its target for the number of senior centers providing meals and participation levels in local and national senior Olympic games.

The agency did not meet its targets in several key areas. Many of these unmet targets relate to the direct service output measures of local programs serving seniors. From FY06 through FY07, the number of congregate and home-delivered meals served, the number of respite care, adult daycare and homemaker hours provided, and the number of one-way trips provided for access to community services all declined. The agency believes that these reductions are primarily related to rising costs and increased enrollment in senior programs. The agency notes that the service numbers that have declined are the services that tend to be the most costly to provide and are optional services under the Older Americans Act. With increased enrollment, programs are spending a higher proportion of available dollars on required core services leaving less money for the more expensive optional services such as adult daycare and respite care services. It is also possible that some of the reported decline is related to better data collection processes that are providing a more accurate count of key services delivered statewide. In response to these considerations, the Executive recommends a slight reduction in some of these direct service output targets for FY09.

There were several other performance measure targets that were not met in FY07. The number of individuals enrolled in the federal older worker program and the percent of individuals participating that obtain unsubsidized employment were below targets. Changes in federal eligibility requirements that have narrowed the pool of eligible applicants appear to be a contributing factor. Although over a million hours of volunteer services were provided through the Retired Senior Volunteer Program (RSVP), this result was still below target. Because many of these senior volunteers live on fixed incomes, the high cost of travel may be a contributing factor. The program has also seen a decline in the number of children served through the foster grandparent program. The growth in new volunteers who meet eligibility requirements has not kept pace with the loss of volunteers due to ill health. There has been a similar decline in the number of home-bound clients served through the Senior Companion Program. Many of the volunteers working in this program appear to have moved from performing volunteer work to performing similar work for a paid wage under the Attendant Care Program or the personal care option. The agency has expanded its volunteer recruitment efforts for these programs and is on course to increase the number of volunteers engaged in these service functions.

The agency failed to meet its target for the percent of individuals aged sixty and over served through community services. Although the number of individuals served has increased significantly, (12,703 additional individuals served over the period FY05 through FY07, a 10.8% increase), the increase has not kept pace with the rate of increase in the number of individuals who become eligible for senior services each year. Although there may be some system capacity to serve additional

individuals with current resources, the availability of optional services such as respite care and homemaker services would necessarily decline.

The Long-Term Services Division achieved one of its three performance outcomes for FY07. The agency almost doubled the number and percentage of personal-care options that were consumer directed. Although the agency conducted only seven of the ten targeted brain injury compliance reviews, all seven programs were in full compliance. Three programs were not reviewed due to outstanding review results from the previous year. Although 98.3% of disabled and elderly Medicaid waiver clients received services within 90 days of eligibility determination, this result was still less than the ambitious goal of 100% service delivery within 90 days. Only five individuals did not receive services within the targeted timeframe.

With the expansion of services resulting from the Mi Via waiver and other long-term care initiatives, the Executive recommended the adoption of four new performance measures for FY08. Although FY08 results are not complete, the Executive recommends raising the target for the number of individuals served for each of these measures. In addition, the Executive recommends the addition of two new performance targets relating to the coordinated long-term care waiver which is expected to be approved by July 1, 2007. These measures include performance targets for both the number of clients enrolled in the program as well as the average annual cost per client served.

Recommended Language for the General Appropriation Act

The Executive recommends adoption of the following language associated with the annual aging conference:

Any unexpended or unencumbered balances remaining from registration fees from the aging conference at the end of fiscal year 2008 shall not revert to the general fund.

In addition, the Executive recommends the inclusion of the following language associated with the transfer of budget from ALTSD to the Area Agencies on Aging:

The general fund appropriation to the aging network program in the other category to supplement the federal Older Americans Act shall be contracted to the designated area agencies on aging.

Budget Summary TablesAgency Budget Summary
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	41,569.1	46,911.7	48,541.5	1,629.8	3.5
Other Transfers	6,500.7	6,807.8	7,107.8	300.0	4.4
Federal Revenues	10,382.0	10,327.1	9,445.6	-881.5	-8.5
Other Revenues	331.2	90.0	90.0	0.0	0.0
TOTAL SOURCES	58,783.0	64,136.6	65,184.9	1,048.3	1.6
USES					
Personal Services and Employee Benefits	15,202.3	16,138.6	17,009.3	870.7	5.4
Contractual Services	5,375.2	6,394.9	6,568.1	173.2	2.7
Other	36,715.3	39,445.3	39,542.4	97.1	0.2
Other Financing Uses	449.4	2,157.8	2,065.1	-92.7	-4.3
TOTAL USES	57,742.2	64,136.6	65,184.9	1,048.3	1.6
FTE					
Permanent	237.00	259.00	250.50	-8.50	-3.3
Term	34.00	27.00	25.50	-1.50	-5.6
Temporary	2.00	0.00	0.00	0.00	***
TOTAL FTE POSITIONS	273.00	286.00	276.00	-10.00	-3.5

Program Support
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	1,990.5	2,264.5	2,312.7	48.2	2.1
Other Transfers	260.7	174.4	387.7	213.3	122.3
Federal Revenues	571.0	741.9	644.5	-97.4	-13.1
TOTAL SOURCES	2,822.2	3,180.8	3,344.9	164.1	5.2
USES					
Personal Services and Employee Benefits	2,409.5	2,730.1	2,821.7	91.6	3.4
Contractual Services	90.2	135.5	174.1	38.6	28.5
Other	296.3	315.2	349.1	33.9	10.8
TOTAL USES	2,796.0	3,180.8	3,344.9	164.1	5.2
FTE					
Permanent	30.00	30.00	31.00	1.00	3.3
Term	5.00	5.00	4.00	-1.00	-20.0
TOTAL FTE POSITIONS	35.00	35.00	35.00	0.00	0.0

Consumer and Elder Rights
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	731.7	806.1	819.1	13.0	1.6
Other Transfers	0.0	0.0	0.0	0.0	***
Federal Revenues	1,745.1	1,259.8	1,128.1	-131.7	-10.5
TOTAL SOURCES	2,476.8	2,065.9	1,947.2	-118.7	-5.7
USES					
Personal Services and Employee Benefits	1,652.1	1,553.7	1,440.1	-113.6	-7.3
Contractual Services	314.3	88.1	103.1	15.0	17.0
Other	460.4	424.1	404.0	-20.1	-4.7
TOTAL USES	2,426.8	2,065.9	1,947.2	-118.7	-5.7
FTE					
Permanent	10.00	11.00	11.50	0.50	4.5
Term	12.00	11.00	9.50	-1.50	-13.6
Temporary	2.00	0.00	0.00	0.00	***
TOTAL FTE POSITIONS	24.00	22.00	21.00	-1.00	-4.5

Aging Network
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	24,714.0	26,867.3	27,610.4	743.1	2.8
Other Transfers	308.9	325.6	362.3	36.7	11.3
Federal Revenues	7,442.7	7,727.9	7,396.8	-331.1	-4.3
Other Revenues	62.2	90.0	90.0	0.0	0.0
TOTAL SOURCES	32,527.8	35,010.8	35,459.5	448.7	1.3
USES					
Personal Services and Employee Benefits	213.4	241.7	345.6	103.9	43.0
Contractual Services	6.1	15.0	15.0	0.0	0.0
Other	31,619.4	34,473.8	34,911.3	437.5	1.3
Other Financing Uses	253.2	280.3	187.6	-92.7	-33.1
TOTAL USES	32,092.1	35,010.8	35,459.5	448.7	1.3
FTE					
Permanent	0.00	4.00	4.00	0.00	0.0
Term	4.00	0.00	1.00	1.00	***
TOTAL FTE POSITIONS	4.00	4.00	5.00	1.00	25.0

		Long-Term Services (Dollars in Thousands)			FY09	
		FY07	FY08	Recom-	<u>Budget to Recommendation</u>	
		<u>Actuals</u>	<u>Budget</u>	<u>mendation</u>	<u>Dollar</u>	<u>Percent</u>
					<u>Change</u>	<u>Change</u>
SOURCES						
	General Fund Transfers	2,120.2	4,241.8	4,611.0	369.2	8.7
	Other Transfers	2,810.0	3,158.4	3,848.4	690.0	21.8
	Federal Revenues	623.2	597.5	276.2	-321.3	-53.8
	Other Revenues	269.0	0.0	0.0	0.0	***
	TOTAL SOURCES	5,822.4	7,997.7	8,735.6	737.9	9.2
USES						
	Personal Services and Employee Benefits	2,912.7	3,085.1	3,617.9	532.8	17.3
	Contractual Services	2,109.6	2,413.3	2,343.9	-69.4	-2.9
	Other	539.2	621.8	896.3	274.5	44.1
	Other Financing Uses	196.2	1,877.5	1,877.5	0.0	0.0
	TOTAL USES	5,757.7	7,997.7	8,735.6	737.9	9.2
FTE						
	Permanent	27.00	40.00	47.00	7.00	17.5
	Term	13.00	11.00	11.00	0.00	0.0
	TOTAL FTE POSITIONS	40.00	51.00	58.00	7.00	13.7

		Adult Protective Services (Dollars in Thousands)			FY09	
		FY07	FY08	Recom-	<u>Budget to Recommendation</u>	
		<u>Actuals</u>	<u>Budget</u>	<u>mendation</u>	<u>Dollar</u>	<u>Percent</u>
					<u>Change</u>	<u>Change</u>
SOURCES						
	General Fund Transfers	12,012.7	12,732.0	13,188.3	456.3	3.6
	Other Transfers	3,121.1	3,149.4	2,509.4	-640.0	-20.3
	TOTAL SOURCES	15,133.8	15,881.4	15,697.7	-183.7	-1.2
USES						
	Personal Services and Employee Benefits	8,014.6	8,528.0	8,784.0	256.0	3.0
	Contractual Services	2,855.0	3,743.0	3,932.0	189.0	5.0
	Other	3,800.0	3,610.4	2,981.7	-628.7	-17.4
	TOTAL USES	14,669.6	15,881.4	15,697.7	-183.7	-1.2
FTE						
	Permanent	170.00	174.00	157.00	-17.00	-9.8
	TOTAL FTE POSITIONS	170.00	174.00	157.00	-17.00	-9.8

Performance Measures

		FY07	FY07	FY08	FY09
		<u>Target</u>	<u>Result</u>	<u>Target</u>	<u>Recomm</u>
Program Support					
To provide clerical, record keeping and administrative support in the areas of personnel, budget, procurement and contracting to agency staff, outside contractors and external control agencies to implement and manage programs.					
Output	Number of contractors monitored or assessed	95	95		
Output	Number of attendees at annual conference on aging	1,700	1,122		
Output	Percent of contractors assessed with no significant findings	100%	100%	100%	100%
Output	Number of program performance and financial expenditure reports analyzed and processed within established deadlines	1,150	1,114		

		<u>FY07 Target</u>	<u>FY07 Result</u>	<u>FY08 Target</u>	<u>FY09 Recomm</u>
Consumer and Elder Rights					
To provide current information, assistance, counseling, education and support to older individuals and persons with disabilities, residents of long-term care facilities and their families and caregivers that allow them to protect their rights and make informed choices about quality service.					
Output	Number of client contacts to assist on health insurance, prescriptions and other programs	35,000	34,380		
Output	Number of volunteers trained in the state fiscal year to provide health insurance and benefits assistance	150	448		
Output	Number of outreach events providing prescription education	30	76		
Output	Number of clients who receive assistance to access low- or no-cost prescription drugs through MEDBANK and brownbag events	5,200	6,200		
Output	Number of resident contacts by ombudsmen	83,000	79,272		
Output	Number of hours of legal representation provided including legal advice and education	17,200	17,722		
Output	Number of ombudsman cases resolved			5,000	6,100
Outcome	Number of individuals calling the resource center in need of two or more daily living services that receive information, referral and follow-up services			1,800	5,000
Output	Number of granny cams loaned			65	65
Output	Number of persons accessing the aging and long-term services department's resource center			7,500	10,000
Output	Number of individuals receiving free or low cost prescription drugs through the resource center prescription drug assistance program			1,200	1,200
Aging Network					
To provide supportive social and nutrition services for older individuals and persons with disabilities so they can remain independent and involved in their communities. And to provide training, education, and work experience to older individuals so they can enter or re-enter the work force and receive appropriate income and benefits.					
Output	Number of individuals enrolled in the federal older worker program	80	69		
Outcome	Percent of individuals participating in the federal older worker program obtaining unsubsidized permanent employment	16%	13%	20.5%	20.5%
Outcome	Community service hours provided by the state older worker program as a percent of work hours budgeted	94%	79.05%	90%	90%
Outcome	Percent of temporary assistance for needy families clients placed in meaningful employment	32%	39.66%	36%	40%
Output	Annual number of mentors	40	31		
Output	Annual number of clients placed in meaningful employment	300	349	450	400
Output	Annual number of clients mentored	1,200	880		
Output	Unduplicated number of persons served through community services	120,000	130,214		
Output	Number of adult daycare service hours provided	187,500	126,395	190,000	160,000
Output	Number of hours of respite care provided	147,000	138,143	160,000	150,000
Outcome	Percent of individuals aged sixty and over served through community services	40%	37.42%		
Output	Number of one-way trips provided for access to community services	810,000	818,095	828,000	830,000
Output	Unduplicated number of persons receiving congregate meals	30,000	33,657		
Output	Number of congregate and home-delivered meals served to eligible participants	3,500,000	3,486,9		
Output	Number of senior centers providing meals	212	212		
Output	Number of homemaker hours provided in the state fiscal year	120,000	114,488	130,000	130,000
Output	Number of participants in local and national senior Olympic games	5,400	5,400		
Output	Number of volunteer hours provided by retired and senior volunteers	1,480,000	1,038,676		
Output	Number of home-bound clients served through the senior companion program	1,600	1,334		
Output	Unduplicated number of persons receiving home-delivered meals	15,000	12,353		
Output	Number of children served through the foster grandparent program	2,300	2,186	2,250	2,570
Outcome	Percent of individuals aged sixty and over receiving aging network community services			40%	42%

Aging and Long-Term Services Department

62400

		<u>FY07 Target</u>	<u>FY07 Result</u>	<u>FY08 Target</u>	<u>FY09 Recomm</u>
Output	Number of congregate meals provided through the aging network			1,650,000	1,700,000
Output	Number of home-delivered meals provided through the aging network			1,950,000	2,000,000
Output	Number of families served through the grandparents raising grandchildren initiative			300	300

Long-Term Services

To administer home and community-based long-term service programs that support individuals in the least restrictive environment possible.

Outcome	Percent of total personal-care option cases that are consumer directed	6%	10.6%	8%	12%
Outcome	Percent of disabled and elderly medicaid waiver clients who receive services within ninety days of eligibility determination	100%	98.3%	100%	100%
Outcome	Average number of months that individuals are on the disabled and elderly waiver registry prior to receiving an allocation for services			24	24
Output	Number of clients enrolled in coordinated long-term services				20,000
Output	Number of traumatic brain injury compliance reviews performed annually	10	7		
Output	Number of brain injury clients served through the self-directed waiver			100	125
Output	Number of individuals on the self-directed (mi via) waiver			300	400
Output	Number of persons reintegrated from nursing homes into home and community-based medicaid services			121	150

Adult Protective Services

To investigate allegations of abuse, neglect and exploitation of seniors and adults with disabilities and provide in-home support services to adults at high risk of repeat neglect.

Outcome	Percent of adults with repeat maltreatment	9.5%	9.20%	9%	9%
Outcome	Percent of investigated cases closed within thirty-five days	53%	TBD		
Output	Number of clients receiving services	1,275	1,365		
Outcome	Percent of cases closed within 90 days of referral			70%	
Output	Number of adults receiving adult protective services intervention			1,000	6,250

Executive Summary

The Human Services Department (HSD) administers several large state and federally-funded programs that provide health care, financial assistance, child support and food assistance to New Mexico's most needy citizens. The agency manages nearly \$3.5 billion of federal and state funding that provide life's most basic services to New Mexico's poorest individuals and families, touching the lives of one in three New Mexicans.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	817,227.1	939,074.5	14.9
Total Sources	3,783,057.7	4,210,103.9	11.3
Program			
Human Services Department	0.0	0.0	***
Behavioral Health Services Division	70,344.8	69,076.4	-1.8
Program Support Summary	42,995.1	47,458.8	10.4
Child Support Enforcement	31,686.1	33,079.4	4.4
Medical Assistance	2,856,104.1	3,531,199.4	23.6
Income Support	517,057.6	529,289.9	2.4
Medicaid Behavioral Health	264,870.0	0.0	-100.0
Total Uses	3,783,057.7	4,210,103.9	11.3
FTE	1,957.00	2,011.00	2.8

- Changes in the use of General Fund to reduce negative impacts of the federal Deficit Reduction Act in the Temporary Assistance for Needy Families (TANF) program are included in the Executive recommendation.
- Lost TANF recovery revenue totaling \$650.3 is replaced with General Fund in the Executive recommendation.
- The Executive recommendation includes an expansion of \$1,430.0 from the General Fund to help veterans and their families' access behavioral health care.
- In FY09, HSD expects the construction of the Los Lunas Substance Abuse Treatment and Training facility will be completed. Six months of operational funding totaling \$1,500.0 from the General Fund is included as a base expansion in the Executive recommendation.
- The Executive recommendation for the Medicaid program funds increases in health care costs, enrollment growth and the annualized impact of an *Insure New Mexico!* Initiative to raise eligibility up to 100% FPL for an initiative which began in FY08.
- To support the implementation of expansion items recommended for the Medicaid program, the Executive recommends an expansion of \$2,383.1.0 (\$990.5 General Fund) and 50 eligibility workers.
- Lost federal funding for core behavioral health services totaling \$800.0 is replaced with General Fund in the Executive recommendation.
- To increase health care insurance coverage to an estimated 8,986 New Mexico children, the Executive recommendation supports an expansion of \$30,435.2 (\$8,811.0 General Fund) in the Medicaid program as part of the governor's HealthSOLUTIONS proposal.

Agency Mission and Program Purpose

The Human Services Department (HSD) administers several large state and federally-funded programs that provide health care, financial assistance, child support and food assistance to New Mexico's most needy citizens. The agency manages nearly \$3.5 billion of federal and state funding that provide life's most basic services to New Mexico's poorest individuals and families, touching the lives of one in three New Mexicans.

Statutory Authority: Sections 9-8-1 through 9-8-12 NMSA 1978.

Behavioral Health Services

The Behavioral Health Services Program leads and oversees the provision of an integrated and comprehensive behavioral health prevention and treatment system so that the program fosters recovery and supports the health and resilience of all New Mexicans.

Program Support

Program Support provides overall fiscal leadership, direction and administrative support to each agency program to ensure accountability and compliance with state and federal mandates. The program manages the agency's human resources, provides information processing services, renders legal advice and representation, performs department fiscal and budgetary functions, conducts internal audits, and provides leadership and policy direction. The Program is composed of the following offices and divisions: Administrative Services, Human Resources, Inspector General, General Counsel, Hearings Bureau, Office of Information Processing and Office of the Secretary.

Child Program Enforcement

The Child Support Enforcement Program reduces the need for public assistance and Medicaid expenditures by collecting from non-custodial parents support for their children's dietary, medical and other basic needs. This sustenance carries the goal of improving a child's health and life outcomes that are negatively impacted by the lack of non-custodial support. The Child Support Enforcement Division administers the Child Support Enforcement Program, which is a state-federal partnership to establish and enforce child support obligations, establish paternity, enforce collections and distribute funds from non-custodial parents to their children.

Medical Assistance

The Medical Assistance Program helps to ensure access to medically necessary services for New Mexico's most vulnerable adults and children. By providing health insurance to more than 400,000 New Mexicans, the Program is a major contributor to the goal of reducing the number of individuals without insurance, thus helping to prevent negative health, developmental and social outcomes that may result from the lack of proper health care. The Medical Assistance Division (MAD) administers the New Mexico Medicaid program, which provides free or low-cost health care to low-income families, children, women who are pregnant or need family planning, and many elderly, disabled and blind adults. Medicaid covers traditional acute care services as well as psycho-social and long-term care benefits. Over 15,000 providers participate in the Medicaid program in New Mexico. Medicaid eligible recipients can receive medical services on a fee-for-service basis from an individual provider or from a network of providers through one of three Managed Care Organizations (MCOs): Molina, Lovelace, or Presbyterian.

Income Support

The Income Support program provides food stamps and meals to eligible New Mexico families, children, elderly and disabled to reduce hunger, poor nutrition and food insecurity; and provides cash assistance to families so that children may be cared for by family members or childcare providers while parents pursue job training and education designed to achieve self sufficiency by finding and retaining employment. Assistance provided by the Income Support Program is also focused on preventing and reducing out-of-wedlock pregnancies and the formation and maintenance of two-parent families.

The Income Support Division (ISD) administers the Program by managing several low-income public assistance programs: (1) the Temporary Assistance for Needy Families (TANF) block grant program provides temporary cash assistance, job training, education, linkage to support services such as child care, and transportation to 17,000 low-income families with children; (2) the General Assistance program provides cash assistance to temporarily and permanently disabled adults and children who are low-income and are not living with a relative; (3) the Food Stamps program provides assistance to 90,000 low-income families and individuals to purchase food; (4) the Emergency Food Assistance Program (TEFAP) operates a network of U.S. Department of Agriculture (USDA) food distribution centers to assist people in need; and (5) the Low Income Home Energy Assistance Program (LIHEAP) provides assistance to low-income households for a one-time payment of heating or cooling costs.

Executive Recommendation*Agency Strategic Directions*

In the 2008 legislative session, Governor Richardson will propose bold legislative initiatives to achieve universal health insurance coverage. Such initiatives aim to reform health insurance, reduce health care costs and provide health care insurance access and quality.

Insure New Mexico! The Human Services Department (HSD) is providing a variety of innovative solutions designed to create an employer specific, cost effective health benefit package for small businesses and non-profit organizations with 50 or fewer employees.

Increasing the number of adults enrolled in the State Coverage Insurance (SCI) and Small Employer Insurance (SEIP) programs continue to be a focus of the department. The SCI program offers coverage to working adults, ages 19 through 64, with incomes below 200% of the Federal Poverty Level (FPL). By the end of FY08, HSD hopes to enlist as many as 350 additional small business and non-profit employers and up to an additional 2,200 individuals into this Medicaid waiver program which utilizes federal and state funding plus contributions by employers and employees on a sliding scale income basis to purchase comprehensive health insurance. The Small Employer Insurance Program (SEIP) is a self-funded, state administered program with a comprehensive benefit package for small employers that have not offered health insurance for 12 months and for nonprofit agencies. By the end of FY08, HSD expects that SEIP will provide health insurance for approximately 200 New Mexicans not previously covered.

In addition to increasing enrollment in programs designed to provide small employers with more options for offering health insurance, HSD is working to enhance the Insure New Mexico! call

center to increase employers' access to SEIP and SCI, while continuing to partner with the Health Insurance Alliance (HIA) and the New Mexico Medical Insurance Pool to provide health insurance solutions to all employers. In FY08 and FY09, HSD will focus on outreach and marketing efforts that include providing information about all three programs to attempt to ensure health insurance coverage for all employees of any given employer.

Additionally, HSD will continue to engage in activities to provide New Mexicans with solutions for health insurance. For example, the agency will continue program development and implementation of the Premium Assistance for Kids (PAK) and Premium Assistance for Maternity (PAM) programs. PAK provides premium assistance toward the monthly premium for comprehensive, commercial health insurance, approved by the department, for uninsured children up to the age of twelve or up to the age of eighteen if part of a sibling group that includes a child up to the age of twelve. To be eligible, the applicant must be screened and found ineligible for Medicaid and/or SCHIP due to income. Health benefits include preventive, primary and specialty care, inpatient and outpatient hospitalization, pharmacy, lab, x-ray, physical, occupational and speech therapy. An increasing number of children will obtain health insurance through the PAK program in FY08 and FY09.

PAM covers pregnancy-related services for women who are ineligible for Medicaid maternity services due to income. This program aims to give babies a healthy start in life by providing prenatal care for hundreds of pregnant women. The program covers pregnancy-only services through the Medicaid fee-for-service network. The applicant pays a one-time premium fee per pregnancy, depending on the trimester in which she enrolls. For example, if the client enrolls during the first 20 weeks of pregnancy (months one – five) the premium is \$150. However, if the client enrolls during the second 20 weeks of pregnancy (months six – nine), the premium is \$300. The difference in the premium cost is to encourage pregnant women to start receiving health care services early in the pregnancy, ensuring healthier births.

The agency is increasing the number of medical support orders to increase the number of children receiving insurance through non-custodial parents' employer sponsored insurance. Paternity establishment is key to getting financial and medical support for children in single parent homes. HSD is increasing paternity establishment through operations of the paternity establishment unit within the Child Support Enforcement (CSED) Program.

In FY09, HSD will increase Medicaid eligibility for families with children and adults. The agency is targeting additional children at all eligible income levels and parents under 30% of FPL for enrollment in the Medicaid Program. By increasing the amount of family income disregarded for Medicaid eligibility, the number of children and adolescents eligible to be enrolled will increase. By the end of FY08, HSD will have increased the number of adults enrolled in the Medicaid waiver Program, called the State Coverage Insurance (SCI), by nearly 26,000, by raising the eligibility requirements for adults from 33% to 100% of FPL. This initiative will require an additional General Fund investment of nearly \$16,000.0.

HSD aims to increase outreach to Medicaid eligible children and adults and Native Americans. By focusing increased outreach to families with very young children, HSD estimates additional children can be reached by the Medicaid Program. During FY08, the department will enhance its outreach efforts to achieve this goal. Native Americans in New Mexico have among the highest rates of uninsured population in the state. Because of their frequent lack of proximity to Income Support

offices, Native Americans often do not receive the information they need to participate in Medicaid and other support programs. To increase outreach to Native Americans, HSD is locating income support eligibility workers at Indian health facilities in underserved areas. In FY08, the department will continue to collaborate with Indian Health Services (IHS) in the Albuquerque Area to identify the need for on-site eligibility workers within its service area, including sites in urban areas, and on Tribal and Pueblo reservations.

Combat Hunger and Improve Nutrition. By simplifying the application processes and increasing outreach to food stamp eligible New Mexicans, HSD is working to reduce food insecurity in New Mexico. In FY08, HSD seeks to increase participation in nutrition education programs for food stamp recipients and explore coordination of existing nutrition education funding and services through common materials, messages and program approaches.

HSD is continuing its efforts to increase participation in the federal Food Stamp Program through an outreach and marketing campaign, the theme of which is “Eat Better Tomorrow. Get EBT Today”. EBT (electronic benefit transaction) is the electronic benefits transfer card by which food stamps are issued. To encourage greater participation in the federal Food Stamp Program, HSD will implement a food stamp waiver program allowing auto enrollment through the Social Security Administration offices, concurrent with the approval of Social Security Income (SSI) benefits.

HSD is also working with farmers' markets to develop a plan so that food stamp recipients can purchase fresh produce at locations where an EBT transaction machine may not be located. Because homeless and disabled persons are frequently unable to prepare their own meals, HSD is developing regulations to allow these individuals to use food stamps to purchase prepared foods.

Providing meals for seniors and disabled individuals remains a priority for the agency. In FY08, HSD will explore a California pilot program that allows EBT cards to be used by elderly or homeless persons (those individuals or families who have difficulty preparing meals due to age or lack of facilities) to purchase food at participating restaurants.

Improve Behavioral Health Services Through an Interagency and Collaborative Model. In FY08, the Behavioral Health Services Division (BHSD) was transferred from the Department of Health (DOH) to HSD. This transfer supports HSD's mission to assist New Mexicans by planning and coordinating an integrated network of public and private support for low-income, elderly and disabled New Mexicans. The incorporation of BHSD into HSD is the first step towards attaining parity between behavioral health and physical health services in the publicly financed system of care. BHSD's new location under HSD ensures that mental health and substance abuse services will be part of a strategy to decrease the number of uninsured New Mexicans and improve health care for some of New Mexico's most needy citizens.

Strategic directions for BHSD are undertaken in partnership with the Behavioral Health Collaborative, a consortium of agencies impacting the public behavioral health service delivery system in New Mexico. As the lead agency for both the Behavioral Health Collaborative and the *Insure New Mexico!* initiative, BHSD's roles include: (1) fostering a strong, local voice that will create partnerships among consumers, family members, advocates, local agencies and consumer groups; (2) supporting and enhancing the use of “evidence-based” (validated by clinical research) practices for new and promising treatment options; (3) co-training of peer support specialists to be utilized in the

delivery of new services in the community-based system of care; and (4) assisting communities in planning to implement new practices. BHSD utilizes a partnership model in fulfilling these roles for the Collaborative member agencies, ValueOptions of New Mexico, local collaboratives and other stakeholders.

BHSD aims to enhance New Mexico's behavioral health workforce through the proposed Consortium for Behavioral Health Training and Research (CBHTR). CBHTR is a consortium of academic institutions and the Higher Education Department working with the Behavioral Health Collaborative to identify workforce training needs and programs that need to be evaluated and researched to determine what works best for New Mexico's unique, culturally diverse populations.

In its key roles described above, BHSD with CBHTR will help assure that the current workforce is exposed to national research and information about practices that have been shown to have the highest likelihood of success to help improve the quality of behavioral health services. By assuring that practices that have not been appropriately evaluated or researched are put to rigorous tests, CBHTR will contribute to the growing body of knowledge about service delivery excellence for New Mexico. BHSD will assist in preparing agencies, clinicians, communities and consumers in attaining the knowledge, skills and abilities to implement these new practices and change current services to meet new demands.

BHSD and the collaborative are working towards reducing suicide among youth and high risk populations. Suicide is a leading cause of death and prevention involves addressing mental health in terms of complex social and ecological relationships. Public health efforts to reduce suicide will likely involve a programmatic approach over a significant period of time before suicide rates are reduced. This holds true not just in the case of suicide prevention but for all population-based risk factors.

An important component to addressing mental health and substance abuse problems is improving access, quality, and value of mental health and substance abuse services, another goal of BHSD. Evaluating system performance, implementing standardized service definitions across collaborative agencies, implementing behavioral health standards and best practices guidelines, providing technical assistance to local collaboratives are a few of the technical activities the collaborative is working on. Furthermore, the collaborative aims to implement education and training strategy to increase provider capacity to deliver evidence-based practices and effectively implement new changes to Medicaid state plan.

The division is working to provide enhanced services for high-risk and high need individuals by including psychotropic medications in treatment services to help non-Medicaid eligible persons avoid hospitalization or institutionalization. One population in particular which BHSD is working towards providing enhanced services is veterans. For example, BHSD with the collaborative will be providing specialized training for behavioral health providers who work with veterans.

Increasing rural, frontier and border access to behavioral health services continues to be a priority of HSD. In partnership with the collaborative, work will continue in FY08 and FY09 to implement an intensive methamphetamine plan developed in FY09. This statewide plan aims to reduce the prevalence of substance abuse.

Protect and Support Vulnerable Populations. HSD is working to increase utility assistance to low income households by advocating for additional federal LIHEAP funds, assisting low-income households in reducing utility costs through home weatherization and working with telephone companies to increase low income telephone assistance program availability.

Beginning January 1, 2008, HSD will increase the standard of need for cash assistance programs (Temporary Assistance for Needy Families, Education Works, General Assistance, New Mexico Legal Immigrants and Refugee Resettlement grant recipients) by 20% over current benefit standards which are approximately 27.2% of the federal poverty level or \$389 for a benefit group of three persons. The increase provides approximately \$467 for a benefit group of three persons and reflective 32.6% of the federal poverty level. Despite changing economic conditions, the standard of need has not been adjusted for over twelve years. Federal Temporary Assistance for Needy Families carryover funding in excess of \$45,000.0 and projected balances for state funded programs will support additional cash assistance. Carryover will be exhausted by the end of FY12 as a result of the change in benefits.

Key Elements of Recommendation

Program Support. The Executive recommendation provides a base increase of \$4,084.2 (\$2,159.9 General Fund). Increases in federal funding are consistent with the agency net increases in federally funded programs and the associated indirect allocation to support information technology initiatives. A reduction of \$579.9 in other revenue reflects an anticipated reduction in funding associated with the statewide cost allocation plan. This reduction is recommended to be replaced by General Fund.

Recommended base funding for personal services and employee benefits includes a \$1,192.9 increase. Of the total increase, \$354.4 and seven FTE are transferred from BHSD and one FTE from the Department of Health to support the creation of a centralized administrative structure for the recently transferred BHSD. Included in the recommended increase for personal services and employee benefits is an additional \$260.9 to fund paid sick leave, overtime and annual leave at the FY07 actual expenditure level and \$394.7 (\$157.7 General Fund) to restore funding for excess vacancy savings taken in FY08. A 6.4% vacancy savings factor was applied to the Executive recommendation.

The Executive recommendation fully funds audit costs which are anticipated to increase by \$113.4 in FY09. In addition, an increase of \$124.3 for consulting, performance and accountability monitoring and reporting and employee training contracts are supported by the Executive recommendation.

An increase of \$2,643.8 is recommended in the other costs category including \$1,919.9 (\$749.9 General Fund) for Department of Information Technology and General Service rates, which were not fully funded in FY08, \$331.4 for additional lease space costs associated with a new space to house HSD's Department's Information Technology information infrastructure and \$726.8 for Integrated Data Management System (IDMS) utilization charges.

In FY09, HSD will use its Business Operation Center for printing and mailing services rather than contractual agreements. This change is a more efficient and effective use of state resources. For example, returned mail as a result of invalid addresses accounts for nearly \$75.0 of mailing costs. Processing mail through HSD's Business Operations Center will utilize software currently available to validate addresses. The Executive recommends an expansion of \$308.2 (\$125.0 General Fund)

and two FTE to support this effort. A corresponding decrease in contract funding is included in the base recommendation.

An additional \$71.3 (\$29.0 General Fund) and a position in the Office of the Inspector General are included in the Executive recommendation to increase detection, deterrence and recovery of mis-administered public assistance dollars required by the Deficit Reduction Act (DRA). This new position will utilize the Public Assistance Reporting System to obtain a computer match of social security numbers to locate beneficiaries who are not eligible to receive benefits which results in cost avoidance. This small investment has the potential to recover an estimated \$5,000.0 in cost savings and cost avoidance.

Behavioral Health Program. Base funding levels reflect reductions in federal funding. Federal grants account for approximately one-third of total revenue for BHSD. Grant awards that are anticipated to be significantly reduced in FY09 include the Access to Recovery (ATR) grant, Co-Occurring State Incentive grant (Co-SIG), and Screening, Brief Intervention, Referral and Treatment (SBIRT) grant. ATR funding provides voucher-based, faith-based, clinical and recovery behavioral health support services. Co-SIG supports evidence-based practices training, support and evaluation for practitioner training on co-occurring disorders. SBIRT funds early behavioral health interventions in primary care settings.

Base funding for personal services and employee benefits assumes a 6.3% vacancy rate and a reduction of \$108.6. An additional reduction of \$304.5 in this category is attributed to the recommended transfer of seven FTE to Program Support (discussed above) and six FTE to the Medical Assistance Division. Reductions in contractual services and care and support (other costs) are directly related to federal funding cuts particularly the reduction of the SBIRT grant. A General Fund increase of \$800.0 is recommended to replace federal funds for direct service contracts.

In the 2007 legislative session, the legislature appropriated \$5,000.0 in capital outlay funding and \$250.0 from the General Fund to plan, design, construct, renovate and equip a state-of-the-art substance abuse treatment center in Los Lunas. Completion of the new building is anticipated by January 2009. The Executive recommends an expansion of \$1,500.0 from the General Fund for six months of operations to allow the program sufficient time to hire and train staff and transition to the new facility once it is completed. Consistent with the Executive's goal to improve behavioral health through an interagency collaborative model, this expansion will support intensive outpatient services (IOP) for adults and adolescents. Outpatient programs will provide workforce development and trained staff in the use of a matrix model that incorporates evidenced-based practices and elements of relapse prevention, cognitive-behavioral, psycho-education, and family approaches, as well as 12-step program support.

Approximately 15,000 New Mexico veterans have returned from Iraq and Afghanistan and as many as one-third (5,000) are suffering from post traumatic stress disorder (PTSD). Accessing health services is often a complex process in which patients must interact with various bureaucracies in order to obtain care. The Executive recommendation includes an expansion of \$1,430.0 from the General Fund to help veterans and their families' access behavioral health care services through a pilot system which links existing veterans' hospital benefits and state resources. Approximately 4,400 military personnel, veterans and family members are expected to be served with this expansion. Services include behavioral health screening, assessment and other community services. This pilot

system relies heavily on use and development of telehealth for service, practitioner training and psychiatric or other specialist consultation.

Increasing access to behavioral health services for Native Americans is necessary in order to reduce health disparities. The Executive proposes an expansion of \$350.0 from the General Fund for substance abuse services and \$200.0 from the General Fund to treat post traumatic stress disorder or brain injury treatment among New Mexico's Native American population.

Child Support Enforcement Program. The Executive recommendation increases the base budget by \$743.0 which includes an increase of \$898.8 from the General Fund, an increase of \$562.3 in federal funds (child support enforcement funding under Title IV-D of the Social Security Act) and a reduction of \$718.1 in other revenue, primarily due to anticipated reductions in recovered revenue for overpayment of Temporary Assistance for Needy Families (TANF) benefits.

Policy changes to be implemented in January 2009 underline anticipated changes in recovered revenue. New Mexico will pass-through child support payments support payments made on behalf of TANF recipients in amounts up to \$100 for a family with one child and \$200 for a family with two or more children. Child support payments will continue to be disregarded when determining eligibility and benefits. As a result of this change, the state will no longer retain a portion of its share of TANF recovered revenue. Moreover, TANF recipients who receive child support payments will receive up to an estimated 25% increase in their income. Lost TANF recovery revenue totaling \$650.3 is replaced with General Fund in the Executive recommendation.

The Executive recommendation for income support includes \$5,600.0 from the General Fund for cash assistance for two-parent families in the New Mexico Works program and \$3,000.0 (General Fund) for an employment retention bonus. Using this funding, HSD aims to serve approximately 1,300 cash assistance families. This increase is offset by an equivalent reduction for General Assistance, a change necessary to mitigate negative effects of the Deficit Reduction Act.

The Executive recommendation increases personal services and employee benefits by \$937.8 (\$486.8 General Fund) and applies a 5.5% vacancy factor. The recommendation reflects a reduction of an excessive vacancy factor taken in FY08. Base funding for contractual services includes an additional \$800.3 for hearing officer compensation increases that must be compensated at 80% of judge salaries by state statute (Section 40-4B-4 NMSA 1978). This increase is in tandem with judge salary increases provided in the 2007 legislative session. Rental costs are anticipated to increase in FY09 by \$255.0, which is reflected in the recommendation for other costs.

Medical Assistance Program. The base recommendation for the Medical Assistance Program supports the governor's goal to insure New Mexico by providing more New Mexicans opportunities for affordable health insurance and substantially lowering the state's current rate of persons without health insurance which stands at 21 percent. Expansion recommendations are aimed at providing Medicaid and State health care insurance coverage for more than 34,000 uninsured New Mexican adults.

The recommendation for personal services and employee benefits includes an increase of \$762.5 of which \$619.7 (\$338.7 General Fund) is for the transfer of 2 FTE from the Behavioral Health Services Division. These positions will be responsible for supporting Medicaid behavioral health

services within the Medicaid Program. The remaining increase in personal services and employee benefits is to align budgeted amounts for paid sick leave, annual leave and General Service Department rates with FY07 actual expenditure levels.

With federal matches, the Executive recommendation supports an increase of \$369,234.6 (\$101,370.5 General Fund) in the Medicaid program. Effective outreach has stimulated enrollment and utilization growth totaling \$124,816.6 (\$18,276.5 General Fund), accounting for much of the projected growth in the Medicaid program. Managed care is a major growth factor accounting for \$153,560 of Medicaid growth. Other growth factors include \$ (\$3,769.0 General Fund) for the impact of Medicare Part B and D premium increases and \$8,422.0 General Fund for decreases in the Federal Medical Assistance Percentage (FMAP), the rate used to calculate federal matches.

Until FY07, only parents with an annual family income of up to 30% of FPL (4,200) are eligible for enrollment in the Medicaid Program. The Executive base recommendation includes \$82,257.0 (\$24,912.0 General Fund) to continue implementation of an eligibility change to 100% of FPL (\$16,600 for family of three) initiated in 2007. This expansion will make thousands of New Mexicans eligible for health insurance, increase preventative care and reduce the amount of uncompensated care provided in hospital emergency rooms. It is anticipated that full implementation will not occur until sometime in FY10.

As the number of programs offering health insurance through the *Insure New Mexico!* initiative increases, the need to disseminate timely, accurate information on insurance options also increases. Ongoing efforts to insure New Mexicans through Medicaid, SCI, the Small Employer Insurance Program (SEIP), the Health Insurance Alliance (HIA), the New Mexico Insurance Pool (NMMIP) and the Premium Assistance Program require additional resources to keep the public informed on this multitude of insurance options. This is an important strategy to increase the number of insured New Mexicans.

Providing affordable health care coverage to children benefits all New Mexican. Currently, 52,000 are uninsured in the state. The Executive recommendation proposes a \$31,577.8 Medicaid expansion to cover approximately 8,986 children in FY09.

Income Support Program. The Executive recommendation increases the base budget by \$9,949.2 which includes an increase of \$798.0 from the General Fund, an increase of \$9,232.1 in federal funds (Temporary Assistance for Needy Families Block Grant and United States Department of Agriculture grant funding) and a reduction of \$80.9 in other revenue. The Executive recommendation supports increased funding for the continuation of current administrative operations within the Income Support Program totaling \$2,007.5 (\$1,201.8 General Fund) for General Service Department and Department of Information Technology rates, paid sick leave and annual leave, rent and postage. Recommended funding for paid sick leave and annual leave is

consistent with the FY07 actual expenditure level. A 5.12% vacancy rate is applied to the recommendation.

The federal Deficit Reduction Act (DRA) imposes more stringent work requirements for individuals participating in the New Mexico Works Program administered through the federal TANF Program. Federal TANF work requirement rules have become more inflexible leading to the risk that New Mexico will not be able to meet its TANF federal performance measures and possibly face substantial funding penalties. Specifically, changes to the definition of what counts as a work activity, more restrictive supervision of program participants and the documentation and validation process and changes in the caseload reduction credit calculation has made it difficult to meet the federal target of a 90% work participation rate for two-parent families receiving assistance. Interestingly, no state has successfully attained this level of performance.

Moreover, work participation rates are now calculated using a combination of families receiving TANF assistance and families receiving assistance in state-funded programs that count toward the TANF Maintenance of Effort (MOE) requirement. Participants in state-funded programs now negatively affect the work participation rate in New Mexico as these families are not meeting work participation requirements because these programs are not designed to have participants meet traditional TANF work requirements, but rather their work activity is college coursework to achieve their Bachelor's degree.

One strategy HSD is employing to meet federal work participation requirements is to increase the number of employed program participants included in the calculation for work participation by implementing an employment retention bonus program. A transfer of \$3,000.0 in General Fund from cash assistance to provide the first-year funding of the employment retention bonus program created in the 2007 legislative session is included in the recommendation. The employment retention bonus program provides limited assistance to both encourage employment retention and advancement among low-income earning individuals and to transition off cash assistance. This change supports one of the most important goals of the TANF program, to transition recipients to employment, so that cash benefits are no longer necessary.

Another approach HSD is proposing to reduce negative impacts of federal rule changes on New Mexico is to use General Fund outside of the MOE structure to pay the benefits where federal work participation requirements are inappropriate, overly restrictive or, in the case of two-parent families, simply too high. Under the new rules, the state can provide these families with the types of training, education, or rehabilitative activities they need funded out of TANF non-assistance and federal rules, such as time limits, work requirements, and data collection requirements do not apply. Two-parent families on TANF accounted for 1,381 households in New Mexico in FY07. A change of \$5,600.0 which has historically been used for cash assistance within the MOE structure is recommended to be used for two-parent families outside of the MOE structure.

Expansion of *Insure New Mexico!* has necessitated the growth of income support staff. The Executive recommendation includes funding for 100 eligibility workers to support the implementation of expansion items recommended for the Medicaid Program. Enhancements recommended for the Medicaid Program will increase case load work for income support workers will process applications, determine eligibility and conduct recertification for an estimated enrollment increase of more than 34,000 New Mexicans. Funding for additional staff has been prorated with the

expectation that it will take time to increase the program's workforce to the full 100 positions recommended.

As the number of programs offering health insurance through the *Insure New Mexico!* initiative increases, the need to disseminate timely, accurate information on insurance options also increases. Ongoing efforts to insure New Mexicans through Medicaid, SCI, the Small Employer Insurance Program (SEIP), the Health Insurance Alliance (HIA), the New Mexico Insurance Pool (NMMIP) and the Premium Assistance Program require additional resources to keep the public informed on this multitude of insurance options. This is an important strategy to increase the number of insured New Mexicans.

Performance Report

Targets for FY07 were considerably ambitious and while not all targets were met, the agency made considerable progress towards reaching them. In some instances, the Executive recommendations for FY09 target levels are lower than FY07 to create a more realistic performance expectation.

Program Support

Measures for Program Support are indicators primarily of how well HSD is performing its accounting, financial reporting and auditing functions. In FY08, HSD will administer in excess of \$2,780,000.0 of federal funds. Filing timely federal financial reports is critical to the process of administering programs of this size. For FY07, none of the agency's federal financial reports were filled on time and accurate. In the prior fiscal year 100% of federal reports were filled on time and accurately. Underlying this change in performance is the conversion to a new accounting system which delayed reporting by approximately 30 days.

When the current management of HSD assumed responsibility for the operation of the agency in January 2003, the timeliness and accuracy of the fiscal year-end audit was not consistent. HSD has made significant strides to correct this deficiency. For FY07, HSD set a goal of resolving 100% of all prior year audit findings. Even though the target was not met (93% audit findings resolved), this, combined with the fact that none of the prior year audit finding were a material weakness, represents a strong commitment to producing an unqualified, timely, year-end audit report.

Each year, delinquent claims are referred to the United States Treasury for collection. The United States Treasury offset program reduces the largest number of claims in any given fiscal year. The total claims over 36 months at the end of FY07 were 3,539, 17% less than the prior fiscal year and a reduction of more than 5,550 claims since January of 2004.

Behavioral Health

Implementation of the New Mexico Behavioral Health Purchasing Collaborative began July 2006. In order to consolidate the oversight of all publicly funded behavioral health services, the Behavioral Health Services Division was transferred in FY08 from the Department of Health to HSD, the lead agency for the Collaborative. HSD has developed some new performance measures and targets for FY08 and FY09. Most of the new measures for both youth and adult populations pertain to performance by the collaborative a consortium of multiple state agencies (e.g. Corrections Department, Department of Public Safety, Children Youth and Families, Department of Health), impacting the entire behavioral health service delivery system in New Mexico. This represents an

unprecedented point in our State's history whereby state agencies are pooling resources together, aligning programmatic activities and performance measures to reflect a comprehensive public service delivery system. Efforts by the collaborative over the past two years have now positioned the collaborative to use historical trends and programmatic alignment to develop targets which are based on rational information.

Child Support Enforcement

Child support collections are critical to providing single parent families with income support, healthcare, and other basic needs. HSD tracks the percent of temporary assistance for needy families' (TANF) cases with court-ordered child support that are receiving collections. The agency did not meet the target of 65% collections for FY07 (54.4% collections received). It is difficult for many non-custodial parents connected with the TANF program to meet their child support payment obligations because they are generally impoverished or at risk of becoming impoverished. Moreover, child support payments made on behalf of a TANF beneficiary is retained by the state in order to recover benefit payments (which are generally higher than child support payments), and may be viewed as a disincentive to pay child support. A recent change to federal law, through the Deficit Reduction Act (DRA), allows a state to pass through \$100/\$200 to the custodial parent, which is expected to have a positive impact on the future percent of child support collections in the TANF program.

The percent of current child support owed that is collected is an important success indicator for the program. In FY07, HSD collected 56.3% of support owed and while performance fell short of the target of 65%; this target is greater than the national average. One potential explanation of lower than expected performance is that New Mexico is a poor state when comparing its per capita income to the national per capita income. This equates to fewer dollars collected when individuals are making difficult choices with few resources. While the percent of support owed that is collected may not have been as high as expected, the amount of child support collected was \$95,300.0, which is higher than the established target of \$95,000.0. HSD continues to strive to increase child support collections to reduce the impact of poverty on the lives of children. With the establishment of a Paternity Establishment Unit and Governor Richardson's Fresh Start program, HSD expects to see a substantial improvement in collections in FY08 and FY09.

Medical Assistance

Several of the FY07 targets set for performance of the Medical Assistance Program were not met, but better than the national average. For example, actual results for the percent of children receiving early and periodic screening, diagnosis and treatment services were 67%, substantially lower than the target of 85% but higher than the national average of 65.7% indicating the program performance is good. Actual results for the number of children enrolled in Medicaid managed care who have a dental exam within the performance year was 67%, which is also lower than the target level of 92% but higher than the national average. Furthermore, the percent of women enrolled in Medicaid managed care receiving cervical cancer screens was 68% (significantly lower than the target), but compared with the national average of 64.4%, the program's performance was quite better than the national average. Women receiving breast cancer screens have declined nationally; in tandem, New Mexico's performance in this area declined from 65% in FY06 to 56% in FY07. While the reason for the decline in New Mexico and nationally is unknown, program performance in this area is still above the national average of 55.9%

The Medical School-Based Services (MSBS) program was successful in FY07, meeting the target that measures the number of children receiving services from the program. HSD exceeded its 16,500 children served target by 270 children. Growth in the number of children receiving services has gradually declined over time, lending to the department's concern that the program may have reached its threshold on the number of children that can be served.

State coverage insurance is a relatively new program which underlines lower than expected performance results for the number of adults enrolled and employer participation. HSD is working on mechanisms to encourage program growth such as increased television and radio advertising. Future performance results are expected to reflect these efforts.

Income Support

The Income Support Program provides low-income New Mexicans with food, medicine, utilities and other basic needs. The focus of this program is to help as many New Mexicans achieve self-sufficiency as possible. Measuring how long program participants receive and retain jobs and meet federal work requirements helps HSD monitor the success of this program. While the target for the number of program participants who receive a job was not met, it is important to note that the target set in the General Appropriation Act was higher than the number of program participants. Measuring job retention is more important than measuring the number of jobs received when assessing program performance. For FY07, the program aimed to have at least 75% of all TANF participants retain a job for three months or longer. Actual performance was 77.5% and HSD expects to improve that performance in subsequent fiscal years.

Nationally, the target for the percent of two-parent TANF beneficiaries meeting federally required work participation requirements is 90%. Unfortunately, no state has been able to attain this target, including New Mexico, where only 54.9% of two-parent TANF beneficiaries met work participation requirements. Program performance in New Mexico is in part the result of implementing new federal rules that restrict activities that count as work participation such as amount of time a person can spend searching for a job. Other federal rule changes require an increased amount of supporting documentation to demonstrate work requirements are met.

Combating hunger and improving nutrition in New Mexico is an important goal toward achieving Governor Richardson's vision of *A Healthy New Mexico*. Tracking the number of New Mexico families receiving food stamps is one of the ways HSD is evaluating the success of the Income Support Program. HSD fell 8,636 short of its 100,000 target for FY07. The food stamp case load in New Mexico increased significantly from FY04 to FY06. In FY07, a steady decline in caseloads both nationally and in New Mexico began. While the cause of this trend is not entirely known there appears to be a relationship between the decline in caseloads and new citizenship documentation required under the Deficit Reduction Act. Although citizenship requirement changes impact Medicaid recipients directly rather than food stamp recipients, the change may have discouraged initial applications and reapplications for food stamps.

Recommended Language for the General Appropriation Act

The appropriation to the income support program of the human services department includes eleven million five hundred ninety-nine thousand (\$11,599,000) from the federal temporary assistance for needy families block grant for administration of the New Mexico Works Act.

The appropriation to the income support program of the human services department includes nine million five hundred fifty-four thousand eight hundred dollars (\$9,554,800) from the general fund and sixty-one million five hundred twenty-two thousand one hundred dollars (\$61,522,100) from the federal temporary assistance for needy families block grant to provide cash assistance grants to participants as defined in the New Mexico Works Act, including education grants, clothing allowances, wage subsidies, disregard pass through payments, one-time diversion payments and state-funded aliens payments.

The appropriation to the income support program of the human services department includes two million seven hundred twenty thousand dollars (\$2,720,000) from the federal temporary assistance for needy families block grant for support services, including seven hundred twenty thousand dollars (\$720,000) for employment related costs, eight hundred thousand dollars (\$800,000) for transportation services, four hundred thousand dollars (\$400,000) for a family-strengthening and fatherhood program, and eight hundred thousand dollars (\$800,000) for substance abuse programs.

The appropriation to the income support program of the human services department includes forty-six million five hundred fifty-nine thousand three hundred dollars (\$46,559,300) from the temporary assistance for needy families block grant for transfers to other agencies, including thirty-two million two hundred nineteen thousand three hundred dollars (\$32,219,300) to the children, youth and families department for childcare programs, two million six hundred thousand dollars (\$2,600,000) to the children, youth and families department for domestic violence programs, nine million eight hundred thousand dollars (\$9,800,000) to the office of workforce training and development for workforce training, one million four hundred forty thousand dollars (\$1,440,000) to the commission on the status of women for the job skills program and five hundred thousand dollars (\$500,000) to the aging and long-term care services department for the gold mentor program.

The appropriation to the income support program of the human services department includes five million six hundred sixty-five thousand five hundred dollars (\$5,665,500) from the general fund and two million two hundred twenty-six thousand dollars (\$2,226,000) from other state funds for general assistance.

The period of time for expending the three hundred thousand dollars (\$300,000) appropriated from the computer systems enhancement fund and two million four hundred thousand dollars (\$2,400,000) in federal funds contained in Subsection 23 of Section 8 of Chapter 114 of Laws 2004 as extended by Subsection 17 of section 7 of Chapter 33 of Laws of 2005 as extended by Subsection 16 of Section 7 of Chapter 109 of Laws of 2006 is extended through fiscal year 2008 for automating the process of reviewing Medicaid claims for fraud and abuse. The human services department shall provide the legislative finance committee and the department of finance and administration with quarterly reports on Medicaid claims recovered as a result of the new software. This appropriation is contingent upon a solution that is based on a design that can be used with future Medicaid systems the state may choose to adopt.

One million seven hundred twenty thousand five hundred (\$1,720,500) of the general fund appropriation to the behavioral health services program for residential and community substance abuse treatment is contingent on the appropriation of four million dollars (\$4,000,000) of capital funding to build a central New Mexico substance abuse treatment and training facility in Los Lunas.

Budget Summary TablesAgency Budget Summary
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY09	
				<u>Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	738,288.2	817,227.1	939,074.5	121,847.4	14.9
Other Transfers	101,388.1	109,769.3	121,763.0	11,993.7	10.9
Federal Revenues	2,513,239.6	2,781,115.1	3,061,394.5	280,279.4	10.1
Other Revenues	67,686.3	74,946.2	87,871.9	12,925.7	17.2
TOTAL SOURCES	3,420,602.2	3,783,057.7	4,210,103.9	427,046.2	11.3
USES					
Personal Services and Employee Benefits	91,118.0	100,076.2	105,176.0	5,099.8	5.1
Contractual Services	122,679.9	141,136.3	144,466.6	3,330.3	2.4
Other	3,129,031.6	3,432,123.2	3,862,249.1	430,125.9	12.5
Other Financing Uses	73,996.3	109,722.0	98,212.2	-11,509.8	-10.5
TOTAL USES	3,416,825.8	3,783,057.7	4,210,103.9	427,046.2	11.3
FTE					
Permanent	1,658.00	1,851.00	1,905.00	54.00	2.9
Term	47.00	106.00	56.00	-50.00	-47.2
Temporary	0.00	0.00	50.00	50.00	***
TOTAL FTE POSITIONS	1,705.00	1,957.00	2,011.00	54.00	2.8

Behavioral Health Services
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY09	
				<u>Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	39,710.4	45,272.0	49,216.1	3,944.1	8.7
Other Transfers	341.9	1,275.1	1,410.0	134.9	10.6
Federal Revenues	21,481.0	23,755.7	18,408.3	-5,347.4	-22.5
Other Revenues	42.0	42.0	42.0	0.0	0.0
TOTAL SOURCES	61,575.3	70,344.8	69,076.4	-1,268.4	-1.8
USES					
Personal Services and Employee Benefits	2,202.8	3,076.6	2,276.3	-800.3	-26.0
Contractual Services	56,840.1	63,885.2	62,774.8	-1,110.4	-1.7
Other	355.1	1,710.9	2,207.3	496.4	29.0
Other Financing Uses	1,458.4	1,672.1	1,818.0	145.9	8.7
TOTAL USES	60,856.4	70,344.8	69,076.4	-1,268.4	-1.8
FTE					
Permanent	31.00	31.00	26.00	-5.00	-16.1
Term	13.00	18.00	10.00	-8.00	-44.4
TOTAL FTE POSITIONS	44.00	49.00	36.00	-13.00	-26.5

Program Support (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Dollar Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	11,537.6	11,298.1	13,612.1	2,314.0	20.5
Federal Revenues	27,094.1	27,553.6	30,330.2	2,776.6	10.1
Other Revenues	4,196.5	4,143.4	3,516.5	-626.9	-15.1
TOTAL SOURCES	42,828.2	42,995.1	47,458.8	4,463.7	10.4
USES					
Personal Services and Employee Benefits	16,524.5	17,022.9	18,359.7	1,336.8	7.9
Contractual Services	10,531.2	13,163.9	13,401.6	237.7	1.8
Other	15,219.9	12,758.3	15,637.7	2,879.4	22.6
Other Financing Uses	49.2	50.0	59.8	9.8	19.6
TOTAL USES	42,324.8	42,995.1	47,458.8	4,463.7	10.4
FTE					
Permanent	247.00	247.00	257.00	10.00	4.0
Term	0.00	0.00	1.00	1.00	***
TOTAL FTE POSITIONS	247.00	247.00	258.00	11.00	4.5

Child Program Enforcement (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Dollar Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	6,505.9	7,645.3	9,194.4	1,549.1	20.3
Federal Revenues	18,607.3	19,470.4	20,032.7	562.3	2.9
Other Revenues	3,183.6	4,570.4	3,852.3	-718.1	-15.7
TOTAL SOURCES	28,296.8	31,686.1	33,079.4	1,393.3	4.4
USES					
Personal Services and Employee Benefits	17,025.3	19,633.1	20,570.9	937.8	4.8
Contractual Services	6,625.3	7,503.0	8,151.9	648.9	8.6
Other	4,542.2	4,550.0	4,356.6	-193.4	-4.3
TOTAL USES	28,192.8	31,686.1	33,079.4	1,393.3	4.4
FTE					
Permanent	399.00	399.00	399.00	0.00	0.0
TOTAL FTE POSITIONS	399.00	399.00	399.00	0.00	0.0

Medical Assistance (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Dollar Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	629,036.1	631,304.9	818,826.6	187,521.7	29.7
Other Transfers	100,825.2	108,494.2	120,353.0	11,858.8	10.9
Federal Revenues	2,050,114.6	2,053,725.1	2,515,088.3	461,363.2	22.5
Other Revenues	57,008.9	62,579.9	76,931.5	14,351.6	22.9
TOTAL SOURCES	2,836,984.8	2,856,104.1	3,531,199.4	675,095.3	23.6

Medical Assistance
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u>	
				<u>Dollar</u>	<u>Percent</u>
				<u>Change</u>	<u>Change</u>
USES					
Personal Services and Employee Benefits	10,593.0	10,074.7	10,837.2	762.5	7.6
Contractual Services	29,985.9	31,713.5	35,841.8	4,128.3	13.0
Other	2,760,525.7	2,744,059.3	3,426,129.3	682,070.0	24.9
Other Financing Uses	35,880.2	70,256.6	58,391.1	-11,865.5	-16.9
TOTAL USES	2,836,984.8	2,856,104.1	3,531,199.4	675,095.3	23.6
FTE					
Permanent	0.00	149.00	148.00	-1.00	-0.7
Term	0.00	4.00	11.00	7.00	175.0
TOTAL FTE POSITIONS	0.00	153.00	159.00	6.00	3.9

Income Support
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u>	
				<u>Dollar</u>	<u>Percent</u>
				<u>Change</u>	<u>Change</u>
SOURCES					
General Fund Transfers	51,498.2	46,536.8	48,225.3	1,688.5	3.6
Other Transfers	221.0	0.0	0.0	0.0	***
Federal Revenues	395,942.6	466,910.3	477,535.0	10,624.7	2.3
Other Revenues	3,255.3	3,610.5	3,529.6	-80.9	-2.2
TOTAL SOURCES	450,917.1	517,057.6	529,289.9	12,232.3	2.4
USES					
Personal Services and Employee Benefits	44,772.4	50,268.9	53,131.9	2,863.0	5.7
Contractual Services	18,697.4	24,870.7	24,296.5	-574.2	-2.3
Other	348,388.7	404,174.7	413,918.2	9,743.5	2.4
Other Financing Uses	36,608.5	37,743.3	37,943.3	200.0	0.5
TOTAL USES	448,467.0	517,057.6	529,289.9	12,232.3	2.4
FTE					
Permanent	981.00	1,025.00	1,075.00	50.00	4.9
Term	34.00	84.00	34.00	-50.00	-59.5
Temporary	0.00	0.00	50.00	50.00	***
TOTAL FTE POSITIONS	1,015.00	1,109.00	1,159.00	50.00	4.5

Performance Measures

		FY07 <u>Target</u>	FY07 <u>Result</u>	FY08 <u>Target</u>	FY09 <u>Recomm</u>
Behavioral Health Services					
The purpose of the Behavioral Health Services program is to lead and oversee the provision of an integrated and comprehensive behavioral health prevention and treatment system so that the Program fosters recovery and supports the health and resilience of all New Mexicans.					
Outcome	Percent of children and adolescents receiving Medicaid behavioral health services who are successful in school				Baseline
Outcome	Percent of readmissions to same level of care or higher for children or youth discharged from residential treatment centers and inpatient care	12%	4.0%	2%	11%
Output	Percent of youth served who have contact with juvenile justice systems	Baseline	43.5%	TBD	43.5%
Outcome	Youth suicide rate among 15 to 19 year olds served by statewide entity	Baseline	3.0	TBD	2.0

		<u>FY07 Target</u>	<u>FY07 Result</u>	<u>FY08 Target</u>	<u>FY09 Recomm</u>
Outcome	Percent of people receiving substance abuse treatment who demonstrate improvement on two or more domains on the addiction severity index for alcohol				79%
Outcome	Suicide rate among adults twenty years and older per one hundred thousand				20.5
Outcome	Percent of people receiving substance abuse treatment who demonstrate improvement on two or more domains on the addiction severity index for drugs				65%
Outcome	Percent of children and adolescents receiving behavioral health services who are successful in school	68%	80.8%	68%	Baseline
Outcome	Youth suicide rate among 15 to 19 year olds per 100,000 (calendar year)	15.0	19.1	14.0	14.0
Outcome	Percent of individuals with mental illness and/or substance abuse disorders receiving services with decent, safe and affordable housing	78%	78.5%	78%	79%
Outcome	Number of DWI arrests among persons receiving substance abuse treatment or services	baseline	Unavailable	TBD	TBD
Output	Percent of adults served who have contact with adult correctional systems	Baseline	36.7%	TBD	36.7%
Outcome	Number of unique individuals in Medicaid served in substance abuse or mental health programs				73,500
Output	Number of individuals served annually in substance abuse and/or mental health programs	72,000	71,531	73,000	73,500

Program Support

To provide overall leadership, direction, and administrative support to each agency program, and to assist it in achieving its programmatic goals.

Outcome	Percent of federal grant reimbursements completed that meet the federal standards for timeliness (CMIA)				90%
Outcome	Percent of federal financial reports completed accurately by due date	100%	0%	100%	
Outcome	Percent of invoices paid within thirty days of receipt of the invoice	100%	73%	100%	100%
Outcome	Percent of prior-year audit finding resolved in the current fiscal year	100%	93%	100%	
Outcome	Percent of audit findings that are material weaknesses	0%	0%	0%	0%
Outcome	Number of office of inspector general claims over thirty-six months old	0	3,539	0	3,470
Outcome	Percent of reconciling items resolved within fifteen days of completion of reconciliation	95%	Unavailable	95%	
Output	Percent of timely final decisions on administrative disqualification hearings				100%
Outcome	Percent of fund reconciliations completed thirty days after receipt of accurate monthly reports from the department of finance administration, human services joint accounting system and the state treasurer's office	100%	N/A	100%	
Output	Number of days for the chief financial officer to certify the accuracy of financial transactions after the close of an accounting cycle				45 days
Output	Percent of investigations referred to Office of Inspector General (OIG) completed within ninety days from the date assigned				70%

Child Program Enforcement

To provide location, establishment, and collection services for custodial parents and their children; to ensure that all court orders for support payments are being met to maximize child support collections; and to reduce public assistance rolls.

Outcome	Percent of temporary assistance for needy families cases with court-ordered child support receiving collections	65%	54.4%	70%	60%
Outcome	Amount of child support collected, in millions	\$95.0	\$95.3	\$97.0	\$100.0
Outcome	Percent of current support owed that is collected	65%	56.3%	67%	58%
Outcome	Percent of cases with support orders	65%	64.5%	67%	67%
Outcome	Percent of children born out of wedlock with voluntary paternity acknowledgment	75%	74.2%	80%	80%
Outcome	Percent of children with court-ordered medical support covered by private health insurance	37%	33%	38%	38%

		<u>FY07</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>
		<u>Target</u>	<u>Result</u>	<u>Target</u>	<u>Recomm</u>
Medical Assistance					
To provide the necessary resources and information to enable low-income individuals to obtain either free or low-cost health care.					
Output	Number of adults enrolled in state coverage insurance	10,000	7,549	10,000	
Outcome	Percent of children enrolled in Medicaid managed care who have a dental exam within the performance measure year	92%	67%	70%	
Outcome	Number of children receiving services in the Medicaid school-based services program	16,500	16,770	17,000	17,500
Output	Number of employers participating in state coverage insurance	750	311	1,200	375
Outcome	Percent of children in Medicaid managed care receiving early and periodic screening, diagnosis and treatment services as measured by HEDIS				68%
Outcome	Percent of children in Medicaid managed care receiving early and periodic screening, diagnosis and treatment services	85%	67%	60%	
Outcome	Percent of adolescents in Medicaid managed care receiving well-care visits	52%	39.9%	55%	
Output	Percent of eligible children under 21 years of age who get health care coverage through medical assistance programs				2%
Outcome	Percent of age appropriate women enrolled in Medicaid managed care receiving breast cancer screens	75%	56%	60%	
Outcome	Percent of age appropriate women enrolled in Medicaid managed care receiving cervical cancer screens	75%	68%	75%	
Output	Percentage of eligible adults, below 100% FPL, who get health care coverage through medical assistance programs				2%
Output	Percent of eligible children less than 5 years of age, who get health care coverage through medical assistance programs				2%
Outcome	Percent of children enrolled in Medicaid managed care who have a dental exam as measured by HEDIS				50%
Outcome	Percent of age-appropriate women enrolled in Medicaid managed care receiving breast cancer screenings as measured by HEDIS				53%
Outcome	Percent of age-appropriate women enrolled in Medicaid managed care receiving cervical cancer screenings as measured by HEDIS				69%
Income Support					
To provide cash assistance and supportive services to eligible low-income families so they can achieve self-sufficiency. Eligibility requirements are established by state law within broad federal statutory guidelines.					
Outcome	Percent of temporary assistance for needy families clients who receive a job				60%
Outcome	Percent of temporary assistance for needy families participants who retain a job three or more months	75%	77.5%	75%	78%
Outcome	Percent of temporary assistance for needy families all parent recipients meeting federally required work participation requirements				50%
Outcome	Percent of temporary assistance for needy families clients phased into the interagency state workforce consolidation effort	100%	18%		
Outcome	Percent of temporary assistance for needy families single-parent recipients meeting federally required work participation requirements	60%	41.1%	60%	
Outcome	Percent of temporary assistance for needy families two-parent recipients meeting federally required work participation requirements	80%	54.9%	90%	60%
Outcome	Percent of food-stamp eligible children participating in the program	93%	67.9%	80%	68%
Outcome	Percent of expedited food stamp cases meeting federally required measure of timeliness within seven days	98%	98.5%	98%	98%
Output	Number of New Mexico works clients referred to one-stop programs				4,000
Outcome	Number of New Mexico families receiving food stamps	100,000	91,394	104,000	95,150
Outcome	Number of temporary assistance for needy families clients who receive a job	9,500	6,938	9,500	
Outcome	Percent of regular food stamp cases meeting the federally required measure of timeliness within thirty days				95%

Executive Summary

The Workforce Solutions Department collaborates with existing and potential employers to increase employment, job retention and earnings of the citizens of New Mexico.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	7,262.9	7,846.9	8.0
Total Sources	63,490.9	56,144.0	-11.6
Program			
Workforce Technology	6,220.7	4,321.2	-30.5
Workforce Transition Services	20,112.5	20,112.0	0.0
Business Services	3,024.2	3,977.9	31.5
Labor Relations	3,104.8	3,082.1	-0.7
Program Support	31,028.7	24,650.8	-20.6
Total Uses	63,490.9	56,144.0	-11.6
FTE	592.50	592.50	0.0

- The Executive recommendation includes the transfer of \$691.5 from the Workers' Compensation Fund balances to the Labor and Industrial and Humans Rights divisions within the Labor Relations Program.
- The Executive recommendation includes \$75.0 in General Fund for job training services for low-income women in Albuquerque and a workforce development program in Bernalillo County. Both items were appropriated to the Department of Finance and Administration in Laws 2007, Chapter 21, and transferred to the Workforce Solutions Department.
- The Executive recommendation includes \$9.0 in General Fund for renewable energy purchases in keeping with the Executive's goal of New Mexico becoming the "Clean Energy State."
- The Executive recommendation includes \$500.0 in General Fund for the Career Readiness Certificate/Workkeys Program.

Agency Mission and Program Purpose

The Workforce Solutions Department (WSD) administers programs related to employment in New Mexico, including federal unemployment insurance programs and employment security programs.

Statutory Authority: Section 9-18-1 through 9-19-16 NMSA 1978.

Workforce Technology

The Workforce Technology Program provides and maintains customer focused, effective, and innovative information technology services for the Workforce Solutions Department and its service providers that enables effective management and utilization of the department's operating systems and information technology architecture. Workforce Technology is comprised of the virtual one-stop system, unemployment insurance, tax, and information technology support.

Workforce Transition Services

The Workforce Transition Services Program administers an array of demand driven workforce development services to prepare New Mexicans to meet the needs of business. This program includes workforce center services (Workforce Investment Act, Wagner-Peyser, etc.) and unemployment insurance assistance.

Business Services

The Business Services Program provides standardized business solution strategies and labor market information through the New Mexico public workforce system that is responsive to the needs of New Mexico businesses. This program includes business development and outreach, and labor market information.

Labor Relations

The Labor Relations Program provides employment rights information, and other work-site based assistance to employers and employees. This program is comprised of labor and industrial, and human rights.

Program Support

Program Support provides overall leadership, direction, and administrative support to each agency program to achieve organizational goals and objectives. This program includes the Office of the Secretary and the Administrative Services Division.

Executive Recommendation*Agency Strategic Directions*

The Workforce Solutions Department is developing a market-driven workforce delivery system that: prepares New Mexico jobseekers to meet current and emerging needs of New Mexico businesses and employers; ensures that every New Mexico citizen who needs a job will have one; and ensures that every business who needs an employee will find one with the necessary skills and work readiness to allow business to compete in a global economy. These services will be provided by high quality, decentralized, comprehensive local workforce centers, and satellite centers that will use training providers with proven performance and that will provide clients the skills needed for upward mobility in the workforce. The Workforce Solutions Department was created to improve the delivery of services previously provided by two separate agencies: the Labor Department and the Office of Workforce Training and Development.

WSD directly supports the governor's performance and accountability policy, *Promoting and Growing New Mexico*, by striving to increase the number of workers trained and placed in jobs, and by developing and marketing a quality workforce. In FY07, 36,989 individuals were placed into jobs and 1,912 received specific job training to improve their skills to be successful in their employment. For FY09, WSD field office personnel hope to make 20,000 personal contacts with New Mexico businesses to inform them of available services or provide actual services. The department continues to partner with the Economic Development Department, Human Services Department, Public Education Department, Division of Vocational Rehabilitation, Children, Youth and Families Department, and Aging and Long-Term Services Department in the area of employment services.

Supporting the Governor's performance and accountability policy, *Services to New Mexicans*, the department maximized collections of fees, fines, employer taxes and gross receipts taxes owed to the state. The tri-agency portal was established in cooperation with the Taxation and Revenue Department and Workers' Compensation Administration, allowing employers a single-point of entry for initial registration, reporting and payment of quarterly taxes. The tri-agency portal streamlines the reporting requirements for businesses through New Mexico.

Key Elements of Recommendation

The Executive recommendation provides for an overall decrease of \$7,346.9. The decrease represents substantial reductions in federal flow-through Workforce Investment Act and Reed Act funding. The Executive recognizes the importance of continued support for Reed Act projects, and therefore recommends continued funding for this program as a non recurring appropriation. The nonrecurring funding will bridge the gap until the Unemployment Insurance Permanent Fund begins paying substantial dividends in FY10.

The Executive recommendation provides for a \$584.0 increase in General Fund. The Executive recommends two projects, appropriated to the Department of Finance and Administration in Laws 2007, Chapter 21, that were transferred to WSD in FY08, be included in the WSD base budget. The projects are job training services for low-income women in Albuquerque (\$25.0) and a workforce development program in Bernalillo County (\$50.0). The Executive also recommends \$9.0 in General Fund to fund the use of renewable energy in buildings operated by WSD. The recommendation is in line with the Governor's 2007 State of the State Address, where he called for New Mexico to become the first state in the country to use 100% renewable electricity in government buildings. This lead-by-example initiative is critical for achieving the state's greenhouse gas reduction goals, promoting New Mexico's world-class renewable energy resources, and making New Mexico the "Clean Energy State." The Executives final recommendation provides \$500.0 General Fund for the Career Readiness Certificate/Workkeys Program. The program provides employers with a certificate, signed by the Governor and the State Workforce Development Board Chair, identifying the applicant as work-ready. It validates the applicant's knowledge and aptitude for the particular job he/she is applying for. To date, 6,500 individuals have been assessed under this initiative and 4,100 career readiness certificates have been issued. Absent the career readiness certificate, the workforce system does not have a method for screening and assessing job candidates to an employers' satisfaction. Workkeys and the career readiness certificate connect the 3 E's -- education, employment, and economic development -- establishing a competitive advantage in attracting high-demand, high-wage industries to our state. Business wants applicants to walk in the door with foundational skills. Workkeys helps employers to make better hiring decisions.

Performance Report

The Executive recommendation supports the re-configuration of all Workforce Solutions Department programs and performance measures for FY09. The new measures will provide a more effective measurement tool for the citizenry of New Mexico to gauge the department's performance.

For FY07, the department met its performance targets in ten of twenty-five areas. The former Office of Workforce Training and Development did not meet nine of fifteen targeted performance areas. The number of program/fiscal audit findings for the Workforce Investment Act boards was targeted at zero; actual result was 36 (central board, 3, east board, 10, northern board, 11 and

southwest board, 13). All local boards were audited at both the program and fiscal level and the numbers reflect the effectiveness of the auditing program. The Monitoring Bureau continues to follow up with the local boards to resolve all audit findings. The number of at-risk youth receiving services under the program was targeted at 600, and the result was 569. The program fell short by 31 participants in the fourth quarter due to seasonal influences. The percent of youth receiving workforce development services that have entered employment within one quarter of leaving the program had a targeted performance level of 70% with actual performance of 63%. The underlying reason for WSD under-performance is unclear. WSD believes the cause may have been local workforce boards being subject to the economic conditions in their regions and jobs not being available. The Executive urges WSD to delve into the under-lying cause and make the necessary programmatic changes to achieve the targeted performance level in FY08. The percent of dislocated workers receiving workforce development services who have entered employment within one quarter of leaving the program had targeted performance of 86%; actual performance was 81%. New Mexico did not meet this measure by 5%; however, because the federal guidelines only require 80% of the negotiated goal, the federal standard was met. The total number of individuals in the adult, dislocated worker and youth programs receiving services through the federal Workforce Investment Act (WIA) was targeted at 8,800; actual performance was 4,464. New Mexico has demonstrated a substantial decrease in enrollments over the past few years due to the decrease in WIA funds. Also, the lack of integration within the local boards and other partner programs has impacted the number of co-enrollments into partner programs.

The percent of at-risk youth program participants placed in a part-time work activity (work experience) was targeted at 100%; the actual result was 83%. At risk youth providers continue efforts to place participants in work experience activities, but it is proving to be difficult to place all youth.

The number of individuals in the adult, dislocated worker and youth programs, who have received an earnings increase within six months of participating in a program, was targeted at 88.5%; the result was 84.0%. New Mexico has difficulty placing youth, ages 19 thru 21 into employment where there is an increase in earnings. Limited job skills and experience makes it difficult to advance youth, compared with adults. The earnings increase was met for adult and dislocated workers. Finally, the percent of total at-risk youth population receiving services under the program was targeted at 100%; actual performance was 95.0%. The program will step up efforts to meet the required performance level in FY08.

The former Labor Department did not meet its targeted performance level in seven measures. The number of individuals served by labor market services who found employment was targeted at 54,000; actual performance was 37,893. Low unemployment and customers accessing WSD's online services from outside of the office contributed to the under-performance. WSD was unable to track self service for this time period. WSD will implement tracking mechanisms during FY08.

The percent of status determinations for newly established employers made was targeted at 90%; actual performance was 84%. The majority of the accounts not meeting the criteria are employers that notify WSD after the 90-day timeframe has expired, that they have become liable for unemployment insurance contributions. System problems also contributed to the delays in establishing some accounts within the time frame. These system problems are being addressed by the agency through re-configuration and better communication with employers.

The number of persons served by the labor market services program was targeted at 370,000; actual performance was 269,593. Low unemployment rates in New Mexico and job-seekers accessing WSD's online services from outside of the office contributed to the under-performance. WSD was not able to track self service for this time period. WSD will implement a tracking mechanism during FY08.

The annual collections of apprentice contributions for public works projects were targeted at 850,000; actual performance was 442,800. The performance recommendation for FY07 does not coincide with previous years, nor does it coincide with the FY08 target of 450,000. As the target appears to be excessive, performance fell far short. The agency will work towards accomplishing the more realistic FY08 target.

The average number of days to complete discrimination investigations and determinations was targeted at 145; actual performance was 155. The agency blames a large turnover rate and vacancy factor for impacting the case load and work assignment completion rate.

The percent of wage claims investigated and resolved within one hundred twenty days was targeted at 95%; actual performance was 81%. The agency asserts that two wage claims investigators resigned at the end of the year and the caseload was absorbed with current staff until positions were filled.

Finally, the number of targeted public works inspections completed was targeted at 1,775 and actual performance was 1,354. Public works inspections dropped below the targeted goal due to forced vacancies. In FY07, the Labor and Industrial Division maintained eight vacancies (out of 24 FTE). This resulted in a reduction in the number of labor law administrators who were responsible for conducting public works inspections.

Recommended Language for the General Appropriation Act

The internal services/interagency transfers appropriation to the labor relations program of the workforce solutions department includes six hundred ninety-one thousand five hundred dollars (\$691,500) from fund balances in the workers' compensation administration fund.

Budget Summary Tables

	Agency Budget Summary (Dollars in Thousands)			FY09	
	FY07	FY08	Recom- mendation	<u>Budget to Recommendation</u>	
	<u>Actuals</u>	<u>Operating Budget</u>		<u>Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	3,291.4	7,262.9	7,846.9	584.0	8.0
Other Transfers	4,925.7	5,339.6	5,327.4	-12.2	-0.2
Federal Revenues	48,470.8	50,888.4	42,969.7	-7,918.7	-15.6
TOTAL SOURCES	56,687.9	63,490.9	56,144.0	-7,346.9	-11.6
USES					
Personal Services and Employee Benefits	27,986.9	30,259.9	27,096.5	-3,163.4	-10.5
Contractual Services	3,185.0	2,761.3	3,084.8	323.5	11.7
Other	25,516.0	30,462.7	25,962.7	-4,500.0	-14.8
Other Financing Uses	0.0	7.0	0.0	-7.0	-100.0
TOTAL USES	56,687.9	63,490.9	56,144.0	-7,346.9	-11.6

Agency Budget Summary
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
FTE					
Permanent	563.00	548.00	548.00	0.00	0.0
Term	45.50	44.50	44.50	0.00	0.0
TOTAL FTE POSITIONS	608.50	592.50	592.50	0.00	0.0

Workforce Technology
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	0.0	204.8	719.2	514.4	251.2
Other Transfers	708.4	730.6	145.7	-584.9	-80.1
Federal Revenues	5,121.6	5,285.3	3,456.3	-1,829.0	-34.6
TOTAL SOURCES	5,830.0	6,220.7	4,321.2	-1,899.5	-30.5
USES					
Personal Services and Employee Benefits	3,246.4	3,873.7	2,320.0	-1,553.7	-40.1
Contractual Services	1,498.7	1,470.4	926.9	-543.5	-37.0
Other	1,084.9	876.6	1,074.3	197.7	22.6
TOTAL USES	5,830.0	6,220.7	4,321.2	-1,899.5	-30.5
FTE					
Permanent	51.00	51.00	51.00	0.00	0.0
Term	2.00	2.00	2.00	0.00	0.0
TOTAL FTE POSITIONS	53.00	53.00	53.00	0.00	0.0

Workforce Transition Services
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation Dollar Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	2,165.8	4,308.9	4,516.5	207.6	4.8
Other Transfers	2,051.8	2,110.0	2,147.4	37.4	1.8
Federal Revenues	14,711.9	13,693.6	13,448.1	-245.5	-1.8
TOTAL SOURCES	18,929.5	20,112.5	20,112.0	-0.5	0.0
USES					
Personal Services and Employee Benefits	15,936.1	17,048.5	15,677.8	-1,370.7	-8.0
Contractual Services	461.9	478.9	1,064.1	585.2	122.2
Other	2,531.5	2,585.1	3,370.1	785.0	30.4
TOTAL USES	18,929.5	20,112.5	20,112.0	-0.5	0.0
FTE					
Permanent	329.00	312.00	312.00	0.00	0.0
Term	42.50	41.50	41.50	0.00	0.0
TOTAL FTE POSITIONS	371.50	353.50	353.50	0.00	0.0

		Business Services (Dollars in Thousands)			FY09	
		FY07	FY08	Recom-	<u>Budget to Recommendation</u>	
		<u>Actuals</u>	<u>Budget</u>	<u>mendation</u>	<u>Dollar</u>	<u>Percent</u>
					<u>Change</u>	<u>Change</u>
SOURCES						
	General Fund Transfers	0.0	364.3	398.3	34.0	9.3
	Federal Revenues	2,249.2	2,659.9	3,579.6	919.7	34.6
	TOTAL SOURCES	2,249.2	3,024.2	3,977.9	953.7	31.5
USES						
	Personal Services and Employee Benefits	1,397.7	1,636.4	2,324.0	687.6	42.0
	Contractual Services	453.2	89.3	341.6	252.3	282.5
	Other	398.3	1,298.5	1,312.3	13.8	1.1
	TOTAL USES	2,249.2	3,024.2	3,977.9	953.7	31.5
FTE						
	Permanent	39.00	39.00	39.00	0.00	0.0
	TOTAL FTE POSITIONS	39.00	39.00	39.00	0.00	0.0

		Labor Relations (Dollars in Thousands)			FY09	
		FY07	FY08	Recom-	<u>Budget to Recommendation</u>	
		<u>Actuals</u>	<u>Budget</u>	<u>mendation</u>	<u>Dollar</u>	<u>Percent</u>
					<u>Change</u>	<u>Change</u>
SOURCES						
	General Fund Transfers	1,125.6	1,227.6	1,462.6	235.0	19.1
	Other Transfers	1,274.4	1,616.2	1,389.5	-226.7	-14.0
	Federal Revenues	12.6	261.0	230.0	-31.0	-11.9
	TOTAL SOURCES	2,412.6	3,104.8	3,082.1	-22.7	-0.7
USES						
	Personal Services and Employee Benefits	1,641.4	2,059.3	2,122.0	62.7	3.0
	Contractual Services	8.5	109.6	109.6	0.0	0.0
	Other	762.7	935.9	850.5	-85.4	-9.1
	TOTAL USES	2,412.6	3,104.8	3,082.1	-22.7	-0.7
FTE						
	Permanent	41.00	43.00	43.00	0.00	0.0
	TOTAL FTE POSITIONS	41.00	43.00	43.00	0.00	0.0

		Program Support (Dollars in Thousands)			FY09	
		FY07	FY08	Recom-	<u>Budget to Recommendation</u>	
		<u>Actuals</u>	<u>Budget</u>	<u>mendation</u>	<u>Dollar</u>	<u>Percent</u>
					<u>Change</u>	<u>Change</u>
SOURCES						
	General Fund Transfers	0.0	1,157.3	750.3	-407.0	-35.2
	Other Transfers	891.1	882.8	1,644.8	762.0	86.3
	Federal Revenues	26,375.5	28,988.6	22,255.7	-6,732.9	-23.2
	TOTAL SOURCES	27,266.6	31,028.7	24,650.8	-6,377.9	-20.6
USES						
	Personal Services and Employee Benefits	5,765.3	5,642.0	4,652.7	-989.3	-17.5
	Contractual Services	762.7	613.1	642.6	29.5	4.8
	Other	20,738.6	24,766.6	19,355.5	-5,411.1	-21.8
	Other Financing Uses	0.0	7.0	0.0	-7.0	-100.0
	TOTAL USES	27,266.6	31,028.7	24,650.8	-6,377.9	-20.6

Program Support
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	Percent <u>Change</u>
FTE					
Permanent	103.00	103.00	103.00	0.00	0.0
Term	1.00	1.00	1.00	0.00	0.0
TOTAL FTE POSITIONS	104.00	104.00	104.00	0.00	0.0

Performance Measures

		FY07 <u>Target</u>	FY07 <u>Result</u>	FY08 <u>Target</u>	FY09 <u>Recomm</u>
Workforce Technology					
The workforce technology program provides and maintains customer focused, effective, and innovative information technology services for the WSD and its service providers.					
Outcome	The percentage the system is available during scheduled uptime				95%
Outcome	Percent data accuracy for federal and ad hoc reports				95%
Output	Average UI call center wait time to reach an agent, in minutes				<5
Output	Percent of online transactions completed in less than 5 seconds				80%
Workforce Transition Services					
The purpose of the workforce transition programs is to administer an array of demand driven workforce development services to prepare New Mexicans to meet the needs of business.					
Outcome	Percent of adults receiving workforce development services who have entered employment within one quarter of leaving job training services	78.0%	84%	79%	
Outcome	Percent of youth receiving workforce development services who have entered employment within one quarter of leaving the program	70.0%	63%	71.0%	
Outcome	Percent of dislocated workers receiving workforce development services who have entered employment within one quarter of leaving the program	86.0%	81%	87.0%	
Outcome	Total number of individuals in the adult, dislocated worker and youth programs receiving services through the federal Workforce Investment Act	8,800	4,464	8,800	
Outcome	Number of participants employed in disability navigator grant program	280	764	280	
Outcome	Number of individuals served by labor market services who found employment	54,000	37,893	50,000	
Outcome	Percent of status determinations for newly established employers made within ninety days of the quarter's end	90%	84%	90%	
Explanatory	Number of persons served by the labor market services program	370,000	269,593	370,000	
Outcome	Percent of new employer status determinations that will be completed within 90 days of the quarter ending date				70%
Output	Percent of eligible unemployment insurance claims that will be issued a determination within 21 days from the date of claim				87%
Outcome	Percent of adults receiving workforce development services who have entered employment within one quarter of leaving job training services				83%
Outcome	Percent of dislocated workers receiving workforce development services who have entered employment within one quarter of leaving the program				86%
Output	Percent of adult Workforce Investment Act (WIA) participants employed in the third quarter following the exit quarter				72%
Outcome	Average earnings of adult WIA participants who are employed in the third quarter following the exit quarter				\$9,000
Output	Percent of WIA dislocated worker participants employed in the third quarter following the exit quarter				75%

		<u>FY07 Target</u>	<u>FY07 Result</u>	<u>FY08 Target</u>	<u>FY09 Recomm</u>
Outcome	Average earnings of WIA dislocated worker participants who are employed in the third quarter following the exit quarter				\$11,400
Output	Number of participants served in the disability navigator grant program	974	4,734	974	
Output	Number of participants served in the base realignment and closure program	2,000	3,074	2,000	

Business Services

The purpose of the business services program is to provide standardized business solution strategies and labor market information through New Mexico public workforce system that is responsive to the needs of New Mexico businesses.

Outcome	Error rate for forecasting employment data	+/-2%	1%	+/-2%	
Outcome	Percent of employers sampled reporting customer satisfaction				84%
Output	Number of days for the State to publish Bureau of Labor Statistics (BLS) provided seasonally adjusted Business Employment Dynamics data quarterly at the state level upon receipt from the BLS				30
Output	Number of personal contacts made by field office personnel with New Mexico businesses to inform them of available services or provide actual services				20,000

Labor Relations

The purpose of the labor relations program is to provide employment rights information, and other work-site based assistance to employers and employees.

Output	Number of targeted public works inspections completed	1,775	1,354	1,775	
Outcome	Percent of wage claims investigated and resolved within one hundred twenty days	95%	81%	97%	
Efficiency	Number of backlogged human rights commission hearings pending	20	0	20	
Efficiency	Percent of discrimination cases settled through alternative dispute resolution	75%	78%	77%	
Efficiency	Average number of days for completion of discrimination investigations and determinations	145	155	145	
Output	Annual collections of apprentice contributions for public works projects	\$450,000	442,800	\$450,000	
Outcome	Number of backlogged Human Rights Commission hearings pending each quarter				<5
Outcome	Percent of wage claims investigated and resolved within 120 days				95%
Output	Number of targeted public works inspection completed				1,775

		<u>FY07</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>
		<u>Target</u>	<u>Result</u>	<u>Target</u>	<u>Recomm</u>
Program Support					
The purpose of program support is to provide overall leadership, direction, and administrative support to each agency program to achieve organizational goals and objectives.					
Outcome	Percent of all local workforce investment act boards monitored a minimum of once a year to ensure compliance with all federal and state fiscal and program requirements	100%	100%	100%	
Outcome	Number of program audit findings	0	36	0	
Outcome	Percent of at-risk youth program participants placed in a part-time work activity	100%	83%	100%	
Outcome	Percent of at-risk youth programs monitored a minimum of once a year to ensure compliance with state fiscal and program requirements	100%	100%	100%	
Outcome	Development of individual development account strategic plan to be completed by June 30, 2007	Completed	Completed	Completed	
Outcome	Percent of total at-risk youth population receiving services under the program	100%	95%	100%	
Outcome	Number of individuals in the adult, dislocated worker and youth programs who have received an earnings increase within six months of participating in a program	8,800	4,464	6,500	
Outcome	Percent of annual independent state audit prior year findings resolved				100%
Output	Percent completion of program and fiscal monitoring of all state and federal service providers including distribution of final report on an annual basis within 30 days of onsite visit				100%
Output	Total number of at-risk youth receiving services under the program	600	592	600	
Output	Percent of at-risk youth in the program who experience an increase in skill level	82%	100%	85%	

Executive Summary

The Workers' Compensation Administration assures the quick and efficient delivery of indemnity and medical benefits to injured and disabled workers at a reasonable cost to employers.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	0.0	0.0	***
Total Sources	12,387.9	12,652.9	2.1
Program			
Workers' Compensation Administration	11,218.8	11,602.9	3.4
Uninsured Employers' Fund	1,169.1	1,050.0	-10.2
Total Uses	12,387.9	12,652.9	2.1
FTE	139.00	140.00	0.7

- The Executive recommends an increase of \$265.0 from the FY08 operating level.
- The recommendation continues \$691.5 for a joint powers agreement with the Workforce Solutions Department.
- The recommendation includes \$135.8 in personal services and employee benefits, and other operating costs for a fourth workers' compensation judge.
- The recommendation assumes a vacancy factor of 2.5%.

Agency Mission and Program Purpose

The mission of the Workers' Compensation Administration is to ensure the quick and efficient delivery of medical benefits and services to injured and disabled workers at a reasonable cost to employers.

The Workers' Compensation Administration (WCA) was created in 1986 to administer the New Mexico Workers' Compensation Act and the New Mexico Occupational Disease Disablement Act. These laws were enacted to balance the interests of employers and workers in order to address job-related injuries and illnesses. Prior to this time, high workers' compensation insurance premiums were driving businesses out of New Mexico. Additionally, workers' benefits were delayed for up to three years, while cases were heard by state district courts, which was the court of exclusive jurisdiction at the time. WCA provides services at its state headquarters in Albuquerque and its regional offices in Farmington, Las Cruces, Las Vegas, Lovington, Santa Fe and Roswell.

WCA is responsible for operating the private employer workers' compensation program, which operates entirely on private employee/employer fees and receives no General Fund appropriation.

Statutory Authority: Sections 52-1-1 through 52-1-70 and Sections 52-5-1 through 52-5-22 NMSA 1978 (Workers' Compensation Administration Act); Sections 52-3-1 through 52-3-60 NMSA 1978 (Occupational Disease Disablement Act); and Sections 52-4-1 through 52-4-5 NMSA 1978 (Health Care Provider Act).

Workers' Compensation Administration

WCA achieves its mission through timely resolution of disputes, in accordance with law, and through educational and regulatory efforts to ensure that employers, workers and their representatives are complying with the law. This program is known as the Workers' Compensation Administration Program. The activities that comprise the program are: assistance and education; dispute resolution; regulation; and administration of the Uninsured Employer Fund.

WCA provides formal and informal training to its customers in various formats. WCA ombudsmen counsel and assist workers and employers. Safety consultants provide free technical assistance to employers to reduce accidents and improve workplace safety. WCA publishes and distributes handbooks to workers, employers and other stakeholders explaining their rights.

The agency resolves disputes involving payment of benefits and provision of medical care for workplace injuries and fatalities between injured workers, their employers and insurers. The dispute resolution process includes a mandatory mediation program to minimize the need to go to trial.

WCA regulates the workers' compensation system. This includes: enforcement of statutory requirements related to workers' compensation insurance; enforcement of data reporting requirements; approval and certification of self-insurance programs; medical cost containment; and fraud protection and detection. The agency also detects, investigates, and may assess penalties for bad faith and unfair claim practices, and holds administrative hearings on regulatory matters.

The unaudited revenue and expenditures for FY07 indicate that WCA collected approximately \$9,639.8 in fee assessments and recorded expenditures of \$10,079.0. Assuming there are no audit adjustments, the WCA fund balance as of June 30, 2007, is approximately \$9,770.0, a reduction of \$439.2 from FY06 to FY07.

Uninsured Employers' Fund

WCA administers the Uninsured Employers' Fund (UEF). The fund was created to pay workers' compensation benefits to employees of uninsured employers. WCA determines valid payees from this fund and contracts with a third party administrator to make payments to the eligible payees. WCA also prosecutes and collects penalties for the inappropriate use of monies from this fund.

The Uninsured Employers' Fund is a non-reverting fund. The source of the funding is \$.30 per employee, of the fee collected by the WCA Fund. In addition, repayments from an employer, when payments have been made to an employee, are deposited in the fund. Although there is some concern that paid claims against the fund may exceed available resources, the WCA has taken several steps to reverse this trend including the establishment of caps on medical and indemnity claims, collection activities targeted at uninsured employers, and the requirement that previously uninsured employers obtain a security bond. It is possible, however, that claims experience and expenditures in the UEF could exceed projected revenues and fund balances in the near future.

Unaudited revenue and expenditures for FY07 indicate that the UEF collected approximately \$813.3 in fee assessments and recorded expenditures of \$775.0. Assuming there are no audit adjustments, the UEF fund balance as of June 30, 2007, is approximately \$703.0, an increase of \$38.4 from FY06 to FY07.

Executive Recommendation*Agency Strategic Directions*

WCA's strategic objectives contribute to economic development by attracting business to New Mexico on the basis of a fair, efficient, and cost effective workers' compensation system. WCA continues to focus its efforts to increase compliance with the Workers' Compensation Act, including increasing the number of employers complying with the insurance coverage requirements, and decreasing the number and severity of work-related accidents. The WCA strives to promote safety in the workplace through its inspection programs and educational outreach. Current major strategic initiatives are described in the following paragraphs.

The WCA continues to ensure compliance with the Workers' Compensation Act, including increasing the number of employers complying with the insurance coverage requirements. In conjunction with the Taxation and Revenue Department, the WCA is also identifying businesses that are obligated to make workers' compensation fee assessment payments and then, as the businesses are identified, notifying them of their obligations. During the last year, this initiative has resulted in the identification of over 500 employers who lacked the appropriate coverage. From this group, there are now 208 employers, representing nearly 15,000 employees, who are now registered with the WCA and carrying workers' compensation insurance.

The WCA continues to work to increase the effectiveness of its cooperative relationships with a number of key state agencies. WCA goals include the development of agreements with these agencies to improve interagency information-sharing, and to allow for the easier exchange of statistics and other data impacting multiple agencies.

In 2007, the legislature passed two memorials that established task forces to study the addition of farm and ranch labor in the mandatory insurance requirements of the Workers' Compensation Act, and to study the law and valuation of "loss of use." Both task forces have been formed, have met, and have been addressing the respective issues set out in the two memorials.

The WCA has several measures to increase the effectiveness of its dispute resolution process. To more effectively reach a growing number of workers and employers in dispute, the WCA plans to establish offices in locations of the fastest growing areas of the State, both in the Belen/Los Lunas area and the Bernalillo area, with staff and facilities to meet these needs. A new state-owned office is currently being built in Las Vegas. New office space in Las Cruces provides greater room for handling dispute resolution and holding private meetings with workers and employers.

To better understand and meet the needs of health care providers, partners in carrying out the total, balanced implementation of the workers' compensation system, the WCA is unfolding an action plan in FY09. This will provide for a study of: medical costs; availability of care; local access to care; best practices; how to measure standards of care; the relationship between medical care and worker outcomes; and the current requirements of the New Mexico workers' compensation law.

Key Elements of Recommendation

The Executive recommendation reflects an increase of 2.1% from the FY08 operating level. The recommendation includes the continuation of a joint powers agreement with the Workforce Solutions Department that transfers \$691.5 from WCA to the Labor and Industrial Program of the Workforce Solutions Department.

Based on the agency's experience over the last year in filling vacant positions, the Executive recommends dropping the vacancy factor from 3% to 2.5%. This will result in an increase of \$33.0 in the base budget for personal services and employee benefits. The recommendation also provides an increase of \$60.3 in the contractual services category for increased audit and software maintenance costs, and to increase case management services so that the agency can meet its statutory responsibility to provide utilization review services. The recommendation also includes an additional \$129.6 for other operating expenses. Approximately 50% of this increase is related to higher utility, property insurance, office and equipment rental costs.

Under Section 52-5-2 NMSA 1978, the WCA Director is authorized to appoint workers' compensation judges. In FY07, the current director made such an appointment so that the WCA would be able to adhere to its statutory timelines and reduce the demand for contract pro tem judges to hear cases. The Executive recommendation includes \$135.8 in personnel and other operating costs for this new position.

Due to increased costs and slow revenue growth, the Executive recommendation provides \$1,307.3 from the WCA's fund balance to fund FY09 operations based on projected FY09 employer and employee fee assessments that are distributed to the fund.

Although the Executive does not anticipate that paid claims from the Uninsured Employers Fund will exceed the \$846.2 that is projected to be paid into the fund in FY09, the recommendation provides an additional \$203.8 in fund balance that will be available to WCA, should FY09 total paid claims against the fund exceed FY09 contributions to the fund.

Performance Report

Six performance goals were adopted by the WCA for FY07. The agency met its targeted goal of 85% for the percent of formal claims resolved without trial and for the number of first reports of injury processed. The agency, however, did not meet its target for a related measure dealing with the number of serious injuries and illnesses caused by workplace conditions. Workplace injuries and illnesses exceeded the target by 400 cases. The agency believes this outcome may be the result of a lag in reporting prior year incidents causing the current year's figures to be overstated. The agency is working on improving data collection procedures and analysis to improve the accuracy of results reported in FY08 and FY09.

The agency should be recognized for substantially achieving the target of 13,500 employers who received education or outreach from the agency. Even though the actual number was 99.5% of target, this figure represents an additional 948 employers in the last year who received this assistance.

The agency believes that position vacancies were a factor in the lowering the number of employer compliance reviews conducted in FY07. The number of employers reviewed decreased by nearly a thousand from FY06 to FY07 and the result reported is 13% below FY07 target criteria. The agency believes that with full staffing, FY08 and recommended FY09 targets can be achieved. Finally, the Executive recommends a revision to the target for the number of employers who had a work place safety visit or consultation. The agency has redefined the operational definition of "visit" and "consultation" to insure that only those contacts that represent a meaningful and significant interaction with the employer are counted. New targets, based on these new definitions, have been established for FY08 and FY09.

Budget Summary TablesAgency Budget Summary
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY09	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
Other Revenues	10,705.4	12,387.9	11,141.8	-1,246.1	-10.1
Fund Balance	252.4	0.0	1,511.1	1,511.1	***
TOTAL SOURCES	10,957.8	12,387.9	12,652.9	265.0	2.1
USES					
Personal Services and Employee Benefits	7,957.7	8,850.9	9,041.0	190.1	2.1
Contractual Services	256.7	450.6	510.9	60.3	13.4
Other	2,051.9	2,394.9	2,409.5	14.6	0.6
Other Financing Uses	691.5	691.5	691.5	0.0	0.0
TOTAL USES	10,957.8	12,387.9	12,652.9	265.0	2.1
FTE					
Permanent	134.00	139.00	140.00	1.00	0.7
TOTAL FTE POSITIONS	134.00	139.00	140.00	1.00	0.7

Workers' Compensation Administration
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY09	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
Other Revenues	9,929.7	11,218.8	10,295.6	-923.2	-8.2
Fund Balance	252.4	0.0	1,307.3	1,307.3	***
TOTAL SOURCES	10,182.1	11,218.8	11,602.9	384.1	3.4
USES					
Personal Services and Employee Benefits	7,957.7	8,850.9	9,041.0	190.1	2.1
Contractual Services	226.3	350.6	410.9	60.3	17.2
Other	1,306.6	1,325.8	1,459.5	133.7	10.1
Other Financing Uses	691.5	691.5	691.5	0.0	0.0
TOTAL USES	10,182.1	11,218.8	11,602.9	384.1	3.4
FTE					
Permanent	134.00	139.00	140.00	1.00	0.7
TOTAL FTE POSITIONS	134.00	139.00	140.00	1.00	0.7

Uninsured Employers' Fund
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar Change	Percent Change
SOURCES					
Other Revenues	775.7	1,169.1	846.2	-322.9	-27.6
Fund Balance	0.0	0.0	203.8	203.8	***
TOTAL SOURCES	775.7	1,169.1	1,050.0	-119.1	-10.2
USES					
Contractual Services	30.4	100.0	100.0	0.0	0.0
Other	745.3	1,069.1	950.0	-119.1	-11.1
TOTAL USES	775.7	1,169.1	1,050.0	-119.1	-10.2
FTE					
TOTAL FTE POSITIONS	0.00	0.00	0.00	0.00	***

Performance Measures

		FY07 <u>Target</u>	FY07 <u>Result</u>	FY08 <u>Target</u>	FY09 <u>Recomm</u>
Workers' Compensation Administration					
To assure the quick and efficient delivery of indemnity and medical benefit to injured and disabled workers at a reasonable cost to employers.					
Output	Number of first reports of injury processed	40,500	38,210	41,500	40,000
Outcome	Percent of formal claims resolved without trial	85 %	85%	90%	90%
Output	Number of reviews of employers to ensure the employer has workers' compensation insurance	4,000	3,452	5,000	5,100
Outcome	Number of employers who have received education or outreach from the workers' compensation administration	13,500	13,439	13,500	13,650
Output	Number of employers who had a work place safety visit or consultation	6,000	2,007	2,100	2,150
Output	Number of serious injuries and illnesses caused by workplace conditions	4,882	5,282	4,850	4,750

Executive Summary

The Division of Vocational Rehabilitation provides services to eligible citizens with disabilities so that they may become re-employed or attain employment.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	6,126.5	6,287.2	2.6
Total Sources	46,207.3	45,860.3	-0.8
Program			
Rehabilitation Services Program	32,288.9	32,301.5	0.0
Independent Living Services Program	1,551.2	1,551.2	0.0
Disability Determination Program	12,367.2	12,007.6	-2.9
Total Uses	46,207.3	45,860.3	-0.8
FTE	331.00	313.00	-5.4

- The Executive recommendation provides for an increase of \$160.7 in General Fund and a decline in other revenues due to changes in various federal grants and increases in information technology related costs.
- The Executive recommendation for Independent Living Services maintains the FY08 funding level.
- The Executive recommendation reflects a decrease of \$359.6 in federal Social Security Administration funds for the Disability Determination Services Program.

Agency Mission and Program Purpose

The Division of Vocational Rehabilitation (DVR), a division of the Public Education Department, provides services to eligible citizens with disabilities through three programs so that disabled clients may become re-employed or attain employment.

Statutory Authority: Sections 22-14-1 through 22-14-16 NMSA 1978.

Rehabilitation Services Program

The Rehabilitation Services Program provides counseling, training and consultation services to eligible people with disabilities (among them high-school students) so that they can become employed.

Independent Living Services Program

The Independent Living Services Program determines eligibility for independent living services, provides services to overcome barriers to independent living, and monitors progress toward living independently.

Disability Determination Program

The Disability Determination Program determines eligibility of applicants for federal Social Security Administration benefits according to two eligibility criteria: medical disability and inability to work, related to the disability.

Executive Recommendation*Agency Strategic Directions*

The Division of Vocational Rehabilitation's strategic planning framework for 2004-2010 centers on the vision that "every New Mexican with a disability has the opportunity to contribute to the quality of life and the economic prosperity of the state." To realize this vision, DVR has articulated the following five agency goals: (1) successful participant outcomes; (2) comprehensive employment networks and partners; (3) positive organizational climate; (4) effective use of resources; and (5) participant and stakeholder satisfaction.

DVR reports that for FY07, a total of 1,833 individuals with disabilities achieved suitable employment with the assistance of vocational rehabilitation services. This exceeds the FY07 target of 1,750, a result that the agency attributes to New Mexico's economy, combined with the firm commitment of citizens with disabilities and the professional dedication of DVR staff statewide.

Outcomes for FY09 that DVR will focus on include: establishing a speaker's bureau to make community presentations on the agency's "Return on Investment" study; increasing the scope, level and quality of staff training to improve results; increasing employment and wages for social security eligible clients, including improved collaboration of services and information for this group; developing a performance-based contracting structure and updating/improving contracting procedures; and expanding written procedures for continued referral system performance data tracking and quarterly reporting.

Key Elements of Recommendation

The Executive recommendation for the Rehabilitation Services program includes a \$160.7 increase in General Fund over the FY08 operating level and an estimated decline of \$417.4 in federal funds. The recommendation reflects formula match requirements tied to anticipated federal funds in the following grants (not confirmed at the time of request submission, due to federal and state fiscal year cycle differences): Mentoring Transition Aged Youth; New Assistive Technology; federal indirect costs; and Social Security Incentive Payments.

The Executive recommends maintaining the FY08 operating budget level for the Independent Living Services program.

The Executive recommendation includes a decrease of \$359.6 in federal funds tied to a decrease of U.S. Social Security Administration funding to this 100% federally funded Disability Determination Services program.

The total agency FTE is being reduced from 331 in FY08 to 313 in FY09 as a result of programmatic changes and loss of federal funds tied to decreases in grants.

Performance Report

During FY07, the Rehabilitation Services Unit exceeded three out of its four performance measures. The number of persons achieving suitable employment for a minimum of ninety days, target of 1,750, was exceeded by 83 individual cases based on an actual year end result of 1,833 persons. The percent of persons achieving suitable employment outcomes, competitively employed or self

employed, also yielded a 2.8% higher actual result over the target (97.8% actual v. 95% target). The FY07 year end result of 96% for the percent of persons achieving suitable employment outcomes who are competitively employed or self employed, earning at least minimum wage and individuals with significant disabilities, exceeded by one percent the FY07 target of 95%.

Regarding the measure of percent of persons achieving suitable employment outcomes of all cases closed after receiving planned services, it should be noted that DVR achieved 61.3%, which is 97% of the performance expectation of 65%. While DVR did not meet this target, it exceeded the federal standard of 55.8%. The setting of the target for this measure has been under discussion with the agency for the past two years. DVR has taken the position, which is supported by the Executive for FY09 that the federal standard is set somewhat low for justifiable reasons based in national research and experience with this program service dimension. That is, 55.8% has been established at the federal level as optimal because it promotes provision of services to persons with the most significant (severe) disabilities. Thus, the target is weighted in such a way as to act as an incentive for service providers to focus resources on clients with the greatest need. Experience in such programs indicates that, because severely disabled individuals are hardest to place in employment, establishing higher service targets, in effect, becomes a disincentive for counselors who become less apt to invest in serving those with greatest need.

The Independent Living Services unit exceeded both of its FY07 targets. The desired result for the number of independent living plans developed was 400 plans, and a total of 488 plans were devised. For the number of individuals served for independent living, a total of 806 was achieved against the target of 600 persons. These services were provided by Centers for Independent Living in Santa Fe, Albuquerque, Las Cruces, Aztec, Roswell, and branch offices in Las Vegas, Moriarty and Gallup.

The Disability Determination Program produces accurate and timely eligibility determinations to U.S. Social Security disability applicants so that they may receive benefits. In the past two years, this activity across all states has been the focus of a national effort to reduce the number of days required to produce a determination. The measure of progress is fewer days, which indicates increased efficiency. Prior to FY07, the average number of days for completing an initial disability claim was 80. This number was slightly reduced to 79.4 in actual terms, and a target of 75 days is currently in place for FY08. Dialogue with agency staff and analysis of national data indicate that 75 days continues to be a realistic goal, given available federal resources for this work, and thus a target of 75 days was retained for FY09.

For the percent of disability determinations completed accurately, the unit yielded a 95% actual accuracy rate. For FY08, the target was raised to 98.5%. However, analyses of federal standards and resources available to support this activity indicate a more realistic target of 94.5% is most appropriate.

Recommended Language for the General Appropriation Act

Any unexpended or unencumbered balance in the division of vocational rehabilitation remaining at the end of fiscal year 2009 from appropriations made from the general fund shall not revert.

Budget Summary Tables

Agency Budget Summary
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	5,924.3	6,126.5	6,287.2	160.7	2.6
Other Transfers	1,483.6	1,284.4	1,282.8	-1.6	-0.1
Federal Revenues	33,553.6	38,739.3	37,962.3	-777.0	-2.0
Other Revenues	220.3	4.1	275.0	270.9	6,607.3
Fund Balance	41.1	53.0	53.0	0.0	0.0
TOTAL SOURCES	41,222.9	46,207.3	45,860.3	-347.0	-0.8
USES					
Personal Services and Employee Benefits	18,328.8	20,168.3	19,607.8	-560.5	-2.8
Contractual Services	764.8	1,229.7	1,018.7	-211.0	-17.2
Other	20,366.3	24,806.9	25,233.8	426.9	1.7
Other Financing Uses	0.0	2.4	0.0	-2.4	-100.0
TOTAL USES	39,459.9	46,207.3	45,860.3	-347.0	-0.8
FTE					
Permanent	283.00	287.00	287.00	0.00	0.0
Term	44.00	44.00	26.00	-18.00	-40.9
TOTAL FTE POSITIONS	327.00	331.00	313.00	-18.00	-5.4

Rehabilitation Services Program
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	4,715.6	4,825.3	4,986.0	160.7	3.3
Other Transfers	1,483.6	1,284.4	1,282.8	-1.6	-0.1
Federal Revenues	22,971.5	26,122.1	25,704.7	-417.4	-1.6
Other Revenues	220.3	4.1	275.0	270.9	6,607.3
Fund Balance	41.1	53.0	53.0	0.0	0.0
TOTAL SOURCES	29,432.1	32,288.9	32,301.5	12.6	0.0
USES					
Personal Services and Employee Benefits	13,031.4	13,873.5	13,514.7	-358.8	-2.6
Contractual Services	494.5	838.6	761.0	-77.6	-9.3
Other	14,262.4	17,574.4	18,025.8	451.4	2.6
Other Financing Uses	0.0	2.4	0.0	-2.4	-100.0
TOTAL USES	27,788.3	32,288.9	32,301.5	12.6	0.0
FTE					
Permanent	186.00	190.00	190.00	0.00	0.0
Term	44.00	44.00	26.00	-18.00	-40.9
TOTAL FTE POSITIONS	230.00	234.00	216.00	-18.00	-7.7

Independent Living Services Program (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u>	
				<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	1,208.7	1,301.2	1,301.2	0.0	0.0
Federal Revenues	259.8	250.0	250.0	0.0	0.0
TOTAL SOURCES	1,468.5	1,551.2	1,551.2	0.0	0.0
USES					
Other	1,349.3	1,551.2	1,551.2	0.0	0.0
TOTAL USES	1,349.3	1,551.2	1,551.2	0.0	0.0
FTE					
TOTAL FTE POSITIONS	0.00	0.00	0.00	0.00	***

Disability Determination Program (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u>	
				<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
Federal Revenues	10,322.3	12,367.2	12,007.6	-359.6	-2.9
TOTAL SOURCES	10,322.3	12,367.2	12,007.6	-359.6	-2.9
USES					
Personal Services and Employee Benefits	5,297.4	6,294.8	6,093.1	-201.7	-3.2
Contractual Services	270.3	391.1	257.7	-133.4	-34.1
Other	4,754.6	5,681.3	5,656.8	-24.5	-0.4
TOTAL USES	10,322.3	12,367.2	12,007.6	-359.6	-2.9
FTE					
Permanent	97.00	97.00	97.00	0.00	0.0
TOTAL FTE POSITIONS	97.00	97.00	97.00	0.00	0.0

Performance Measures

		FY07 <u>Target</u>	FY07 <u>Result</u>	FY08 <u>Target</u>	FY09 <u>Recomm</u>
Rehabilitation Services Program					
To promote opportunities for people with disabilities to become more independent and productive by empowering individuals with disabilities so that they may maximize their employment, economic self-sufficiency, independence, and inclusion and integration into society.					
Outcome	Number of persons achieving suitable employment for a minimum of ninety days	1,750	1,833	1,750	1,750
Outcome	Percent of persons achieving suitable employment outcomes of all cases closed after receiving planned services	65%	61.3%	65%	60%
Outcome	Percent of persons achieving suitable employment outcomes competitively employed or self employed	95%	97.8%	95%	95%
Outcome	Percent of persons achieving suitable employment outcomes who are competitively employed or self employed, earning at least minimum wage and individuals with significant disabilities	95%	96.0	95%	95%

Independent Living Services Program

The purpose of the Independent Living Services Program is to increase access for individuals with disabilities to technologies and services needed for various applications in learning, working and home management.

Output	Number of independent living plans developed	400	488	450	450
Output	Number of individuals served for independent living	600	806	650	650

Disability Determination Program

To produce accurate and timely eligibility determinations to Social Security disability applicants so that they may receive benefits.

Efficiency	Number of days for completing an initial disability claim	75	79.4	75	75
Quality	Percent of disability determinations completed accurately	98.5%	95.1%	98.5%	94.5%

Executive Summary

The Governor's Commission on Disability provides services and advocates on behalf of New Mexicans with disabilities.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	856.6	862.2	0.7
Total Sources	856.6	862.2	0.7
Program			
Governor's Commission on Disability	856.6	862.2	0.7
Total Uses	856.6	862.2	0.7
FTE	9.00	9.00	0.0

- The Executive recommendation provides an increase of \$5.6 from the General Fund for non-discretionary costs.

Agency Mission and Program Purpose

The Governor's Commission on Disability (GCD), formerly the Governor's Committee on the Concerns of the Handicapped, is mandated to: provide recommendations to the governor and Legislature on disability issues; develop and maintain comprehensive statewide programs to promote training and employment of persons with disabilities in New Mexico; implement various programs to remove social and environmental barriers that prevent people with disabilities from participating in government and community activities; and provide technical assistance in coordinating services offered to persons with disabilities by public and private entities.

The Commission has 15 members, nine of which are appointed by the governor. Six members are representatives of other state agencies: secretary of the Human Services Department, secretary of the Labor Department, director of the Division of Vocational Rehabilitation of the Public Education Department, secretary of the Children, Youth and Families Department, secretary of the Aging and Long-Term Services Department and director of the Long-Term Services Division of the Department of Health. Section 28-10-1 NMSA 1978 expanded the number of appointed Commissioners from 13 to the current 15 members.

Statutory Authority: Sections 28-10-1 through 28-10-8 NMSA 1978.

Executive Recommendation*Agency Strategic Directions*

GCD works to address disability issues including increasing employment and removing physical, attitudinal, communication and programmatic barriers. Over the next five years the Commission's activities will be driven by four key objectives: increase awareness and knowledge of disability issues, including the rights and needs of New Mexicans with disabilities, among policy makers and

the general public; promote physical, programmatic, attitudinal and communication access to governmental entities and places of public accommodation in New Mexico; increase opportunities for New Mexicans with disabilities to pursue independent living in the community; and increase collaboration and cooperation among disability-related agencies and organizations in New Mexico and in the nation.

Key Elements of Recommendation

The Executive recommendation provides for a base increase of \$5.6 from the General Fund for mandatory costs. In FY09 the Commission is expected to have fully obligated the agency's non-reverting fund balance.

Included in the recommendation is an increase of \$25.3 to fully fund personal services and employee benefits and an increase of \$14.4 to fully fund the General Service Department and the Department of Information Technology rates. These increases are largely offset by reductions in contracts and miscellaneous costs.

Performance Report

GCD has had measurable success in FY07. Through the governor's staff and the legislature, the agency introduced and was successful in re-codifying state statutes to eliminate outdated and derogatory language as it pertained to disabilities. Working in conjunction with the Taxation and Revenue Department, Motor Vehicle Division, language was passed to update and expand language for disability parking placards.

The American's with Disability Act (ADA) Council, implemented by GCD, has met monthly and provided training and information to ADA coordinators from state agencies on disability issues.

GCD worked to influence policy makers and administrators with regards to the benefits of universal design in building homes by meeting with various local and state entities on standards. Universal design incorporates features within homes which make them accessible to individuals with disabilities.

In FY07, GCD staff met with state and local officials on accessibility of public transportation and provided information on ADA requirements and recommended improvements. A GCD staff member attended a conference on transportation and, in return, has provided several trainings to public transport drivers on how to properly interact with individuals with disabilities and how to secure wheelchairs in transit buses and other public vehicles.

GCD staff provided expertise to Bernalillo County on its design of the extension of the Alameda Trail, a recreational trail extending approximately three miles west of the Balloon Fiesta Park. Staff attended several of the public hearings, coordinated an additional public hearing geared toward individuals with disabilities, and advised the design firm of practical solutions to accessibility issues.

The agency staff continues to provide support to the Secretary of State's Office regarding the Helping America Vote Act. The agency met with the Secretary of State and helped develop a plan to follow-up on accessibility inspections performed in the prior years. Staff has met with Bernalillo County officials in assessing sites for polling and consulted with them regarding improvements to

provide accessibility to voters. GCD has provided training and awareness to the disability community on getting out and vote. Mock voting sites were available at the last Southwest Conference on Disability so that individuals with disabilities could practice voting procedures.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)						
	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY09		
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>	
SOURCES						
General Fund Transfers	729.7	856.6	862.2	5.6	0.7	
TOTAL SOURCES	729.7	856.6	862.2	5.6	0.7	
USES						
Personal Services and Employee Benefits	512.3	615.6	652.9	37.3	6.1	
Contractual Services	82.6	49.0	42.1	-6.9	-14.1	
Other	87.7	192.0	167.2	-24.8	-12.9	
TOTAL USES	682.6	856.6	862.2	5.6	0.7	
FTE						
Permanent	0.00	9.00	9.00	0.00	0.0	
TOTAL FTE POSITIONS	0.00	9.00	9.00	0.00	0.0	

Performance Measures

		<u>FY07 Target</u>	<u>FY07 Result</u>	<u>FY08 Target</u>	<u>FY09 Recomm</u>
Governor's Commission on Disability					
Promote policies and programs that focus on common issues faced by New Mexicans with disabilities, regardless of type of disability, age, or other factors. The three main factors facing New Mexicans with disabilities are employment, housing, and transportation. GCD educates state administrators, legislators, and the general public on these three issues as they relate to disability as well as ADA directives, building codes, disability technologies, disability culture (i.e. dispelling stereotypes), so they can improve the quality of life (economic, health, and social status) of New Mexicans with disabilities.					
Output	Number of persons seeking technical assistance on disability issues	6,700	3756	5,000	
Output	Number of architectural plans reviewed and sites inspected	230	86	230	
Output	Number of meetings held to develop collaborative partnerships with other state agencies and private disability agencies to ensure that increased quality of life issues for New Mexicans with disabilities are being addressed	30	244	48	200
Outcome	Number of presentations and events in which agency participates and contributes				200

Executive Summary

The Developmental Disabilities Planning Council is a statewide advocacy body for persons with developmental disabilities.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	3,801.1	4,211.1	10.8
Total Sources	4,367.0	4,771.6	9.3
Program			
Developmental Disabilities Planning Council	927.2	1,020.6	10.1
Brain Injury Advisory Council	132.8	131.8	-0.8
Office of Guardianship	3,019.2	3,318.1	9.9
Consumer Services Program	287.8	301.1	4.6
Total Uses	4,367.0	4,771.6	9.3
FTE	15.00	16.00	6.7

- The Executive recommends an increase of \$410.0 from the General Fund to fully fund personal services, rent, General Services Department and Department of Information Technology rates, and guardianship services.

Agency Mission and Program Purpose

The Developmental Disabilities Planning Council (DDPC) was created in 1972. DDPC is authorized by both federal and state enabling legislation to operate as a statewide planning and advocacy group for persons with developmental disabilities. The primary purpose of the Council is to ensure that people with developmental disabilities receive services that allow them to achieve their maximum potential independence, productivity, and integration into the community, through advocacy, capacity building, and systems change activities. The Council currently serves approximately 32,750 citizens with developmental disabilities.

The Council has 30 members appointed by the governor, of whom at least 60% are developmentally disabled themselves or are parents or guardians of developmentally disabled people. Council membership includes: the secretary of the Department of Health; the secretary of the Children, Youth, and Families Department; the secretary of the Human Services Department; the secretary of the Aging and Long-Term Services Department; the directors of the Special Education Unit and the Division of Vocational Rehabilitation of the Public Education Department; the director of the Indian Affairs Department; the director of the State Protection and Advocacy system; the director of the state University Center on Developmental Disabilities; and representatives of post-secondary educational institutions, local government agencies, and non-governmental organizations or nonprofit groups that provide services to the disabled.

An 18 member Brain Injury Advisory Council is staffed by the agency. This council is charged with making recommendations on case management, community support systems, long-term care,

employment, emergency medical services, rehabilitation and prevention, and coordination of state services for people with a brain injury.

Statutory Authority: Sections 28-16A-4 through 28-16B-6 NMSA 1978 and 24-20-3 NMSA 1978.

Consumer Services Program

The Consumer Services Program provides training, information and referral for individuals with disabilities and their family members so they can live a more independent and self-directed lives.

Developmental Disabilities Planning Council

The Developmental Disabilities Planning Council provides and produces opportunities for persons with developmental disabilities so that they realize their dreams and potentials and become integrated members of society.

Brain Injury Advisory Council

The Brain Injury Advisory Council provides guidance on the utilization and implementation of programs provided through the Aging and Long-Term Services Department's brain injury service fund so that they may align with needs identified by the brain injury community.

Office of Guardianship

Office of Guardianship enters into, monitors, and enforces guardianship contracts for low income-eligible persons and helps to file, investigate and resolve complaints about guardianship services provided by contractors in order to maintain the dignity, safety and security of the indigent and incapacitated adults of the state.

Executive Recommendation

Agency Strategic Directions

The Developmental Disabilities Planning Council aims to engage in advocacy, capacity building and system change activities that: (1) contribute to a culturally competent and coordinated system of community services, individualized support and other forms of assistance that are individual and family-centered and directed; and (2) enable individuals with disabilities to exercise self-determination, be independent, productive, integrated and included in all facets of community life.

Key Elements of Recommendation

The Executive recommends an additional \$410.0 from the General Fund and a reduction of \$5.4 in federal funds under the State Developmental Disabilities Councils grant. This reduction in federal funding is replaced by \$5.4 from the General Fund.

Of the total General Fund increase, \$124.4 can be attributed to fully funding personal services and employee benefits. All vacant positions are recommended to be budgeted at the minimum salary range.

Mandatory cost increases for General Services Department and Department of Information Technology rates, totaling \$6.6, are supported by the recommendation. Increased rates are projected for workers' compensation, unemployment compensation and information processing. An increase

of \$5.6 is included for rent. The Executive recommendation includes a decrease of \$0.4 for audit services and \$0.5 for office supplies.

In FY05, DDPC assumed full administration of the Guardianship Program. Over the past three years DDPC has successfully increased oversight and quality of the guardianship services, including services provided by guardians, treatment guardians, and attorneys, for qualified individuals with developmental disabilities. Growth in the demand for guardianship services in the past two years has far exceeded available resources. An additional \$22.9 is included in the base recommendation to support current Guardianship slots. As the gap between the need for services and services provided decreases, growth in the program is expected to decrease.

In the 2007 legislative session the Guardianship program received a \$250.0 special appropriation for Guardianship services, a recurring expense. The Executive expansion recommendation supports continued funding of this special appropriation to improve health outcomes for disabled individuals, recommended under the performance and accountability initiative, *A Healthy New Mexico*.

Performance Report

FY07 performance results indicate overall performance is above targeted level. The actual number of project, programmatic, and financial reports reviewed to assure compliance with state and federal regulations exceeded the target by 56%. The Developmental Disabilities Planning Council program tracks number of persons with developmental disabilities, their family members or guardians, and others involved in services for persons with developmental disabilities served by the agency in federally mandated programs. The result for this measure was below the FY07 target because a new five year plan began in FY07, including new studies and pilots, resulting in fewer numbers of persons served. One more monitoring site visit was conducted than the target of 40 visits.

Performance in Office of Guardianship for FY07 shows that about 100% of clients provided with legal services are satisfied with those services. The percent of clients properly served with the least restrictive means was about 90%, a strong increase over the prior year result of 72%.

All performance targets in the Consumer Services Program were exceeded. An additional 1,642 client contacts over the targeted level were made to assist with health, housing, transportation, education, child care, Medicaid services and other programs. Participants gained an 85% increase in knowledge as a result of education or training on self-advocacy and disability-related issues, as evidenced by training tests. The number of individuals receiving training on self-advocacy issues and the number of trainings conducted were twice the targeted levels.

Budget Summary Tables**Agency Budget Summary
(Dollars in Thousands)**

	FY07 Actuals	FY08 Operating Budget	Recom- mendation	FY09	
				Budget to Recommendation Dollar/FTE Change	Percent Change
SOURCES					
General Fund Transfers	3,567.9	3,801.1	4,211.1	410.0	10.8
Other Transfers	54.1	50.0	50.0	0.0	0.0
Federal Revenues	527.5	515.9	510.5	-5.4	-1.0
TOTAL SOURCES	4,149.5	4,367.0	4,771.6	404.6	9.3
USES					
Personal Services and Employee Benefits	755.5	884.2	1,013.7	129.5	14.6
Contractual Services	2,246.0	2,806.8	3,079.3	272.5	9.7
Other	569.1	676.0	678.6	2.6	0.4
TOTAL USES	3,570.6	4,367.0	4,771.6	404.6	9.3
FTE					
Permanent	15.00	15.00	15.00	0.00	0.0
Term	1.00	0.00	1.00	1.00	***
TOTAL FTE POSITIONS	16.00	15.00	16.00	1.00	6.7

**Consumer Services Program
(Dollars in Thousands)**

	FY07 Actuals	FY08 Operating Budget	Recom- mendation	FY09	
				Budget to Recommendation Dollar/FTE Change	Percent Change
SOURCES					
General Fund Transfers	284.6	237.8	251.1	13.3	5.6
Other Transfers	54.1	50.0	50.0	0.0	0.0
TOTAL SOURCES	338.7	287.8	301.1	13.3	4.6
USES					
Personal Services and Employee Benefits	57.0	68.4	82.8	14.4	21.1
Contractual Services	2.8	5.0	4.0	-1.0	-20.0
Other	251.8	214.4	214.3	-0.1	0.0
TOTAL USES	311.6	287.8	301.1	13.3	4.6
FTE					
Permanent	2.00	2.00	2.00	0.00	0.0
TOTAL FTE POSITIONS	2.00	2.00	2.00	0.00	0.0

**Developmental Disabilities Planning Council
(Dollars in Thousands)**

	FY07 Actuals	FY08 Budget	Recom- mendation	FY09	
				Budget to Recommendation Dollar Change	Percent Change
SOURCES					
General Fund Transfers	354.8	411.3	510.1	98.8	24.0
Federal Revenues	527.5	515.9	510.5	-5.4	-1.0
TOTAL SOURCES	882.3	927.2	1,020.6	93.4	10.1

Developmental Disabilities Planning Council

64700

Developmental Disabilities Planning Council (Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent</u> <u>Change</u>
USES					
Personal Services and Employee Benefits	444.8	436.2	520.6	84.4	19.3
Contractual Services	150.9	162.2	162.5	0.3	0.2
Other	229.7	328.8	337.5	8.7	2.6
TOTAL USES	825.4	927.2	1,020.6	93.4	10.1
FTE					
Permanent	6.50	6.50	6.50	0.00	0.0
Term	1.00	0.00	1.00	1.00	***
TOTAL FTE POSITIONS	7.50	6.50	7.50	1.00	15.4

Brain Injury Advisory Council (Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	133.3	132.8	131.8	-1.0	-0.8
TOTAL SOURCES	133.3	132.8	131.8	-1.0	-0.8
USES					
Personal Services and Employee Benefits	58.3	60.9	61.9	1.0	1.6
Contractual Services	17.0	27.6	27.0	-0.6	-2.2
Other	30.1	44.3	42.9	-1.4	-3.2
TOTAL USES	105.4	132.8	131.8	-1.0	-0.8
FTE					
Permanent	1.00	1.00	1.00	0.00	0.0
TOTAL FTE POSITIONS	1.00	1.00	1.00	0.00	0.0

Office of Guardianship (Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	2,795.2	3,019.2	3,318.1	298.9	9.9
TOTAL SOURCES	2,795.2	3,019.2	3,318.1	298.9	9.9
USES					
Personal Services and Employee Benefits	195.4	318.7	348.4	29.7	9.3
Contractual Services	2,075.3	2,612.0	2,885.8	273.8	10.5
Other	57.5	88.5	83.9	-4.6	-5.2
TOTAL USES	2,328.2	3,019.2	3,318.1	298.9	9.9
FTE					
Permanent	5.50	5.50	5.50	0.00	0.0
TOTAL FTE POSITIONS	5.50	5.50	5.50	0.00	0.0

Performance Measures

		FY07 Target	FY07 Result	FY08 Target	FY09 Recomm
Consumer Services Program					
The purpose of the Consumer Services program is to provide training, information and referral for individuals with disabilities and their family members so that they can live more independent and self-directed life.					
Output	Number of client contacts to assist on health, housing, transportation, education, child care, medicaid services and other programs	3,500	3,642	3,500	3,500
Outcome	Percent of participant knowledge gained through education or training on self-advocacy and disability-related issues as evidenced by training tests	80%	85%	80%	80%
Outcome	Percent of participants satisfied with trainings and delivery of services, as evidenced by satisfactory survey ratings	85%	93%	85%	85%
Output	Number of individuals trained on self-advocacy and disability-related issues	75	150	75	75
Output	Number of trainings conducted annually on self-advocacy and disability-related issues	6	12	6	6
Developmental Disabilities Planning Council					
The purpose of the Developmental Disabilities Planning Council program is to provide and produce opportunities for persons with disabilities so that they may realize their dreams and potentials, and become integrated members of society.					
Output	Number of persons with developmental disabilities, their family members or guardians and others involved in services for persons with developmental disabilities served by the agency in the federally mandated areas	7,500	5,323	2,500	2,500
Outcome	Percent of reports in compliance with state and federal regulations in initial submission		93%	80%	80%
Output	Number of project, programmatic and financial reports reviewed to assure compliance with state and federal regulations	50	78	44	44
Output	Number of monitoring site visits conducted	40	41	36	36
Brain Injury Advisory Council					
The purpose of the brain injury advisory council program is to provide guidance on the utilization and implementation of programs provided through the aging and long-term services department's brain injury services fund so that they may align service delivery with needs identified by the brain injury community.					
Outcome	Percent of participant knowledge gained through education or training on traumatic brain injury issues as evidenced by training tests	85%	94%	85%	85%
Office of Guardianship					
The purpose of the Office of Guardianship is to enter into, monitor, and enforce guardianship contracts for income-eligible persons and helps to file, investigate and resolve complaints about guardianship services provided by contractors in order to maintain the dignity, safety, and security of the indigent and incapacitated adults of the state.					
Outcome	Percent of wards and their families satisfied with services				
Outcome	Percent of complaints resolved to the satisfaction of the complainant				
Outcome	Percent of wards properly served with the least restrictive means, as evidenced by an annual technical compliance audit	75%	90%	80%	80%
Outcome	Percent of complaints determined to be justified				
Output	Number of complaints received annually				
Quality	Percent of wards provided with legal assistance satisfied with services, as evidenced by an annual satisfaction survey	80%	100%	75%	75%
Quality	Percent of wards properly served by professional guardianship providers satisfied with services, as evidenced by an annual satisfaction survey	80%		80%	80%

Executive Summary

The Miners' Hospital of New Mexico provides acute care, long-term care and related health services to the beneficiaries of the Miners' Trust Fund of New Mexico.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	0.0	0.0	***
Total Sources	27,688.1	28,260.8	2.1
Program			
Miners' Hospital of New Mexico	27,688.1	28,260.8	2.1
Total Uses	27,688.1	28,260.8	2.1
FTE	225.00	225.00	0.0

- The Executive recommends an increase of \$61.3 from the Miners' Trust Fund, \$652.1 from patient revenue and a reduction of federal revenue in the amount of \$120.6.
- Increases in personal services and employee benefits support lowering the hospital's vacancy rate to assist with recruitment and retention of medical personnel and to cover mandatory cost increases.
- An increase of \$297.0 is recommended to support sole source contracts for medical personnel.
- The other costs category includes an additional \$212.6 for medical supplies and equipment and increases in prescription drug and transportation insurance costs.

Agency Mission and Program Purpose

The Miners' Hospital was created by Article XIV, Section 1, of the New Mexico Constitution. The Miners' Hospital receives revenue from the Miners' Trust Fund for care and treatment of eligible miners. The hospital is an income beneficiary of a portion of the Land Grant Permanent Fund, with earnings derived from trust lands assigned to the hospital by the Ferguson Act of 1898 and the New Mexico Enabling Act of 1910.

While the enabling legislation for the Miners' Hospital provides for the free treatment and care of resident miners of the State of New Mexico, the facility also exists as a small general hospital providing health care to non-miners. Revenues from Medicare, Medicaid, third-party payers and private patient payments also support the hospital. The hospital does not receive General Fund appropriations and all revenues are non-reverting.

The Miners' Hospital operates a 33-bed acute care hospital and a 47-bed extended-care facility. The majority of users of the acute care facility are non-miners, who bear the costs of their care through insurance or public support programs, such as Medicaid. Miners who have the ability to pay for their care are billed for services. Miners who meet certain eligibility criteria receive free care. The majority of extended care residents are former miners.

An outreach program uses a mobile van equipped to do chest x-rays, pulmonary function tests, and audiology tests exclusively for miners. Recent developments include the creation of a pulmonary rehabilitation program, which was created in response to a need identified through the Black Lung Clinical Program.

Statutory Authority: Sections 23-3-1 through 23-3-3 NMSA 1978.

Executive Recommendation

Agency Strategic Directions

Miners' Hospital of New Mexico is the single acute care facility within the state's agencies and aims to support the Executive's performance and accountability policy, *A Healthy New Mexico* in the areas of ensuring health care access and increasing the health care workforce. It does this in four ways: provides for emerging needs of beneficiaries of the Miners' Trust and the people of the region, including access to acute and long-term care in Raton and screening and diagnostic services throughout New Mexico; provides financially responsible services and facilities; meets and exceeds customers' expectations; and develops and maintains quality staff devoted to meeting the above mentioned objectives.

The hospital continues to face challenges recruiting and retaining qualified health care professionals. However, recently the agency was successful in recruiting a surgeon, radiologist and an obstetrician. These changes are expected to impact future patient census and revenue collections.

In September 2007, the hospital anticipates it will complete its new facility to replace the existing hospital. The new hospital will have the same bed capacity (33 beds) as the old hospital, and will include an additional 75,000 square feet in order to meet all federal and state regulatory requirements. The cost of the new facility is expected to be \$24.0 million.

Key Elements of Recommendation

Miners' Hospital receives approximately 25% of its operating revenue from interest earned on the Miners' Trust Fund while most of the remaining operating revenue comes from payments for care, Medicaid and other third-party payments. Interest revenue from the Miners' Trust Fund continues to grow faster than spending and must be used exclusively for the treatment of miners. Income earned by the Miners' Trust Fund was approximately \$6,284.8 in FY07, while approximately \$4,932.0 was distributed from the Miners' Trust Fund for the treatment and care of miners. The Trust Fund balance was valued at \$114,350.0 as of June 30, 2007.

The Executive recommendation provides a total expenditure increase of 2.1%. This increase is supported by revenue from individual payments for care. The Executive provides an increase of \$61.3 from revenue derived from interest earnings on the Miners' Trust Fund and recommends an increase in patient revenue of 4% (\$652.1), slightly higher than historical collection rates. There is a projected federal funds reduction of \$120.6 reflected in the recommendation.

Of the total increase of \$212.0 recommended increase in personal services and employee benefits, \$195.3 is attributable to mandatory cost increases including group insurance, retirement,

contributions, workers' compensation and unemployment compensation. An additional \$316.7 is recommended in personal services and benefits to reduce the vacancy rate from a historical 9.0% to 7.2% and to assist the hospital in recruitment and retention of qualified medical personnel. Increases are offset by a reduction of \$300.0 from revenue generated from the Trust Fund which is reflected as a Generally Accepted Accounting Practices (GAAP) adjustment in the operating budget.

Miners' Hospital uses sole source contracts to recruit and retain specialized medical personnel. The Executive recommendation supports an increase of \$297.0 in contractual services to further the hospital's capacity to maintain a qualified medical work force. This increase is offset by a reduction of \$300.0 which appears in the operating budget as a GAAP adjustment.

The Executive recommends an increase of \$489.9 in the other costs category to purchase medical supplies, medical equipment and for increased costs for prescription drugs costs and transportation insurance. Increases in this category are offset by a reduction of \$338.6 resulting from an accounting adjustment in the agency's operating budget.

Performance Report

In FY07, approximately 85% of billed revenue was actually collected, totaling about \$14.6 million. This is an indication that the agency is able to collect most of the revenue for services provided. In addition, more than 100% of budgeted revenue was collected, indicating revenue collection was higher than projected.

Admissions to the long-term care facility were 30% higher than the target of 35 and the length of stay increased significantly. This may be the result of the growing number of miners' needing long-term medical care. Admissions to the acute care facility were 1,181 lower than the projected target of 15,000. The average length of stay at the acute care facility has also decreased. Both results for the acute care facility may be lower than targeted levels due to vacancies in key specialized medical positions during the reporting period.

The number of visits to outreach clinics was also lower than anticipated, due to fewer outreach clinics being conducted. In FY08 and FY09, the hospital aims to increase the number of outreach clinics to target underserved miners in remote locations.

Recommended Language for the General Appropriation Act

The internal service funds/interagency transfers appropriation to the health care program of miners' hospital includes five million five hundred ninety thousand four hundred dollars (\$5,590,400) from the miners' trust fund interest revenue.

Budget Summary Tables**Agency Budget Summary
(Dollars in Thousands)**

	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
Other Transfers	11,675.4	11,139.6	11,180.8	41.2	0.4
Federal Revenues	259.7	375.8	255.2	-120.6	-32.1
Other Revenues	14,635.4	16,172.7	16,824.8	652.1	4.0
TOTAL SOURCES	26,570.5	27,688.1	28,260.8	572.7	2.1
USES					
Personal Services and Employee Benefits	11,393.6	12,254.1	12,466.1	212.0	1.7
Contractual Services	3,241.4	3,783.6	3,780.4	-3.2	-0.1
Other	5,358.2	6,549.9	6,423.9	-126.0	-1.9
Other Financing Uses	5,544.1	5,100.5	5,590.4	489.9	9.6
TOTAL USES	25,537.3	27,688.1	28,260.8	572.7	2.1
FTE					
Permanent	0.00	211.50	211.50	0.00	0.0
Term	0.00	13.50	13.50	0.00	0.0
TOTAL FTE POSITIONS	0.00	225.00	225.00	0.00	0.0

Performance Measures

		<u>FY07 Target</u>	<u>FY07 Result</u>	<u>FY08 Target</u>	<u>FY09 Recomm</u>
Miners' Hospital of New Mexico					
To provide quality acute care, long-term care, and related health services to the beneficiaries of the Miners' Trust Fund of New Mexico and the people of the region so they can maintain optimal health and quality of life.					
Outcome	Percent of billed revenue collected	78%	85%	80%	80%
Output	Number of patient days at the long-term care facility	9,000	11,588	11,000	11,000
Output	Number of discharges from the acute care facility	1,500	1,199	1,500	1,500
Output	Number of visits to the black lung clinic	115	86	120	110
Output	Number of admissions to the acute care facility	1,500	1,181	1,600	1,600
Output	Number of admissions to the long-term care facility	35	47	35	35
Output	Number of visits to the outreach clinic	450	434	450	450
Output	Number of specialty clinic visits	500	664	900	900
Output	Number of surgeries performed	600	541	750	750
Outcome	Percent of budgeted revenue collected	100%	102%	100%	100%
Outcome	Average patient length of stay, in days, for the acute care facility	4	3.1	4	3
Outcome	Infection rates following treatment per 1,000 patient days	<2.5%	.32%	<2.0%	<2.0%
Outcome	Patient fall rates per 1,000 patient days	.52%	1.1%	.5%	.5%
Output	Number of outpatient visits	16,000	13,553	15,840	15,840
Output	Number of outreach clinics conducted	18	17	24	18
Output	Number of emergency room visits	5,000	5,140	5,250	5,250
Output	Number of patient days at the acute care facility	6,300	6,900	11,000	6,900

Executive Summary

The Department of Health (DOH) works to promote public health and sound health policy, prevent disease and disability, improve health service delivery systems and ensure that essential public health functions and safety-net services are available to New Mexicans.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	286,415.5	293,653.7	2.5
Total Sources	560,036.2	565,874.4	1.0
Program			
Administration	19,829.4	19,484.2	-1.7
Public Health	200,748.2	205,918.6	2.6
Epidemiology and Response	30,884.7	28,615.7	-7.3
Laboratory Services	11,855.4	11,836.9	-0.2
Facilities Management	154,955.4	155,074.7	0.1
Developmentally Disabilities Support	127,759.5	129,987.6	1.7
Health Certification Licensing and Oversight	14,003.6	14,956.7	6.8
Total Uses	560,036.2	565,874.4	1.0
FTE	4,096.50	4,096.50	0.0

- The Executive recommendation provides a base General Fund increase of 1.7% incorporating an overall vacancy factor of 4.82%.
- The Executive proposes a General Fund base increase of \$4,918.2 to support: \$1,300.0 in agency-wide General Services Department and Department of Information Technology rate increases; \$700.0 in increased program costs for tuberculosis treatment; \$250.0 for contraceptives; \$289.2 for billing and electronic health records; \$210.0 for the relocation of the public health pharmacy; \$500.0 for the Breast and Cervical Cancer Program; \$115.0 for E-vital software license maintenance; \$225.0 for the purchase of test kits and reagents; \$783.0 to support the federal medical assistance percentage (FMAP) change; \$500.0 for health facilities licensing; and \$747.3 to correct the Medicaid match for current FTE who perform developmental disabilities support services.
- The Executive proposes expansions totaling \$2,320.0 from the General Fund for the following: \$300.0 for the border health workforce; \$750.0 for childhood immunizations; \$220.0 for recurring costs associated with telehealth; \$800.0 for the Family Infant Toddler program; and \$200.0 for Native American youth suicide programs.

Agency Mission and Program Purpose

The Department of Health (DOH) was created and is governed by Sections 9-1-7 through 9-7-15 NMSA 1978 to serve the citizens of New Mexico. DOH provides health services to ensure the health of the public; address needs of individuals who are unable to receive services from other sources; and encourage sound public health policy and service delivery systems. The Department operates and staffs public health clinics in New Mexico; operates prevention and education programs; operates the state mental hospital and state nursing homes; and manages community-based programs for the developmentally disabled.

Statutory Authority: Sections 9-1-7 through 9-7-15 NMSA 1978.

Administration

The Administration program provides leadership, policy development, information technology, administrative and legal support to the Department of Health so it achieves a high level of accountability and excellence in services provided to the people of New Mexico.

Public Health

The Public Health Program provides a coordinated system of community-based public health services focusing on disease prevention and health promotion in order to improve health status, reduce health disparities, and ensure timely access to quality, culturally competent, health care.

Epidemiology and Response

The Epidemiology and Response Program monitors health, provides health information, prevents disease and injury, promotes health and healthy behaviors, responds to public health events, prepares for health emergencies and provides emergency medical and vital registration services to New Mexicans.

Laboratory Services

The Laboratory Services Program provides laboratory analysis and science policy for tax-supported public health, environmental, and toxicology programs in New Mexico in order to provide timely identification of threats to the health of New Mexicans.

Facilities Management

The Facilities Management Program provides oversight for DOH facilities that provide health and behavioral health-care services, including mental health, substance abuse, nursing home, and rehabilitation programs in both facility and community-based settings and serves as the safety net for the citizens of New Mexico.

Developmental Disabilities Support

The Developmental Disabilities Support program administers a statewide system of community-based services and support, in order to improve the quality of life and increase the independence and interdependence of individuals with developmental disabilities and children with or at risk for developmental delay or disability and their families.

Health Certification Licensing and Oversight

The Health Certification, Licensing and Oversight Program provides health facility licensing and certification surveys, community-based oversight and contract compliance surveys, and a statewide incident management system so that people in New Mexico have access to quality health care and so that vulnerable populations are safe from abuse, neglect and exploitation.

Executive Recommendation

Agency Strategic Directions

The Executive's performance and accountability policy, *A Healthy New Mexico*, provides a comprehensive set of health, education and human services goals initiated by the Richardson

Administration. A collaboration of public agencies (including the Governor's Office, Department of Finance and Administration, Department of Health, Public Education Department, Human Services Department, Aging and Long-Term Services Department, Children, Youth and Families Department (CYFD) and Health Policy Commission), along with healthcare providers and community leaders throughout the state, has embarked on a bold plan to improve the health of New Mexicans. The Executive's performance and accountability policy, *A Healthy New Mexico* focuses on six goals: *Insure New Mexico*; improve health outcomes and family support for New Mexicans; combat hunger and improve nutrition; improve behavioral health through an interagency and collaborative model; eliminate abuse and exploitation of at-risk populations; and improve health care and human services by investing in workforce development and infrastructure.

In FY07, DOH, working with the governor, legislature, public and private organizations, and concerned citizens throughout the state, achieved a number of successes in improving the health outcomes of and family support to New Mexicans. DOH supports this goal by focusing its efforts on: increasing childhood immunizations; decreasing teen pregnancy; decreasing the transmission of infectious diseases (including HIV/AIDS, hepatitis C, and sexually transmitted diseases); decreasing obesity; and decreasing youth suicide.

School-based health centers are one real way to improve health outcomes of New Mexico's youth and are an important part of addressing childhood immunizations, teen pregnancy, youth suicide and obesity. School-based health centers expand health care for school-aged children by providing students with: behavioral health services and medical treatment including screenings for immunizations, unprotected sexual activity, sexually transmitted diseases, substance abuse, depression and risk of suicide, diabetes, obesity and other chronic conditions. By the end of FY07, DOH had increased both the number of centers and the array and quality of services offered by each center. Currently, there are 68 school-based health centers. Now that the majority of the expansion has occurred, DOH is working to create quality standards for the provision of services and to enhance service provision through the use of telehealth technology.

Childhood immunizations are one of the most cost-effective public health interventions, one of the cornerstones to a healthy beginning, and a sentinel indicator of preventive health care. DOH aims to increase immunization rates by increasing public awareness and education on the value of early vaccinations and establishing partnerships with private vaccination providers. DOH has launched a program "Got Tots, Get Shots" providing immunizations through a mobile van at non-traditional sites focusing on areas with low rates of immunization.

Another department goal is to improve the collection of immunization data statewide. One major vehicle to accomplish this is through use of the New Mexico Statewide Immunization Information System (NMSIIS). The Human Services Department (HSD) and DOH implemented NMSIIS in December 2005. DOH is spending considerable effort in training and providing technical assistance on use of the system. In addition, DOH is working with other state agencies such as HSD and (CYFD) to establish performance standards for immunizations for providers receiving state funding to provide medical and childcare.

In FY07, New Mexico's teen birth rates dropped slightly from 35.1 to 34.94 per 1,000 teen births. Thirteen thousand four hundred and fifty-eight (13,458) adolescents received family planning services through DOH funded clinics. DOH firmly believes the cycle of early pregnancy and the spread of sexually transmitted diseases can be interrupted by addressing these issues with parents. In

addition, DOH is expanding evidence-based interventions (i.e., teen outreach program and Carrera model) particularly in counties with high birth rates to reduce unintended and second births in teenagers.

Decreasing transmission of infectious diseases and expanding services to people with infectious diseases continues to be a department priority. The department continues to focus on decreasing the number of human immunodeficiency virus (HIV)/acquired immune deficiency virus (AIDS) and hepatitis C cases, and the reduction of cases of sexually transmitted diseases, specifically syphilis, gonorrhea and Chlamydia. Interventions aimed at preventing the spread of HIV/AIDS and hepatitis C continue to include outreach, education and treatment. With sexually transmitted diseases, the department's strategies include screening, counseling, testing case identification, management and partner notification in order to lessen the risk of exposure to one of these diseases. In addition, efforts are underway to double the number of harm reduction and needle exchange programs in public health offices.

The Department of Health has worked to reduce obesity by promoting healthy lifestyles such as physical activity and good nutrition. At the end of FY07, 88% of Women, Infant and Children (WIC) participants 3-4 years of age were not overweight. To further increase the goal to 90%, the department will continue to implement the WIC "Fit Kids = Happy Kids" in all WIC clinics statewide. This is a curriculum focusing on reducing childhood obesity. It teaches parents to make healthy food choices, introduces children to new foods, incorporates regular meals and snack times, and promotes positive eating behaviors. The curriculum also gives parents suggestions for physical activity for children. In addition, through a grant from the National Governor's Association, a pilot project in Las Cruces was launched named "Healthy Kids, Healthy Communities." DOH is working with numerous partners to teach pediatricians about focusing on health weight and activity, training elementary school teachers to incorporate movement into their classrooms and provide nutrition and physical activity classes in a variety of settings.

In order to assist in the campaign against driving while intoxicated(DWI) in New Mexico, the Department of Health has worked diligently to improve the turnaround time in analyzing blood alcohol tests. In FY07, the Scientific Laboratory Division (SLD), within the Department of Health showed a dramatic improvement in the percent of blood alcohol content (BAC) tests analyzed and reported within 7 business days. Not only did turnaround time improve from 27% in FY06 to 76% turnaround for FY07, but the department also expanded its routine drug-testing panel from 20 drugs to 90 drugs for autopsy cases and 88 drugs for DWI cases.

The molecular diagnostics laboratory at SLD also developed five new molecular/genetic diagnostics tests in 2007 for use in screening humans and livestock for infectious diseases. SLD and its partners, under the authority of the New Mexico Department of Agriculture, relate another major achievement for the Laboratory Services Program to the testing of New Mexico dairy milk. By testing milk, the department diverted 60,000 gallons of milk from human consumption in the state because of contamination with antibiotics and aflatoxin.

In November 2007, the request for proposals (RFP) related to the construction of the new Tri-Lab facility was advertised. The construction project is expected to begin in spring 2008, for occupancy in 2010. The new lab facility will offer three critical benefits to the population of New Mexico, as served by the building's tenants-DOH Scientific Laboratory Division (SLD), Office of the Medical

Investigator (OMI) and New Mexico Department of Agriculture Veterinary Diagnostic Services (VDS). First, the new facility will allow the SLD, OMI and VDS to maintain certification by their external accrediting agencies that are required to operate. Of the six accrediting bodies that affect operations of the three agencies, four of these (Food and Drug Administration, Clinical Laboratory Improvement Amendments, American Association of Veterinary Laboratory Diagnosticians and National Association of Medical Examiners) were recently put on notice of being in jeopardy in the near future because of the inadequate physical facility in which the agencies currently operate. The new facility will address these issues, allowing SLD, OMI and VDS to remain accredited to conduct their work in good standing. Secondly, the new facility will address safety concerns and potential liability that face risk management. While current operations are conducted in a safe manner, federal biosafety requirements being developed for agencies that work with dangerous human and animal diseases exceed the capabilities of the current laboratory. Finally, by addressing the first two issues, the new Tri-Lab facility will improve the performance of the SLD, OMI and VDS in serving New Mexicans by removing overcrowding of people and scientific instrumentation that exists in the current building. Because of a near doubling of the New Mexico population over the past 30 years since the current facility was constructed, the workload for autopsy testing, environmental monitoring, emerging infectious disease surveillance in humans, livestock and wildlife has grown to where the facility is beyond capacity. There is no room for the addition of new programs, new analytical instruments cannot be added without removing other instruments, and staff and laboratories are crowded. The new facility will allow room for growth in staff and instrumentation, as needed by the state. In addition, the new laboratory will offer improved security and will offer a modern design that is more conducive to the new molecular and high tech diagnostic methods that have revolutionized lab activities in the past decade. All of this will result in the enhanced ability to meet the scientific and forensic need of the growing state for several decades to come.

In addition, the SLD emergency preparedness response team (bioterrorism team) was activated five times in calendar year 2007 to address concerns with infectious agents of concern for potential use as biological weapons (select agents), including the anthrax case in a research laboratory at UNM Health Sciences Center. In FY08, the bioterrorism team will continue to work to ensure New Mexico is prepared to respond to such emergencies.

In an effort to reduce teen suicide, DOH along with other partners will: (1) develop crisis line access in the southern part of the state that will provide Spanish speaking responders; (2) focus on at-risk populations and areas with high rates; and (3) increase screening to identify at-risk youth at school based health centers.

DOH also supports the goal of protecting and supporting vulnerable populations by improving services provided in its facilities and community providers and enforcing a "zero tolerance" policy of abuse, neglect and exploitation of seniors, vulnerable adults and persons with disabilities at all long-term care facilities. DOH took action that included revocation of licenses, receiverships and closure of facilities that failed to prevent abuse, neglect or exploitation. DOH continues to ensure support and protection of vulnerable populations by: increasing surveys and background checks, and increasing on-going internal investigations.

The department's strategic plan addresses other department priorities including expanding healthcare access in rural and underserved areas through telehealth, improvement of the trauma care system, ensuring preparedness for a health emergency and reducing health disparities. The department's plan also includes goals, objectives and strategies and a set of performance measures that will help determine how well it is achieving these priorities. With the commitment of the governor and the legislature, the department is prepared to achieve success in all priority areas with the ultimate goal of achieving the Executive's performance and accountability policy, *A Healthy New Mexico*.

Key Elements of Recommendation

Administration. Total base revenue for the Administration Program is recommended to decrease by 1.7% or \$345.2. The Executive recommendation decreases General Fund by \$250.3 below the FY08 operating budget level. An anticipated increase of \$27.1 in other transfers reflects an increase in Medicaid Title XIX funds. The Executive proposes a 4.6% or \$261.4 decrease in the federal allowance for indirect costs. Other revenue is expected to increase by \$139.4, which represents the indirect cost allocation from fee-based revenue generated from the Caregivers Criminal History Screening Program.

The Executive base recommendation provides an additional \$311.0 for personal services and employee benefits and applies a 3.81% vacancy rate. A recommended net reduction of \$500.5 in the contractual services category is a result of a decrease of \$187.2 for professional contracts related to public health awareness/outreach and a decrease of \$313.3 for other contracts related to information technology and software maintenance. The recommended decrease of \$235.7 in the other costs category includes: a reduction of \$17.1 in General Services Department and Department of Information Technology rates; an increase of \$149.1 for furniture, supplies and equipment; an increase of \$6.8 in travel; a reduction of \$368.0 for care and support services; and an increase of \$3.2 for miscellaneous uses.

Public Health. The Executive provides a total base budget increase of 1.8% or \$3,650.4 above FY08 operating level. Included in the base recommendation are the following increases from the General Fund: \$250.0 for the increased cost of contraceptives; \$500.0 for the Breast and Cervical Cancer Program; \$700.0 for the Tuberculosis Program; \$210.0 to relocate the pharmacy; and \$289.2 for billing and electronic health records. A recommended increase of \$774.1 in other transfers is primarily attributed to Medicaid administrative claims and county supported Medicaid funding. Federal revenue is projected to increase by \$1,065.4. The increase consists of improved revenue from the HIV prevention project, Family Planning Services grant, State Office of Rural Health grant, Women Infant Children (WIC) Program grant, Ryan White Care Act Title II, Primary Care Offices grant, Preventative Health Services grant, Pregnancy Risk Assessment Monitoring System grant, State Prevention Framework grant and the Sexually Transmitted Disease (STD) Prevention Systems grant. These increases are offset by decreases in the National Cancer Prevention and Control Program, the Tuberculosis Elimination and Laboratory grant and the Children's Oral Health Care Access grant. The Executive supports an increase of \$41.6 in other revenue from fee for service patient revenue.

The recommendation supports an increase of \$669.1 in personal services and employee benefits to assist in recruitment and retention of direct public health service providers and applies an 8.7% vacancy rate. Contractual costs are recommended to increase by \$2,383.5 for: tuberculosis treatment and electronic health records; administration of the WIC electronic benefits program; and

the transfer of the University of New Mexico master services contract, originally paid out of care and support. The other costs category includes an increase of \$597.8 for pharmaceuticals including birth control, food for the Women Infant Children (WIC) program, breast and cervical cancer services, HIV treatment and Children's Medical Services Program under Title V.

An expansion of \$300.0 is recommended to provide ten \$30,000 additional stipend awards for resident primary care physicians and dental students in their last two years of training in medically underserved areas of the state. By providing the additional stipends, the expansion encourages physicians and dental students to remain in New Mexico and therefore improve the health workforce.

The Executive recommendation provides for an expansion of \$50.0 for childhood immunization marketing to support the development and implementation of media campaigns to reach areas of the state where children are not current with immunizations. In addition, the Executive provides \$750.0 for childhood immunizations. This funding will potentially increase the number of children vaccinated by 4,122 for the human papilloma virus (HPV) vaccine, tetanus, diphtheria and pertusis or whooping cough (Tdap) vaccines.

The Executive recommendation includes an expansion of \$220.0 from the General Fund to support recurring costs for telehealth. This expansion provides funding for programs administering health services using telehealth technology. These funds build on three successful telehealth programs: teen suicide prevention; obesity and diabetes management; and assistance for children with disabilities. In addition, the recommendation includes \$200.0 for Native American youth suicide prevention efforts to reduce disparities and gaps in services for the state's Native American population.

Epidemiology and Response. The Executive recommendation provides a total revenue decrease of 7.3%. The FY08 General Fund base operating budget is increased by \$419.5 to include \$156.8 for increased General Services Department and Department of Information Technology rates and \$115.0 for E-vitals. The remaining \$210.0 increase is associated with a transfer of General Fund to the Epidemiology and Response Program from the Public Health Program for the Sexual Abuse and Stroke programs. A recommended decrease of \$96.5 in other transfers is attributed to the decrease in federal funding transferred from the Department of Transportation for crash outcome data services related to the behavioral risk factor survey, environmental waterborne diseases and emergency response. Federal revenue is recommended to decrease by \$2,560.0 due to diminished funding available under the Emergency Preparedness grant. Other revenue is recommended to decrease by \$32.1 for adult blood lead testing.

The Executive recommendation applies a 5.17% vacancy rate and increases personal services and employee benefits by \$355.5. All vacant positions are recommended at the minimum level. An increase of \$401.1 in the contractual services category is recommended for anticipated increase in information technology services. The other costs category is recommended to decrease by \$3,025.6 from FY08 operating levels. In FY08, budgeted amounts reflected the FY07 carry forward of the Bioterrorism Preparedness grant. Because the carry forward is no longer available, expenditures in the other costs category associated with the grant are not included in the FY09 recommendation.

Laboratory Services. The Executive recommendation decreases the total budget for the scientific laboratory by \$18.5 and an increase of \$251.5 from the General Fund. The General Fund recommended increase includes \$32.7 for increased General Services Department and Department of Information Technology rates and \$225.0 to replace the loss of grant funding which supports critical, core public health functions such as molecular diagnostic testing for emerging and re-emerging infectious diseases (e.g. human immunodeficiency virus (HIV), hepatitis, severe acute respiratory syndrome (SARS), tuberculosis, west nile, avian flu, pertussis, smallpox, camel pox, mumps), food safety and food borne illness testing, livestock testing (Chlamydia, west nile, foot and mouth, exotic newcastle disease, avian flu) and biomonitoring (arsenic and mercury testing in people). The bioterrorism grant and biomonitoring grant have decreased substantially over the past several years, threatening the continued certification of the State Laboratory. The Executive recommends a reduction in federal revenue in the amount of \$252.2 related to the loss of federal funding from the Biomonitoring grant. The Executive also recommends a decrease in other transfers for \$17.8 primarily attributed to the transfer of federal revenue from Epidemiology for services rendered under the Emerging Infection Program grant.

The Executive recommends an increase of \$26.3 in personal services and employee benefits with an 8.42% vacancy factor. The contractual services category is maintained at the FY08 operating budget level. Other costs are projected to decrease by \$44.8 due to anticipated reduction in grant-supported services.

Facilities Management. The Executive recommendation supports a total base budget increase of \$119.3. This base expansion incorporates an increase of \$825.8 from the General fund that includes \$781.6 for General Services Department and Department of Information Technology rate increases. The recommended decrease of \$1,475.5 in other transfers includes reductions in ancillary-intermediate care facility revenue and residential treatment care revenue. The Executive recommends an increase in federal revenue for \$180.0 related to the federal Veterans Affairs Per Diem grant. Other revenue is anticipated to increase by \$771.7. Of this increase, \$700.0 is generated due to improvements in the billing process related to Medicaid Pharmacy Part D. The remaining \$71.7 increase is supported by payments for care.

Based on current salary levels and historical vacancy rates, the Executive recommends a 6.31% vacancy rate and increases General Fund for personal services and employee benefits by \$255.1. The Executive recommends a \$322.4 decrease in the contractual services category below FY08 operating levels. The other costs category is recommended to increase by \$186.6 resulting from the replacement of patient furniture, electrical upgrades to the New Mexico Behavioral Health Institute and increased rent expense.

Developmental Disabilities Support. The Executive proposes a total base budget increase of 1.1% or \$1,428.1, which includes an increase of \$1,585.9 from the General Fund. The other transfers category includes a \$16.7 increase for Medicaid administrative costs. Federal revenue is also anticipated to increase by \$9.8 attributed to the Family Infant Toddler grant. Other revenue is expected to decrease by \$184.3 from insurance payments.

The Executive recommends a 3.73% vacancy rate and an increase of \$637.1 in personal services and employee benefits. The proposed decrease in the contractual services category is a direct offset to the increase in the other category. The transfer of this budget to the care and support line item is

supported by the Executive in order to allow the division flexibility in hiring providers for direct services through the Family Infant Toddler Program and adjust provider agreements accordingly based on funding needs. Other than this transfer, the contractual services and other costs categories have been maintained at FY08 operating levels. The Executive recommends an increase of \$783.0 above FY08 operating levels for other financing uses to support the federal medical assistance percentage (FMAP) change. The FMAP is used in determining the amount of federal matching funds for state expenditures related to assistance payments for certain social services, and state medical and medical insurance expenditures such as the developmentally disabled and medically fragile services. This increase will compensate for the loss of federal funds due to the change in the FMAP.

The Executive recommends increasing the Family, Infant and Toddler program by \$800.0 from the General Fund. The Family Infant Toddler Program is an entitlement program that provides early intervention services to address the needs of infants and toddlers with or at risk of developmental delays and their families. Increased funding will allow more eligible children to access services. An estimated 10% growth or 1,098 additional children are anticipated to be served with the recommended increase. This expansion supports the governor's initiative to promote independence and quality of life for individuals with physical and developmental disabilities. This additional funding will enable eligible children and families to receive early intervention services.

Health Licensing, Certification and Oversight. The Executive recommendation provides for a base budget increase of 6.8%. General Fund is recommended to increase by \$416.0. This increase includes \$500.0 to maintain the current level of service for health facilities licensing. Revenue from other transfers reflects a \$51.4 increase related to Title 19 Medicaid Administrative and Quality Oversight, while a reduction of \$356.0 in federal revenue is recommended due to the loss in federal funding from Title 18 Medicaid Survey and Certification continues to decline. A proposed increase of \$841.7 in other revenue is supported by state and waiver monetary penalty revenue, caregiver criminal screening revenue and licensing fees.

Personal services and employee benefits are recommended to decrease by \$308.6. The Executive applies a 2.37% vacancy factor consistent with the historical vacancy rate. A decrease of \$183.0 in the contractual services category reflects a direct offset to an increase in the other costs category that will no longer be paid for by contracts but for background checks. The proposed increase of \$827.5 in other costs is provided for increased travel expenditures for licensing and certification and fingerprint card processing in order to generate criminal history records.

Performance Report

In FY07, the Department of Health reported on 57 measures in its Annual Performance Report. This condensed set of measures closely reflects the mission of the agency and its program areas, as well as pushed the agency to achieve very ambitious targets. Of the 57 measures in the report, the Department of Health met targets in 24 of its measures. Below is a summary account of performance by program area.

Administration.

The Administration Program exceeded its target for capital project fund expenditures by 5.35% and met the target for the number of community health improvement councils that address health

disparities in their plans. Two areas that still need some attention are telehealth and the percent of payment vouchers paid within thirty days. Both of the telehealth measures were new for FY07 and it was hard to estimate accurate targets or expect processing delays during procurement limiting the number of sites participating. The inability to collect accurate data for the payment voucher measure has led to the development of a new sampling methodology in order to collect data for FY08.

Public Health.

The Public Health Program reported on 20 measures, including several with very ambitious targets. Public Health met or exceeded targets in several of the department's priority areas including reducing the number of WIC children that were obese, hepatitis C screening and treatment, several measures related to school-based health centers and smoking.

Although the target for teen births (25.0 per 1,000) was not reached in FY07, results still showed improvement over FY06. Teen births: 35.1 per 1,000 in FY06 dropped to 34.96 per 1,000 in FY07. Efforts are underway to improve these results by the expansion of evidence-based teen pregnancy interventions (i.e., Teen Outreach Program and Carrera Model) particularly in counties with high birth rates to reduce unintended and second births in teenagers.

The result with the largest discrepancy remains in the area of immunizations. The Public Health Program did not meet its target of 82% for the percent of preschoolers who were fully immunized. Public Health Program partners with many providers to administer immunizations throughout New Mexico. The agency will be focusing on the remaining 20% of the hard-to-reach population in the state by providing public outreach and educating parents on the importance of immunizations. In FY07, New Mexico showed a decline from 78.5% to 71.6%. Results declined in part due to the change in the Centers for Disease Prevention and Control's "gold standard" measure of a completed immunization series to six vaccines instead of five. The program is taking aggressive steps to prevent further declines by making more nurses available to provide shots at clinics with low rates and help contact children who are not up-to-date on their vaccines. The program will also expand incentive programs and is working with other state agencies to ensure that children receive needed immunizations. In FY08, DOH, the Human Services Department and Medicaid Managed Care Organizations will include specific performance measures and pay for performance related to immunizations and New Mexico Statewide Immunization Information System (NMSIIS) entry in their contracts. In addition, the department is working with the Children, Youth and Families Department to ensure they have the tools needed to assess immunization status and increase immunization coverage among homeless and foster care children at child care centers and home care providers.

Epidemiology and Response.

The Epidemiology and Response Program met most of its targets in FY07. Targets were greatly exceeded for the two measures relating to pandemic influenza preparedness (percent of New Mexico counties with pandemic influenza plans that integrate with the state plan and number of pandemic influenza plan exercises statewide) and one measure relating to timely issuance of birth certificates (percent of birth certificates issues or searched for within 7 days of receipt of an approved application and fee). The only challenge for this Program relates to the number of designated trauma centers. The designation process is lengthy and generally takes one to two years for a community hospital to accomplish. DOH has been providing technical assistance to several

hospitals during FY07 to accomplish these designations and hopes to have three to four more by the end of the 2007 calendar year.

Laboratory Services.

The Scientific Laboratory Division exceeded the target for the number of laboratory tests performed per year and was within five percent of the target for its other two measures (percent of public health threat samples analyzed within specified turnaround times and percent of blood alcohol tests from DWI cases that are analyzed and reported within seven business days). Even though the Scientific Laboratory Division did not quite reach its target of 80% for DWI blood alcohol test turnaround time, it has shown a dramatic improvement from 27% in FY06 to 76% turnaround for FY07. One of the major obstacles for this measure was the lack of staffing availability. In many cases, key staff members were called to testify during DWI prosecutions. This left a deficit of personnel available to perform testing. Thus far in 2007, the Laboratory Services Program has received 979 subpoenas for DWI prosecutions; this is up 42% from the 686 subpoenas received in 2006.

Facilities Management.

Although the number of substantiated cases of abuse, neglect and exploitation showed an increase from FY06 to FY07, the number of cases (2.6 per 100) remains small. The department plans to continue to focus on the necessary criminal background checks for caregivers and intensify orientations and training to reduce the number of substantiated complaints. Coming up with meaningful performance measures continues to be a struggle for the facilities; however, they have developed some new measures for FY08 on pressure sores and patient improvement that will better reflect the quality of care at agency-operated facilities.

Developmental Disabilities Support.

The Developmental Disabilities Support Program did not meet any of its very ambitious targets. The FY07 results were, however, within 98% of the proposed target for the percent of developmental disabilities applicants who have a service plan in place within 90 days of eligibility determination. The program experienced difficulty-processing paperwork timely due to the shortage in staffing. The Developmental Disabilities Support Program is resolving the problem by aggressively hiring vacant positions. In addition, even though the Developmental Disabilities Support Program did not meet the target in FY07 for the measure related to the percent of adults receiving developmental disabilities day services who are engaged in community-integrated employment, the result of 34% still exceeds the national average for employment of persons with disabilities by 8%. This target shortfall is credited to the employment contracts that were not fully implemented in FY07. One challenge faced by the Developmental Disabilities Support Program in meeting its targets for FY07 was the change in federal regulations requiring different methodologies for calculating responses and collecting data for the Families Infant Toddler Program measures. In addition the program faced difficulties with providers, particularly case management providers, ceasing operations and requiring the transfer of consumers to other providers.

Health Licensing, Certification and Oversight.

The Health Licensing, Certification and Oversight Program met or exceeded its targets for the three measures related to the goal of zero tolerance for abuse and neglect: number of applicants screened for caregiver criminal history check; number of providers receiving a quality management review as a result of disproportionate substantiated findings of abuse, neglect and exploitation, and number of

developmental disabilities providers receiving an unannounced survey. The target for the number of regulatory compliance surveys conducted for licensed facilities was set with both licensed and certified facilities. In order to better meet the target for surveying licensed facilities in FY08, the program has created a survey team specializing in surveying facilities that are licensed (but not certified) and have lacked adequate oversight in the past.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 Operating <u>Budget</u>	Recom- mendation	FY09	
				<u>Budget to Recommendation</u> Dollar/FTE Change	<u>Percent</u> Change
SOURCES					
General Fund Transfers	267,695.4	286,415.5	293,653.7	7,238.2	2.5
Other Transfers	52,532.1	93,945.0	93,242.3	-702.7	-0.7
Federal Revenues	125,464.6	105,130.5	102,956.1	-2,174.4	-2.1
Other Revenues	40,023.6	74,545.2	76,022.3	1,477.1	2.0
TOTAL SOURCES	485,715.7	560,036.2	565,874.4	5,838.2	1.0
USES					
Personal Services and Employee Benefits	194,324.9	205,342.1	207,904.8	2,562.7	1.2
Contractual Services	97,241.9	139,814.0	125,032.7	-14,781.3	-10.6
Other	112,390.9	131,478.4	148,672.2	17,193.8	13.1
Other Financing Uses	79,231.2	83,401.7	84,264.7	863.0	1.0
TOTAL USES	483,188.9	560,036.2	565,874.4	5,838.2	1.0
FTE					
Permanent	2,581.50	2,545.50	3,043.00	497.50	19.5
Term	1,511.00	1,520.00	1,022.50	-497.50	-32.7
Temporary	31.00	31.00	31.00	0.00	0.0
TOTAL FTE POSITIONS	4,123.50	4,096.50	4,096.50	0.00	0.0

Administration (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 Operating <u>Budget</u>	Recom- mendation	FY09	
				<u>Budget to Recommendation</u> Dollar/FTE Change	<u>Percent</u> Change
SOURCES					
General Fund Transfers	11,696.2	13,231.5	12,981.2	-250.3	-1.9
Other Transfers	1,310.7	743.6	770.7	27.1	3.6
Federal Revenues	5,462.9	5,650.2	5,388.8	-261.4	-4.6
Other Revenues	178.2	204.1	343.5	139.4	68.3
TOTAL SOURCES	18,648.0	19,829.4	19,484.2	-345.2	-1.7
USES					
Personal Services and Employee Benefits	9,629.9	10,509.6	10,820.6	311.0	3.0
Contractual Services	2,177.9	1,949.6	1,449.1	-500.5	-25.7
Other	6,287.3	7,370.2	7,134.5	-235.7	-3.2
Other Financing Uses	0.0	0.0	80.0	80.0	***
TOTAL USES	18,095.1	19,829.4	19,484.2	-345.2	-1.7
FTE					
Permanent	134.00	136.00	154.00	18.00	13.2
Term	18.00	20.00	2.00	-18.00	-90.0
Temporary	1.00	1.00	1.00	0.00	0.0
TOTAL FTE POSITIONS	153.00	157.00	157.00	0.00	0.0

Public Health
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	74,642.3	81,638.9	85,011.4	3,372.5	4.1
Other Transfers	4,414.2	25,088.0	25,862.1	774.1	3.1
Federal Revenues	91,922.8	70,852.9	71,918.3	1,065.4	1.5
Other Revenues	8,104.1	23,168.4	23,126.8	-41.6	-0.2
TOTAL SOURCES	179,083.4	200,748.2	205,918.6	5,170.4	2.6
USES					
Personal Services and Employee Benefits	49,330.7	53,007.1	53,676.2	669.1	1.3
Contractual Services	44,781.6	62,962.1	65,915.6	2,953.5	4.7
Other	74,462.5	83,792.2	85,340.0	1,547.8	1.8
Other Financing Uses	779.1	986.8	986.8	0.0	0.0
TOTAL USES	169,353.9	200,748.2	205,918.6	5,170.4	2.6
FTE					
Permanent	393.50	372.50	372.50	0.00	0.0
Term	649.50	628.50	628.50	0.00	0.0
Temporary	1.00	1.00	1.00	0.00	0.0
TOTAL FTE POSITIONS	1,044.00	1,002.00	1,002.00	0.00	0.0

Epidemiology and Response
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	10,139.7	11,235.2	11,654.7	419.5	3.7
Other Transfers	732.0	797.9	701.4	-96.5	-12.1
Federal Revenues	14,602.4	18,239.6	15,679.6	-2,560.0	-14.0
Other Revenues	935.4	612.0	580.0	-32.0	-5.2
TOTAL SOURCES	26,409.5	30,884.7	28,615.7	-2,269.0	-7.3
USES					
Personal Services and Employee Benefits	11,090.1	12,194.2	12,549.7	355.5	2.9
Contractual Services	10,341.5	8,597.5	8,998.6	401.1	4.7
Other	6,090.5	10,093.0	7,067.4	-3,025.6	-30.0
TOTAL USES	27,522.1	30,884.7	28,615.7	-2,269.0	-7.3
FTE					
Permanent	54.00	54.00	54.00	0.00	0.0
Term	144.00	139.00	139.00	0.00	0.0
TOTAL FTE POSITIONS	198.00	193.00	193.00	0.00	0.0

Laboratory Services (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Dollar Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	6,005.1	6,417.9	6,669.4	251.5	3.9
Other Transfers	1,017.4	0.0	0.0	0.0	***
Federal Revenues	3,169.3	2,691.8	2,439.6	-252.2	-9.4
Other Revenues	5,615.2	2,745.7	2,727.9	-17.8	-0.6
TOTAL SOURCES	15,807.0	11,855.4	11,836.9	-18.5	-0.2
USES					
Personal Services and Employee Benefits	6,922.9	7,255.8	7,282.1	26.3	0.4
Contractual Services	1,343.7	424.8	424.8	0.0	0.0
Other	4,203.4	4,174.8	4,130.0	-44.8	-1.1
TOTAL USES	12,470.0	11,855.4	11,836.9	-18.5	-0.2
FTE					
Permanent	79.00	79.00	79.00	0.00	0.0
Term	18.00	53.00	53.00	0.00	0.0
TOTAL FTE POSITIONS	97.00	132.00	132.00	0.00	0.0

Facilities Management (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Dollar Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	49,605.7	51,968.0	52,611.1	643.1	1.2
Other Transfers	35,844.8	55,131.4	53,655.9	-1,475.5	-2.7
Federal Revenues	3,147.9	3,195.7	3,375.7	180.0	5.6
Other Revenues	21,726.7	44,660.3	45,432.0	771.7	1.7
TOTAL SOURCES	110,325.1	154,955.4	155,074.7	119.3	0.1
USES					
Personal Services and Employee Benefits	98,955.9	102,152.4	102,407.5	255.1	0.2
Contractual Services	8,858.5	30,593.2	30,270.8	-322.4	-1.1
Other	17,476.5	22,209.8	22,396.4	186.6	0.8
TOTAL USES	125,290.9	154,955.4	155,074.7	119.3	0.1
FTE					
Permanent	1,795.00	1,776.00	2,255.50	479.50	27.0
Term	476.50	479.50	0.00	-479.50	-100.0
Temporary	29.00	28.00	28.00	0.00	0.0
TOTAL FTE POSITIONS	2,300.50	2,283.50	2,283.50	0.00	0.0

Developmental Disabilities Support (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Dollar Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	109,807.8	116,530.3	118,916.2	2,385.9	2.0
Other Transfers	5,196.4	7,283.0	7,299.7	16.7	0.2
Federal Revenues	4,334.7	2,561.9	2,571.7	9.8	0.4
Other Revenues	1,023.2	1,384.3	1,200.0	-184.3	-13.3
TOTAL SOURCES	120,362.1	127,759.5	129,987.6	2,228.1	1.7

Developmental Disabilities Support
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u>	
				<u>Dollar</u>	<u>Percent</u>
				<u>Change</u>	<u>Change</u>
USES					
Personal Services and Employee Benefits	8,508.3	9,298.3	9,935.4	637.1	6.9
Contractual Services	28,001.3	34,440.4	17,310.4	-17,130.0	-49.7
Other	1,332.1	1,605.9	19,543.9	17,938.0	1,117.0
Other Financing Uses	78,452.1	82,414.9	83,197.9	783.0	1.0
TOTAL USES	116,293.8	127,759.5	129,987.6	2,228.1	1.7
FTE					
Permanent	68.00	71.00	71.00	0.00	0.0
Term	82.00	77.00	77.00	0.00	0.0
Temporary	0.00	1.00	1.00	0.00	0.0
TOTAL FTE POSITIONS	150.00	149.00	149.00	0.00	0.0

Health Certification Licensing and Oversight
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u>	
				<u>Dollar</u>	<u>Percent</u>
				<u>Change</u>	<u>Change</u>
SOURCES					
General Fund Transfers	5,798.6	5,393.7	5,809.7	416.0	7.7
Other Transfers	4,016.6	4,901.1	4,952.5	51.4	1.0
Federal Revenues	2,824.6	1,938.4	1,582.4	-356.0	-18.4
Other Revenues	2,440.8	1,770.4	2,612.1	841.7	47.5
TOTAL SOURCES	15,080.6	14,003.6	14,956.7	953.1	6.8
USES					
Personal Services and Employee Benefits	9,887.1	10,924.7	11,233.3	308.6	2.8
Contractual Services	1,737.4	846.4	663.4	-183.0	-21.6
Other	2,538.6	2,232.5	3,060.0	827.5	37.1
TOTAL USES	14,163.1	14,003.6	14,956.7	953.1	6.8
FTE					
Permanent	58.00	57.00	57.00	0.00	0.0
Term	123.00	123.00	123.00	0.00	0.0
TOTAL FTE POSITIONS	181.00	180.00	180.00	0.00	0.0

Performance Measures

		FY07 <u>Target</u>	FY07 <u>Result</u>	FY08 <u>Target</u>	FY09 <u>Recomm</u>
Administration					
The purpose of the Administration program is to provide leadership, policy development, information technology, administrative and legal support to the Department of Health so it achieves a high level of accountability and excellence in services provided to the people of New Mexico.					
Output	Percent capital project funds expended over a five-year period	8%	13.35%	16%	20%
Output	Number of telehealth sites throughout the state used for patient services	60	50	120	120
Outcome	Number of community health improvement councils that address health disparities in their plan	37	37	38	38
Efficiency	Percent of payment vouchers paid within thirty days of acceptance of goods and services	80%	Unavailable	85%	87%
Output	Number of patient encounters provided through telehealth sites statewide	30,000	10,573	11,000	12,000

		FY07 Target	FY07 Result	FY08 Target	FY09 Recomm
Public Health					
The purpose of the Public Health program is to provide a coordinated system of community-based public health services focusing on disease prevention and health promotion in order to improve health status, reduce disparities, and ensure timely access to quality, cultural competent, health care.					
Output	Percent of preschoolers fully immunized	82%	71.6%	76%	90%
Outcome	Youth suicide rate among fifteen to nineteen year olds per one hundred thousand	15	25.05	3	
Output	Annual number of births registered at vital records for females age fifteen to seventeen	1,575	1,617	1,542	1,400
Outcome	Number of HIV/AIDS deaths in New Mexico	20	37	10	
Outcome	Percent of women, infants and children program participants ages two to five who are not overweight	85%	88%	88%	92%
Outcome	Percent of adults that use tobacco	21%	20.1%	19.7%	19.4%
Output	Number of visits to agency-funded school-based health centers	32,000	35,409	35,500	42,000
Output	Percent of Chlamydia cases treated	80%	70.2%	90%	
Output	Unduplicated number of teens ages fifteen to seventeen receiving family planning services in agency-funded family planning clinics	NA	6,772	7,100	7,400
Output	Number of HIV/AIDS prevention interventions	NA	7,767	9,000	10,000
Output	Number enrolled in syringe exchange programs	13,000	11,402	16,000	
Output	Number of hepatitis c clients enrolled in a disease management service through the extension for community health outcomes (ECHO) project	1,000	2,585	3,000	3,500
Output	Number of operating school-based health centers	68	65	68	68
Output	Number of youth served at school-based health centers	11,000	18,847	19,000	20,000
Output	Number of calls to the agency-funded crisis line	4,500	7,147	7,250	8,000
Output	Number of providers utilizing the statewide immunization registry	255	227	300	375
Output	Number of students (visits) receiving behavioral health services in school-based health centers	10,000	13,389	12,000	
Output	Number of students receiving behavioral health services in school-based health centers	NA	NA	EstBaseline	12,000
Outcome	National ranking of New Mexico children who are fully immunized	27th	40th	36th	25th
Outcome	National ranking of New Mexico teen birth rate per one thousand females age fifteen to seventeen	48th	50th	48th	40th
Explanatory	Number of packs of cigarettes sold per New Mexican	39 packs	In 10/07	33.6 packs	30.0 packs
Output	Number of persons screened for hepatitis c through the public health system	10,000	11,402	12,000	
Output	Number of partners of syphilis cases who are identified and treated	162	155	195	
Output	Number of new enrollees in syringe exchange programs	NA	1,242	2,500	3,500
Output	Percent of partners of individuals with syphilis who are identified and treated	NA	70.1%	73%	80%
Output	Percent of partners of individuals with gonorrhea who are identified and treated	NA	69.8%	73%	80%
Output	Number of partners of gonorrhea cases who are identified and treated	1,100	671	1,550	
Epidemiology and Response					
The Epidemiology and Response Program monitors health, provides health information, prevents disease and injury, promotes health and healthy behaviors, responds to public health events, prepares for health emergencies and provides emergency medical and vital registration services to New Mexicans.					
Efficiency	Percent of birth certificates issued or searched for within seven days of receipt of an approved birth search application and fee	73%	99.4%	98%	98%
Output	Number of designated trauma centers in the state	6	3	7	9
Outcome	Percent of New Mexico counties with pandemic influenza plans that integrate with the state plan	50%	93.9%	80%	
Output	Number of hospitals reporting data in the state trauma registry	20	20	24	25

		<u>FY07 Target</u>	<u>FY07 Result</u>	<u>FY08 Target</u>	<u>FY09 Recomm</u>
Laboratory Services					
The purpose of the Laboratory Services program is to provide laboratory analysis and scientific expertise for policy development for tax-supported public health, environment and toxicology programs in the State of New Mexico in order to provide timely identification of threats to the health of New Mexicans.					
Outcome	Percent of public health threat samples for communicable diseases and other threatening illnesses that are analyzed within specified turnaround times	99%	98.7%	98%	98%
Efficiency	Percent of blood alcohol tests from driving-while-intoxicated cases that are analyzed and reported within seven business days	80%	76%	85%	90%
Output	Number of laboratory tests performed each year	330,000	413,656	340,000	340,000
Facilities Management					
The purpose of the Facilities Management program is to provide oversight for DOH facilities that provide health and behavioral health care services, including mental health, substance abuse, nursing home, and rehabilitation programs in both facility and community-based settings and serve as the safety net for the citizens of New Mexico.					
Outcome	Number of substantiated cases of abuse, neglect and exploitation per one hundred residents in agency-operated long-term care programs confirmed by the division of health improvement	0	2.6	0	0
Output	Average length of stay at the New Mexico behavioral health institute at Las Vegas	69	12.1	6	
Output	Average length of stay at sequoyah adolescent treatment center	210	260	207	
Output	Average length of stay at New Mexico veteran's home	487	400	487	
Output	Percent of clients at sequoyah adolescent treatment center without relapses at three to six months post discharge	NA	NA	90%	92%
Output	Percent of clients at turquoise lodge without relapses at three to six months post discharge	NA	NA	38%	40%
Output	Average length of stay at New Mexico rehabilitation center	14	13.32	21	
Output	Average length of stay at fort bayard medical center	550	637.5	719	
Output	Percent of clients at New Mexico rehabilitation center with continued improvement on medical rehab goals three to six months post discharge	NA	NA	78%	80%
Output	Percent of low risk residents at New Mexico Behavioral Health Institute's long-term care program who have pressure sores	NA	NA	0.5%	0.5%
Output	Percent of low risk residents at Fort Bayard who have pressure sores	NA	NA	3.0%	2.0%
Output	Percent of low risk residents at New Mexico Veterans Home who have pressure sores	NA	NA	2.7%	2.0%
Developmental Disabilities Support					
The purpose of the Developmental Disabilities Support program is to administer a statewide system of community-based services and support, in order to improve the quality of life and increase the independence and interdependence of individuals with developmental disabilities, and children with or at risk for developmental delay or disability and their families.					
Outcome	Percent of adults receiving developmental disabilities day services who are engaged in community-integrated employment	45%	34%	36%	45%
Outcome	Percent of families who report an increased capacity to address their child's developmental needs as an outcome of receiving early intervention services	99%	92%	93%	97%
Outcome	Percent of infants and toddlers in the family infant toddler program who make progress in their development	96%	In 2008	EstBaseline	97%
Output	Number of children with autism spectrum disorder who receive legislative appropriation funded respite and/or adaptive skill building services	NA	NA	EstBaseline	100
Efficiency	Percent of developmental disabilities waiver applicants determined to be both income eligible and clinically eligible within ninety days of allocation	99%	87.5%	95%	98%
Efficiency	Percent of developmental disabilities waiver applicants who have a service plan in place within ninety days of income and clinical eligibility determination	99%+	97.5%	95%	98%
Output	Percent of jackson requirements from the plan of action and appendix a to the joint stipulation completed	79%	75%	90%	100%

Quality	Percent of individuals participating in the developmental disabilities community service program who report that services helped them maintain or increase independence	95%	89.82%	93%	97%
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Health Certification Licensing and Oversight

The purpose of the Health Certification, Licensing and Oversight program is to provide health facility licensing and certification surveys, community-based oversight and contract compliance surveys, and a statewide incident management system so that people in New Mexico have access to quality health care and that vulnerable populations are safe from abuse, neglect and exploitation.

Outcome	Number of developmental disabilities providers receiving an unannounced survey	85	111	117	125
Quality	Number of providers that receive a quality management review as a result of disproportionate substantiated findings of abuse, neglect and exploitation	5	5		
Output	Number of regulatory compliance surveys conducted by the division of health improvement for licensed facilities	200	150	450	
Explanatory	Number of applicants screened for caregiver criminal history check	26,000	33,592	33,800	34,000
Output	Percent of abuse, neglect and exploitation allegations confirmed in community-based programs	NA	45%	45%	45%
Output	Percent of required compliance surveys completed for adult residential care and adult day care facilities	NA	38%	77%	80%
Explanatory	Number of allegations of abuse, neglect and exploitation reported	NA	1,557	1,600	1,600

Executive Summary

The Department of Environment preserves, protects and perpetuates the water, air and land in the State of New Mexico and regulates, monitors and inspects public facilities and establishments.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	16,354.0	17,254.2	5.5
Total Sources	104,535.6	107,188.2	2.5
Program			
Special Revenue	42,090.9	39,398.6	-6.4
Rural Infrastructure Revolving Loan	0.0	0.0	***
Fund 2% Administration	0.0	0.0	***
Program Support	8,305.4	8,489.7	2.2
Water Quality	21,257.4	21,251.0	0.0
Environmental Health	10,099.5	10,316.8	2.2
Environmental Protection	16,823.2	16,864.3	0.2
Water & Wastewater Infrastructure Development	9,762.6	10,867.8	11.3
Total Uses	104,535.6	107,188.2	2.5
FTE	694.50	718.50	3.5

- The base General Fund is decreased by \$29.9 below the FY08 operating level.
- A 3.89% vacancy factor is applied to personal services and employee benefits.
- The Executive recommends \$639.0 in expansions funded from the General Fund and \$269.3 in other transfers to support twelve additional FTE to create a new division within the Department of Environment to fund water and wastewater infrastructure.
- The recommendation includes two additional expansions supported by \$291.1 from the General Fund for two permanent positions associated with the climate change initiative and one permanent position for the Office of Nuclear Workers Advocacy transferred from the Governor's Office.
- The Executive recommends \$78.6 for an environmental scientist specialist and two civil engineers funded by federal funds. The Executive also supports the authorization of one term FTE supported by the Cumulative Risk Underground Storage Tank (CRUST) grant and two term positions supported by the Comprehensive Environmental Response Compensation grant.
- The recommendation also includes five additional term positions funded from other transfers as follows: \$86.4 for a lawyer, \$96.9 for an application developer and \$79.7 for an information technology generalist.

Agency Mission and Program Purpose

The Department of Environment (NMED) preserves, protects and perpetuates surface and ground water, air quality and land in the State of New Mexico. The department also protects the safety and health of the state's citizens by regulating, monitoring and inspecting public facilities and establishments.

Statutory Authority: Sections 9-7A-1 through 9-7A-14 NMSA 1978.

Program Support

Program Support provides administrative, legal and information management support to NMED staff, the public and oversight and regulatory bodies. This support enables NMED to operate in the most knowledgeable, efficient and cost effective manner so the public can receive the information it needs to hold the department accountable.

Water Quality

The Water Quality Program protects the quality of New Mexico's ground and surface water resources by way of special programs such as: community drinking water and wastewater construction financing; the Clean Water Act; watershed protection; river restoration; and responsible-party remediation. The program ensures that clean and safe water supplies are available now and in the future to support domestic, agricultural, economic and recreational activities; healthy habitats are sustained for fish, plants and wildlife; and hazardous waste generation, storage, treatment and disposal are conducted in a manner protective of public health and environmental quality.

Environmental Health

The Environmental Health Program ensures public health and workplace safety through specific programs that regulate, monitor and inspect food service and food processing facilities; on-site liquid waste treatment and disposal facilities; private septic systems; public swimming pools and baths; medical radiation and radiological technologist certification; community drinking water quality as defined by the Safe Drinking Water Act; and mosquito abatement regulation. The program also oversees the Waste Isolation Pilot Plant transportation and conducts public outreach and education programs about radon in homes and public buildings.

Environmental Protection

The Environmental Protection Program monitors, regulates and remediates harmful impacts to the state's soil, ground water and air. The Petroleum Storage Tank Bureau to detect, prevent and mitigate the release of petroleum products. The Solid Waste Management Bureau ensures solid waste is handled and disposed of without harming natural resources. The Occupational Safety and Health Administration Bureau inspects for workplace safety and healthy working conditions for New Mexico's workers.

Executive Recommendation

Agency Strategic Directions

The New Mexico Department of Environment (NMED) has one of the broadest missions in state government. In order to protect the health of New Mexicans and their environment, NMED administers key programs that protect the state's limited water resources, improves air quality, decreases the incidence of consuming contaminated food, ensures safe and healthy working conditions for workers, and safeguards drinking water supplies for present and future generations.

Ecosystem health is a key function for the department and is of central importance to water quality, aquatic and terrestrial biodiversity, agriculture, aquifer recharge and recreation. In 2007, NMED received funding for a river ecosystem restoration package. Eleven (11) projects will be implemented across the state and will be accomplished through public/private partnerships. NMED is providing resources and several local communities, environmental groups and agencies applied for, and received the funding for the restoration endeavors.

The department assisted the public with determining the quality of their well water by conducting over 1,000 water samples for private wells throughout the state in FY07. More than 1,138 site visits were made to public water systems and training was provided to approximately 240 water system operators.

During FY07, NMED through the addition of five FTE, significantly enhanced its enforcement of the Historic Fence-to-Fence Cleanup Order TM for the Los Alamos National Laboratories (LANL). The department also initiated 5 enforcement actions for serious violations of the order by LANL.

Fighting the impacts of climate change and the degradation of New Mexico's air quality is another area in which the department is working to protect the environment and the public's health. NMED is working toward fulfilling the aggressive goals to reduce greenhouse gasses to 2000 levels by 2012, 10% below these levels by 2020, and a 75% reduction by 2050. The department's efforts in this area include convening a technical working group made up of state agencies tasked with reporting on the impacts of climate change on New Mexico. NMED is also collaborating with states, tribes and Canadian provinces on regional activities that address climate change.

Last fiscal year, the department closed 152 capital outlay projects with a combined value of \$22,331,708, and disbursed \$53,151,008 in funds to benefit local economies. The Rural Infrastructure Act was amended to allow funding of solid waste projects, raise the cap on loans from \$500,000 to \$2 million and increase the size of a community that can be served from 10,000 to 20,000 people.

Public participation is an essential component of the processes used by the department to meet its mission. More than 24 town hall meetings and a large Tribal Summit were conducted to ensure the public had an opportunity to hear about NMED's initiatives and offer information on how the department can better assist their communities. Several public hearings were held to give local communities an opportunity to express opinions on how they might be affected by NMED proposed regulations. The department is committed to continuing a dialogue with the citizens of New Mexico in how we can best meet their needs.

Key Elements of Recommendation

Program Support. Total base revenue for Program Support is recommended to decrease by \$27.1. The Executive recommends an increase from the General Fund of \$362.2 above the FY08 operating level. An anticipated decrease of \$447.7 in other transfers reflects a decrease related to the indirect allowance from special revenue sources, particularly the Corrective Action Fund. Federal revenue is increased by \$58.4 due to increased indirect allowance for miscellaneous grants.

The Executive base recommendation provides a \$58.1 decrease for personal services and employee benefits and applies a 2.5% vacancy factor. A recommended net increase of \$21.5 in the contractual services category is a result of recommended changes as follows: a decrease of \$124.6 for professional service contracts related to planning and development of a Colonias environmental issues summit, strategic planning and miscellaneous consultation services as requested by the department; an increase of \$111.6 for other professional contracts related to preliminary research for the information exchange node project and an increase of \$34.5 for audit services. The recommended increase of \$9.4 in the other costs category is primarily attributed to an increase of \$19.1 in General Services Department and Department of Information Technology rates.

The Executive recommendation provides for two expansions within Program Support. The first expansion includes the transfer of one permanent position and \$125.0 of General Fund from the Governor's Office to support the Office of Nuclear Workers Advocacy. The recommendation includes one term position to be classified as a lawyer. This position will assist the agency with enforcement collection cases that are pending legal action. The recommendation includes \$86.4 of other transfers from the Corrective Action Fund.

Water Quality. Total base revenue for the Water Quality Program is recommended to decrease by \$183.0. The Executive recommends a decrease from the General Fund for \$112.1 below the FY08 operating level. An anticipated increase of \$71.2 in other transfers reflects a projected increase of revenue from the Hazardous Waste and the Water Quality Fund for permitting fees, generator fees, Waste Isolation Pilot Plant (WIPP) fees, Los Alamos National Laboratory fees and discharge permit fees. Federal revenue is recommended to decrease by \$142.1 below the FY08 operating level. This reduction is primarily attributed to the expiration of the Environmental Protection Agency Nutrient Threshold grant.

The Executive base recommendation provides a reduction of \$182.6 for personal services and employee benefits and applies a 3.5% vacancy rate. A recommended net increase of \$21.3 in the contractual services category is attributed to a decrease of \$1,180.9 for professional services contracts related to remedial action at the Northern Railroad Avenue Plume site in Espanola and chemical analysis, which is offset by an increase of \$1,202.2 for other contractual services related to project restoration, water and soil testing and sampling, analytical and technical services, and public outreach as requested by the department. The recommended decrease of \$21.3 in the other costs category is primarily attributed to reductions in operating costs for travel, furniture and supplies.

The Executive recommendation provides for three expansions funded from other transfers within the Water Quality Program. The two expansions provide for a two term FTE, an information technology generalist and an application developer. These positions will assist the agency with compliance associated with routine reporting updates to the Environmental Protection Agency central data exchange. The positions costing \$176.5 from the Corrective Action Fund. Finally, the recommendation supports the authorization of two term positions funded from the Comprehensive Environmental Response Compensation grant. These positions are responsible for analyzing, evaluating and providing oversight during the clean-up process.

Environmental Health. The Executive base recommendation provides a total revenue increase of 2.2%. The Executive recommends an increase from the General Fund for \$217.3 above the FY08 operating level. An anticipated decrease of \$8.0 in other transfers reflects a projected decrease of

revenue from liquid waste fees. Federal revenue is expected to increase by \$8.0 for the indoor radon grant and the waste isolation pilot plant emergency response grant.

The Executive base recommendation applies a 5.0% vacancy factor and increases personal services and employee benefits by \$161.4. An increase of \$3.4 in the contractual services category is recommended for anticipated increases in laboratory analysis for stable isotopes of hydrogen, nitrogen and oxygen in water. The other costs category is recommended to increase by \$52.5 above the FY08 operating level. The recommended increase is due to an increase in operating costs for rent, travel and General Services Department and Department of Information Technology rates.

Environmental Protection. Total base revenue for Environmental Protection Program is recommended to decrease by \$125.0. The Executive recommends a decrease from the General Fund for \$60.5 below the FY08 operating level. An anticipated increase of \$284.5 in other transfers reflects an increase in revenue from the air quality permit fees. Federal revenue is expected to decrease by \$349.0 for reductions in federal funding from the Leaking Underground Storage Tank grant, Paseo Del Norte Air Shed grant, Monitoring of Luna and Dona Ana Counties grant, Particulate Matter Ambient Air Monitoring grant.

The Executive base recommendation provides an additional \$436.3 for personal services and employee benefits and applies a 3.5% vacancy rate. A recommended net increase of \$137.5 in the contractual services category for technical analysis on dust programs, contracted hearing officers, risk assessments and contamination testing. The recommended increase of \$173.8 in the other costs category is primarily attributed to an increase in General Services Department and Department of Information Technology rates, travel and replacement of consumable supplies for monitoring equipment and calibration gasses.

The Executive recommendation provides for two expansions to the Environmental Protection Program. The first recommendation supports the governor's initiative to reduce greenhouse gas. In February 2007, the governor signed on to the western regional climate action initiative. This expansion is a continuation of an existing effort to provide education through public outreach. The recommendation provides \$166.1 from the General Fund to support two permanent positions (environmental scientist and an economist). The recommendation also supports the authorization of one existing unauthorized term position funded through the Environmental Protection cumulative risk underground storage tank (CRUST) grant. This position is an application developer with the critical responsibility of working with the pueblos to monitor the immediate health risk of leaking storage tanks.

Water and Wastewater Infrastructure Development. This new division supports the Executive order which promotes an interagency effort that will provide consistency and coordination associated with the process of funding water and wastewater infrastructure and creates a "uniform application" that will streamline the process for local communities seeking state or federal funding. The Executive base recommendation provides a total revenue increase of 4.0% or \$387.6. The Executive recommends a decrease from the General Fund for \$436.8 below the FY08 operating level. This reduction is offset by an anticipated increase of \$637.1 from the corrective action funds and from water conservation fees. Federal revenue is expected to increase by \$187.3 for miscellaneous grants from the New Mexico Finance Authority.

The Executive base recommendation applies a 5.0% vacancy factor and decreases personal services and employee benefits by \$64.6. An increase of \$507.1 in the contractual services category is recommended for anticipated increases in analytical laboratory services and training to meet the requirements under the State Water Conservation Act as requested by the department. The other costs category is recommended to decrease by \$54.9 below the FY08 operating level. The recommended decrease is due to reductions in operating costs for rent, travel and General Services Department and Department of Information Technology rates.

The Executive includes five expansions for the Water and Wastewater Infrastructure Development program as follows: \$639.0 in General Fund is recommended to support eight FTE (one admin/ops manager, two financial analysts, one engineer specialist, two civil engineers, one environmental scientist and specialist and one information technology database administrator). The Executive also recommends \$269.3 from other transfers funded by the 2% allowance for administration under the Rural Infrastructure Revolving Loan Fund to support four additional permanent FTE (one financial analyst, one financial specialist and two engineer specialists). These positions are critical to the success of the Source Water Protection Program. Additionally, the Executive recommends \$78.6 of federal funds from the Environmental Protection Agency within the State Revolving Loan Fund to support the authorization of three term positions (an executive secretary, a life physical and social science technician and an environmental scientist and specialist). These positions will enable the division to meet the federal requirements under the awarded grants.

Special Revenue. With regard to the department's special revenue funds, the overall base increase of \$578.8 is comprised of increased revenue for hazardous waste fees, water conservation fees, operator certification fees, radiation protection fees and air quality permit fees. This increase is directly offset by expenditures from other transfers associated operational costs within the programs direct expenditures out of the corrective action fund remain relatively flat in comparison to the FY08 operating level.

Performance Report

In FY07, the Department of Environment reported on 34 measures. This condensed set of measures closely reflects the mission of the agency and its program areas, as well as pushed the agency to achieve very ambitious targets. In FY07, the Department of Environment successfully met or surpassed the targets in seventeen of its measures.

Program Support is responsible for nine performance measures. The Administrative Services Division successfully reported on three measures. The division has done an excellent job of ensuring that budgets were reviewed and analyzed quarterly, audit findings were resolved and accounting function standards as defined by the Department of Finance and Administration, Office of the State Controller were achieved by the end of the fiscal year. The Constructions Programs Bureau (CPB) met one of thee very aggressive performance measures. CPB produced the annual project status report by the targeted deadline. The other two measures which are directly related to customer satisfaction have a 100% target. Although these objectives were not met in FY07, CPB came very close and continues to strive for the 100% mark. Similar to CPB, the Office of General Council (OGC) reported on three measures. OGC was successful in meeting the two week deadline for contacting clients of assigned cases and came very close to meeting the remaining two measures which included the enforcement actions within one year of inspection or documentation of a violation and the three day turnaround time for legal requests reviewed. For the measures that fell

short of the expected targets, OGC implemented an action plan and created a better tracking system to ensure a more efficient flow through the approval and assignment process.

The Water Quality Program reports on ten measures. Of the ten measures, 70% of the targets were achieved. Two of the targets that fell short of the objective are under the Ground Water Bureau (GWB). These measures include the timely issuance of the groundwater discharge permits and the percentage of annual compliance evaluations, field inspections and total estimated permitted facilities. The shortcomings for the measures were directly attributable to staffing issues. The GWB is taking an aggressive approach to hiring vacancies to resolve the problem. The last target that was not attained is assigned to the Hazardous Waste Bureau; it measures the timeframes under the executed consent orders for notifying Sandia National Laboratory and Los Alamos National Laboratory of agency action on document submittals. The department is expecting to meet the 90% target in FY08.

There are nine performance measures within the Environmental Health program. Of the nine measures, 46% were not achieved. Two of the measures are assigned to the Drinking Water Bureau (DWB). The first measure consists of regulatory timeframe for chemical sampling of drinking water which is based off a calendar year rather than a fiscal year. The bureau consistently meets 99.9% of the regulatory timeframes, which is not always demonstrated on a fiscal year basis. The second measure involves the timely public water drinking inspections. The Drinking Water Bureau achieved a 98% compliance rate and will continue to work towards meeting the assigned target.

Finally, the Radiation Bureau (RB) was successful in meeting one of three performance measures. The bureau achieved 100% target for the sixty-day turnaround of radioactive material license applications. The first measure that requires attention has a target of 100% which ensures that the inspections of radioactive material licensee and radiation producing machines are completed within Nuclear Regulatory Commission (NRC) and Food and Drug Administration (FDA) guidelines. Inspection frequencies for different uses of radiation machines and radioactive materials are based on the level of risk to the public and workers. For example, dental x-ray machines represent a relatively low risk and FDA recommends they be inspected at least every five years. Nuclear medicine departments represent greater health risks to hospital patients and employees and NRC recommends they be inspected at least annually. Although the FY07 performance target was not met; it was within a 10% variance. The bureau experienced an inspector vacancy during the fourth quarter which accounted for the agency not meeting this target. This measure was changed for FY08 and FY09 to more accurately depict current guidelines. The department anticipates being able to meet the target for FY08. The last measure that was not achieved by the Radiation Bureau pertains to radioactive material licensees and x-ray registrants receiving a notice of violation that come into compliance following receipt of technical assistance from the bureau. The department achieved a rate of 93% for this measure in FY07. Despite technical assistance provided by the bureau, two Radioactive Material Licensees and one X-ray registrant did not come into full compliance and had repeat violations on follow-up inspections. The department will continue to strive to meet the target for FY08.

The Environmental Protection Program has twelve performance measures. Four of the measures are assigned to the Air Quality Bureau. The measure for annual statewide greenhouse gas emissions is based on the proposed regulations to the Environmental Improvement Board (EIB) that were approved on October 2, 2007. These regulations require the industry to report greenhouse gas

emissions annually beginning in January 2008. Because the data will be collected from industry during 2008, NMED will not be able to report on this measure before spring 2009. The department has not had sufficient data available since FY04 for the second measure under the Air Quality Bureau—improvement in visibility by 3.25 kilometers at all monitored locations in New Mexico. This is based on a rolling average of the previous four quarters (average visibility at the end of FY04 was 184.2 kilometers). The lack of data is due to national prioritization of work on changes to calculations correcting past errors rather than reporting new data. University of California at Davis analyzes this data for New Mexico and other states under contract to the federal government. The targets for the two remaining measures under the Air Quality Bureau were achieved. The department is on track to continue to meet or exceed these targets.

The Occupational Health and Safety Bureau (OHSB) has four performance measures, two of which were not met in FY07. The bureau continues to meet targets related to timeliness of serious worker health and safety violations corrected within the timeframes designated on issued citations from the Consultation and Compliance sections. The department has also succeeded in decreasing the rate (explanatory measure – no target) of serious injuries and illnesses caused by workplace conditions per one hundred workers. For calendar year 2006, fifty-eight injuries and illnesses were reported by the New Mexico Workforce Solutions Department (formerly the Labor Department). The first measure that needs attention is the number (explanatory measure – no target) of serious injuries and illnesses caused by workplace conditions, newly reported indemnity claims by calendar year. The source data for this measure originates from the New Mexico Workforce Solutions Department on a calendar year basis. In 2006, 5,189 injuries and illnesses were reported. The second measure, percent of worker health and safety complaints responded to within five days fell short by 1.25%. This was due to only a 75% report rate of a complaint in the 3rd quarter. An employee in a field office did not report the incident to the central office timely, and has been instructed to do so in the future. The department anticipates meeting the target for FY08.

The Petroleum Storage Tanks Bureau (PSTB) is assigned two measures with a 50% target success rate. The first measure - 550 number of storage tank sites with confirmed releases of petroleum products undergoing assessment or corrective action fell short by 37 sites. The department ensures that tank sites with confirmed releases are undergoing assessment or corrective action, where needed. In the second measure - percent of underground storage tank facilities in significant operational compliance with release prevention and release detection regulations of the petroleum storage tank regulations the PSTB exceeded the target by 1%.

The Solid Waste Bureau (SWB) has three performance measures. There is no sufficient data available for reporting purposes for the first measure, percent increase in tons of materials recycled by state agencies. The department has encountered the following obstacles with regard to collecting data: State agencies were not informed of the requirement to maintain and track the tonnage of their recycling activities until Feb 22, 2006 (agency meetings are held quarterly); the state-wide price agreement does not require the vendor to provide tons of materials recycled to state agencies. Agencies that were able to obtain weights began to track them for FY07; of the 31 state agencies that were contacted, only ten, or 30%, reported tons of materials recycled for FY 07 (283 tons for ten agencies). This figure will be used to establish a baseline. An action plan has been developed by the department in order to ensure the targeted 10% increase can be met in subsequent fiscal years. One key item includes developing a standardized reporting system to assist agencies in better tracking and reporting their recycling activities. The second measure under the Solid Waste Bureau,

percent of inspected solid waste facilities that are in substantial compliance with the Solid Waste Management regulations, is in need of attention. The department did not do well in meeting the 75% target during the first two quarters of FY07. The results were 59% and 55%, respectively. This was due to the loss of staff and staff time limitations due to documentation and preparation of several complex Administrative Compliance Orders, (ACOs) and on-going investigations. The results for the third and fourth quarters improved and were 73% and 72%, respectively. The Solid Waste Bureau (SWB) hired two additional staff, which should help to increase performance for this measure in FY08.

Finally, the department failed to meet the third SWB performance measure, percent of landfills meeting ground water monitoring requirements. Twenty-nine permitted and operating landfills are required to sample groundwater and provide reports to the department to meet the 93% target. By the end of the fourth quarter, the department had received reports from 22, or 75% of these permitted facilities. There are 44 additional registered or permitted solid waste landfill facilities that are in closure or post-closure care that are required to monitor groundwater and provide reports. Of this group, a total of 26, or 59% of the reports were submitted by the end of the fourth quarter. An action plan has been developed by the SWB, which includes the development of an inventory of non-compliant facilities.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY09	
				<u>Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	14,545.4	16,354.0	17,254.2	900.2	5.5
Other Transfers	23,116.6	25,551.9	26,352.0	800.1	3.1
Federal Revenues	21,929.4	24,342.2	24,183.4	-158.8	-0.7
Other Revenues	35,607.0	35,913.7	36,626.1	712.4	2.0
Fund Balance	199.8	2,373.8	2,772.5	398.7	16.8
TOTAL SOURCES	95,398.2	104,535.6	107,188.2	2,652.6	2.5
USES					
Personal Services and Employee Benefits	41,692.7	46,883.5	47,684.9	801.4	1.7
Contractual Services	11,614.7	13,506.7	14,197.5	690.8	5.1
Other	16,955.8	18,807.9	19,126.5	318.6	1.7
Other Financing Uses	18,069.5	25,337.5	26,179.3	841.8	3.3
TOTAL USES	88,332.7	104,535.6	107,188.2	2,652.6	2.5
FTE					
Permanent	280.00	297.00	310.00	13.00	4.4
Term	384.50	397.50	408.50	11.00	2.8
TOTAL FTE POSITIONS	664.50	694.50	718.50	24.00	3.5

		Program Support (Dollars in Thousands)			FY09	
		FY07	FY08	Recom- mendation	<u>Budget to Recommendation</u>	
		<u>Actuals</u>	<u>Budget</u>		Dollar/FTE <u>Change</u>	Percent <u>Change</u>
SOURCES						
	General Fund Transfers	2,223.3	3,056.1	3,543.3	487.2	15.9
	Other Transfers	2,217.2	2,520.4	2,159.1	-361.3	-14.3
	Federal Revenues	3,249.4	2,728.9	2,787.3	58.4	2.1
	TOTAL SOURCES	7,689.9	8,305.4	8,489.7	184.3	2.2
USES						
	Personal Services and Employee Benefits	6,106.9	6,619.1	6,764.2	145.1	2.2
	Contractual Services	441.2	557.7	579.2	21.5	3.9
	Other	967.9	1,128.6	1,146.3	17.7	1.6
	TOTAL USES	7,516.0	8,305.4	8,489.7	184.3	2.2
FTE						
	Permanent	43.00	49.00	50.00	1.00	2.0
	Term	35.00	33.00	34.00	1.00	3.0
	TOTAL FTE POSITIONS	78.00	82.00	84.00	2.00	2.4

		Water Quality (Dollars in Thousands)			FY09	
		FY07	FY08	Recom- mendation	<u>Budget to Recommendation</u>	
		<u>Actuals</u>	<u>Budget</u>		Dollar <u>Change</u>	Percent <u>Change</u>
SOURCES						
	General Fund Transfers	3,537.4	3,520.4	3,408.3	-112.1	-3.2
	Other Transfers	5,071.1	5,270.9	5,518.7	247.8	4.7
	Federal Revenues	10,970.2	12,466.1	12,324.0	-142.1	-1.1
	TOTAL SOURCES	19,578.7	21,257.4	21,251.0	-6.4	0.0
USES						
	Personal Services and Employee Benefits	12,213.0	13,699.0	13,674.1	-24.9	-0.2
	Contractual Services	4,992.4	5,646.3	5,667.6	21.3	0.4
	Other	1,639.4	1,912.1	1,909.3	-2.8	-0.1
	TOTAL USES	18,844.8	21,257.4	21,251.0	-6.4	0.0
FTE						
	Permanent	45.00	45.00	45.00	0.00	0.0
	Term	151.50	156.50	160.50	4.00	2.6
	TOTAL FTE POSITIONS	196.50	201.50	205.50	4.00	2.0

		Environmental Health (Dollars in Thousands)			FY09	
		FY07	FY08	Recom- mendation	<u>Budget to Recommendation</u>	
		<u>Actuals</u>	<u>Budget</u>		Dollar <u>Change</u>	Percent <u>Change</u>
SOURCES						
	General Fund Transfers	5,616.5	6,091.5	6,308.8	217.3	3.6
	Other Transfers	3,071.9	3,512.8	3,504.8	-8.0	-0.2
	Federal Revenues	424.2	495.2	503.2	8.0	1.6
	TOTAL SOURCES	9,112.6	10,099.5	10,316.8	217.3	2.2

Environmental Health
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	Percent <u>Change</u>
USES					
Personal Services and Employee Benefits	7,089.9	7,876.5	8,037.9	161.4	2.0
Contractual Services	84.4	228.1	231.5	3.4	1.5
Other	1,086.1	1,994.9	2,047.4	52.5	2.6
TOTAL USES	8,260.4	10,099.5	10,316.8	217.3	2.2
FTE					
Permanent	103.00	110.00	110.00	0.00	0.0
Term	18.00	23.00	23.00	0.00	0.0
TOTAL FTE POSITIONS	121.00	133.00	133.00	0.00	0.0

Environmental Protection
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	Percent <u>Change</u>
SOURCES					
General Fund Transfers	2,719.5	3,060.4	3,166.0	105.6	3.5
Other Transfers	8,792.3	9,937.4	10,221.9	284.5	2.9
Federal Revenues	2,723.5	3,825.4	3,476.4	-349.0	-9.1
TOTAL SOURCES	14,235.3	16,823.2	16,864.3	41.1	0.2
USES					
Personal Services and Employee Benefits	11,739.0	13,379.7	13,085.1	-294.6	-2.2
Contractual Services	252.5	680.5	818.0	137.5	20.2
Other	2,243.8	2,763.0	2,961.2	198.2	7.2
TOTAL USES	14,235.3	16,823.2	16,864.3	41.1	0.2
FTE					
Permanent	66.00	70.00	70.00	0.00	0.0
Term	123.00	128.00	131.00	3.00	2.3
TOTAL FTE POSITIONS	189.00	198.00	201.00	3.00	1.5

Performance Measures

		FY07 <u>Target</u>	FY07 <u>Result</u>	FY08 <u>Target</u>	FY09 <u>Recomm</u>
Program Support					
Provides overall leadership, administrative, legal, and information management support to programs to operate in the most knowledgeable, efficient, and cost-effective manner so the public can receive the information it needs to hold the department accountable.					
Explanatory	Total number of new projects funded and dollar amount of new loans made from the clean water state revolving fund program and the rural infrastructure revolving loan program			TBD	TBD
Output	Percent of budgets reviewed and analyzed quarterly from the program level to the lowest program level	100%	100%	100%	100%
Output	Percent of prior-year significant audit findings resolved	100%	100%	100%	100%
Output	Date by which an annual project status report for water, wastewater and solid waste facility construction projects will be provided to the legislative finance committee members and analyst, and to department of finance and administration secretary and analyst	08/15/07	08/13/07	8/15/08	8/15/09
Efficiency	Percent of legal requests reviewed and assigned within three days of receipt	95%	95.33%	100%	100%

		<u>FY07 Target</u>	<u>FY07 Result</u>	<u>FY08 Target</u>	<u>FY09 Recomm</u>
Efficiency	Percent of clients contacted within two weeks of assignment of case	100%	100%	100%	100%
Quality	Percent customer satisfaction with the construction bureau's technical assistance and engineering services provided in conjunction with federal and state loan and grant projects for construction of water, wastewater and solid waste projects, based on written customer surveys	100%	95.47%	100%	100%
Quality	Percent customer satisfaction with the construction bureau's administrative services provided in conjunction with federal and state loan and grant projects for construction of water, wastewater and solid waste projects, based on written customer surveys	100%	95%	100%	100%
Output	Percent of enforcement actions brought within one year of inspection or documentation of violation	95%	94.31%	95%	95%
Outcome	Number of accounting function standards as defined by the department of finance and administration, office of the state controller that are achieved at the end of the fiscal year	4	4	4	4

Water Quality

Protects the quality of New Mexico's ground and surface water resources to ensure clean and safe water supplies are available now and in the future to support domestic, agricultural, economic and recreational activities and provide healthy habitat for fish, plants and wildlife; and to ensure that hazardous waste generation, storage, treatment, and disposal is conducted in a manner protective of public health and environmental quality.

Explanatory	Approximate number of hazardous waste notifiers in the state			TBD	TBD
Output	Percent of enforcement actions brought within one year of discovery of noncompliance with order	100%	100%	90%	100%
Output	Approximate number of large quantity generators and number of large quantity generators inspected per environmental protection agency five year goal			87/17	87/17
Outcome	Percent of permitted facilities where monitoring results do not exceed standards	75%	76%	75%	77%
Efficiency	Percent of groundwater discharge permits issued within the time allowed by statute or regulation	80%	75%	80%	80%
Output	Percent of groundwater discharge permitted facilities receiving annual compliance evaluations and total estimated permitted facilities	65% of 875	42% of 875	65%/875	65%/875
Output	Number of inspections of permitted hazardous waste facilities and hazardous waste generators, handlers and transporters	150	164	150	150
Output	Percent of inspections that are first-time inspections for hazardous waste notifies, generators and transporters	20%	80% (45 of	20%	20%
Efficiency	Percent of department of energy generator site audits for the waste isolation pilot project on which agency action will be taken within forty-five days	80%	87.5%	80%	88%
Explanatory	Stream miles and acreage of lakes monitored annually to determine if surface water quality is impaired	1,500/10K	1,539/13,70	1,500/10K	1,500/10K
Output	Number of impaired stream miles currently being addressed through watershed restoration plans to improve surface water quality	220	441	220	220
Output	Percent of cases in which Sandia national laboratories and Los Alamos national laboratories are notified of agency action on document submittals within the timeframe specified in the executed consent orders	90%	72%	90%	90%

Environmental Health

Protects public health and the environment through specific programs that provide regulatory oversight over: food service and food processing facilities; regulation of on-site treatment and disposal of liquid wastes; regulation of public swimming pools and baths; regulation of medical radiation and radiological technologist certification; compliance with the safe drinking water act; application of the mosquito abatement regulation; oversight of waste isolation pilot plant transportation; and education and public outreach about radon in homes and public buildings.

Explanatory	Number of food related inspections performed by environmental health division environmental scientists			7,500	7,500
Output	Number of free well water tests			1,000	1,000
Explanatory	Number of compliance orders issued in response to complaints or inspection of new septic tanks			6%	6%
Efficiency	Percent of high risk food related violations corrected within the timeframes noted on the inspection report issued to permitted commercial food establishments				

		<u>FY07 Target</u>	<u>FY07 Result</u>	<u>FY08 Target</u>	<u>FY09 Recomm</u>
Explanatory	Number of assistance actions including site visits provided to public water systems to assist them to return to compliance with safe drinking water act requirements			1,900	1,900
Output	Percent of license inspections completed within the timeframes identified in radiation control bureau policies			100%	100%
Output	Percent of radiation-producing machine inspections completed within the timeframes identified in radiation control bureau policies			100%	100%
Output	Percent of new septic tanks inspections completed	80%	80%	85%	85%
Efficiency	Percent of public drinking water systems inspected within one week of confirmation of system problems that might acutely impact public health	95%	98%	100%	100%
Efficiency	Percent of drinking water chemical samplings completed within the regulatory timeframe	95%	87.5%	95%	95%
Output	Percent of annual permitted commercial food establishment inspections completed	100%	100%	100%	100%
Output	Percent of license inspections and radiation-producing machine inspections completed within nuclear regulatory commission and food and drug administration guidelines	100%	92%	100%	
Output	Percent of new radioactive material license applications reviewed for administrative completeness within sixty days of receipt of application	100%	100%	100%	100%
Outcome	Percent of radioactive material licensees and x-ray registrants inspected and issued a notice of violation that come into compliance within the timeframe specified	97%	93%	97%	97%
Outcome	Percent of public water systems that comply with acute maximum contaminant levels	95%	99.6%	95%	100%

Environmental Protection

Ensures New Mexicans breathe healthy air; prevents releases of petroleum products into the environment; ensures solid waste is handled and disposed without harming natural resources; and ensures every employee safe and healthful working conditions.

Outcome	Percent of serious worker health and safety violations corrected within the timeframes designated on issued citations from the consultation and compliance sections	95%	96.55%	95%	95%
Explanatory	Number of new confirmed releases from leaking storage tank sites that are being assessed for environmental and human health risk			25	25
Outcome	Annual statewide greenhouse gas emissions (MMt CO2e)			54.2MMt	54.2MMt
Outcome	Percent of landfills meeting groundwater monitoring requirements	93%	66%	93%	93%
Output	Percent of confirmed releases from leaking storage tank sites that are undergoing assessment or corrective action	55%			
Outcome	Number of confirmed sites contaminated by petroleum products that require no further action as a result of aggressive remediation				30
Output	Number of storage tank sites with confirmed releases of petroleum products that are high risk and are undergoing aggressive corrective action				150
Outcome	Percent of facilities taking corrective action to mitigate air quality violations discovered as a result of inspections	95%	100%	95%	95%
Outcome	Improvement in visibility at all monitored locations in New Mexico based on a rolling average of the previous four quarters	3.25/172 KM	No data	194 KM	197.25 KM
Output	Percent of worker health and safety complaints responded to within five days	95%	93.75	95%	95%
Outcome	Percent of underground storage tank facilities in significant operational compliance with release prevention and release detection regulations of the petroleum storage tank regulations	80%	91%	90%	90%
Outcome	Percent increase in tons of materials recycled by state agencies	10%	Unknown	10%	10%
Outcome	Percent of inspected solid waste facilities in substantial compliance with the solid waste management regulations	75%	64.75%	75%	75%
Outcome	Number of days per year in which the air quality index exceeds one hundred, exclusive of natural events such as high winds and wildfires	</=8	2 days	</=8	</=8
Output	Number of storage tank sites with confirmed releases of petroleum products undergoing assessment or corrective action	550	513	550	

		<u>FY07 Target</u>	<u>FY07 Result</u>	<u>FY08 Target</u>	<u>FY09 Recomm</u>
Explanatory	Number of serious injuries and illnesses caused by workplace conditions, newly reported indemnity claims by calendar year	NA	5,189 DOL	TBD	5,400
Explanatory	Rate of serious injuries and illnesses caused by workplace conditions per one hundred workers, newly reported indemnity claims by calendar year	NA	58 by DOL	TBD	.65

Executive Summary

The Office of the Natural Resources Trustee seeks settlements for and oversees restoration of contaminated natural resources and loss of resource services through implementation of the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA).

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	417.5	417.5	0.0
Total Sources	417.5	417.5	0.0
Program			
Office of the Natural Resources Trustee	417.5	417.5	0.0
Total Uses	417.5	417.5	0.0
FTE	3.75	3.75	0.0

- The Executive recommendation maintains the budget at the FY08 level.

Agency Mission and Program Purpose

The Office of the Natural Resources Trustee (ONRT) is charged with restoring or replacing natural resources or resource services damaged by hazardous substances released into the environment or by oil discharges into water. Natural resources include air, surface waters, ground waters, biological resources and geological resources. Resource services are defined as resources used in functional applications, such as reservoirs being used for irrigation, recreation and/or fishing.

The Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) emphasizes restoration and replacement of injured natural resources and resource services due to releases of hazardous substances or oil into the environment. The focus of ONRT is to assess natural resource damages throughout the State; successfully negotiate and settle damage claims without legal intervention; and manage natural resource restoration plans.

Statutory Authority: Sections 75-7-2 through 75-7-5 NMSA 1978.

Executive Recommendation*Agency Strategic Directions*

The Office of the Natural Resources Trustee continues successful implementation of the Comprehensive Environmental Response, Compensation and Liability Act. ONRT works closely with state agencies, federal agencies, Indian tribes, and businesses to identify sites with potential natural resource injuries. ONRT also collaborates with natural resource trustees in other states to maximize the effectiveness of the CERCLA program. ONRT continues to perform natural resource damage assessments cooperatively, when possible, with potentially responsible parties. Negotiations and settlements with responsible parties are part of the ongoing program, as is litigating damage claims, if an agreement cannot be reached with responsible parties.

ONRT continues to investigate new cases, continues with existing sites and plans and implements new restoration projects. ONRT currently has six major restoration projects ongoing.

Key Elements of Recommendation

The Executive recommendation maintains the General Fund at the FY08 Operating Budget level. This recommendation allows for a \$4.9 increase in personal services and employee benefits with a \$4.9 decrease in other costs. In the other costs category, reductions were made in in-state mileage, inventory exempt, telecommunications, advertising and out-of-state travel.

Performance Report

The New Mexico Office of Natural Resources Trustee (ONRT) ensures that natural resources and services lost because of contamination are restored for the benefit of the environment and the enjoyment of the New Mexico residents and visitors now and in the future. They continue to meet one of their performance targets, number of acre feet of water conserved through restoration. The target is 500 acre feet and they restored 2,063 acre feet.

A careful process is required to plan and implement restoration. It begins with the identification of a release of a hazardous substance or oil and is followed by an assessment of the type and extent of injury to natural resources. Natural resource damage assessment may sound easy but it can be difficult and time-consuming to: (1) understand the complex ecosystem of which a particular resource is part; (2) trace the services these resources provide; (3) determine injuries caused by release of hazardous substances; and (4) determine appropriate compensation. Once injury is determined, the next step is to identify fair compensation for the loss of the resources and the services they provide from the time the injury occurred until their full recovery. Compensation is either in the form of appropriate restoration projects or cash settlements. The purpose of both restoration projects and cash settlements is first to restore injured resources and, if that is not possible, to replace or acquire equivalent natural resources and the services that were lost or impaired.

The second measure, number of acres of habitat restoration, currently shows no activity. ONRT has signed contracts and habitat restoration projects are ready for implementation on almost 1,000 acres of land. The delay in implementing them is due to the pending release of settlement funds from court registry accounts. Public outreach and planning of these projects occurred in FY06 and FY07.

Budget Summary Tables

		Agency Budget Summary (Dollars in Thousands)			FY09	
		FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	<u>Recom- mendation</u>	<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent Change</u>
SOURCES						
	General Fund Transfers	246.3	417.5	417.5	0.0	0.0
	Fund Balance	116.6	0.0	0.0	0.0	***
	TOTAL SOURCES	362.9	417.5	417.5	0.0	0.0
USES						
	Personal Services and Employee Benefits	315.1	338.1	343.0	4.9	1.4
	Contractual Services	4.9	24.6	24.6	0.0	0.0
	Other	42.9	54.8	49.9	-4.9	-8.9
	TOTAL USES	362.9	417.5	417.5	0.0	0.0
FTE						
	Permanent	3.75	3.75	3.75	0.00	0.0
	TOTAL FTE POSITIONS	3.75	3.75	3.75	0.00	0.0

Performance Measures

		FY07 <u>Target</u>	FY07 <u>Result</u>	FY08 <u>Target</u>	FY09 <u>Recomm</u>
Office of the Natural Resources Trustee					
To restore or replace natural resources or resource services that are injured or lost due to releases of hazardous substances or oil into the environment.					
Outcome	Number of acres of habitat restoration	500	0	500	500
Outcome	Number of acre-feet of water conserved through restoration	500	2,063	500	500

Executive Summary

The New Mexico Health Policy Commission provides a forum for discussion of complex and controversial health policy and planning issues in order to promote optimal public health of New Mexicans and to ensure available, accessible and acceptable healthcare services.

	FY08 Operating Budget	FY09 Recommendation	% Change
General Fund	1,331.2	1,411.4	6.0
Total Sources	1,332.3	1,413.6	6.1
Program			
New Mexico Health Policy Commission	1,332.3	1,413.6	6.1
Total Uses	1,332.3	1,413.6	6.1
FTE	15.00	15.00	0.0

- The Executive recommendation provides an increase of \$80.2 from the General Fund to fully fund personal services and employee benefits.

Agency Mission and Program Purpose

The New Mexico Health Policy Commission (HPC) is composed of nine members appointed to three-year terms by the governor and confirmed by the Senate. In addition to other duties, HPC is charged with: developing, implementing and monitoring the plan for State health policy; assessing the need for, availability of, and distribution of health personnel across New Mexico; reporting on its findings annually to the governor and legislature; and implementing the Health Information System Act (Sections 24-14A-1 through 24-14A-10 NMSA 1978).

Statutory Authority: 9-7-11.1 through 9-7-11.3 NMSA 1978.

Executive Recommendation*Agency Strategic Directions*

HPC aims to empower consumers and develop equitable public and private partnerships to facilitate and improve quality healthcare access in New Mexico. To achieve this, the commission's activities support four strategic directions that will: monitor the implementation of state health policy through research, analysis and the development of policy recommendations; create, sponsor and participate in partnerships, open forums and taskforce activities that facilitate the implementation of state health policy; enhance available data/information for planning and policy-making for consumers to make informed healthcare decisions and to facilitate an efficient, effective health care system through the application of information technology; and promote awareness of HPC's leadership and objective forums for discussion of complex and controversial health policy and planning issues.

Key Elements of Recommendation

The Executive recommendation provides an increase of \$80.2 from the General Fund and includes an additional \$1.1 from other program revenue and non-General Fund transfers for projected increases in the sale of health data reports.

The recommendation for personal services and employee benefits is increased by \$138.7 to fully fund 15 full-time positions authorized for FY08. This increase is offset by decreases in professional contracts and other costs. Professional services contract costs will be lower than the prior fiscal year because the commission recently recruited highly qualified staff to provide services historically provided by professional service contractors. The other costs category is recommended to be aligned with FY07 actual expenditures.

Performance Report

In FY07, the Commission had continued success in its contribution of research and analysis toward the State’s development of health policy and will expand its efforts in FY08 and FY09. The commission provided reports to the Executive, Legislature and general public on health efforts through its annual publications: "Quick Facts, the New Mexico Guide to Managed Care, and County Indigent Fund Report." In addition, the commission collaborated with the Department of Health on the New Mexico Strategic Health Plan. Further, the commission conducted research and facilitated task forces for numerous legislative memorial studies. The commission will continue to provide and improve recommendations and guidance on health policy and planning issues.

In FY09, one of the commission’s most important challenges will be to establish public and private partnerships, with stakeholders for health data-sharing, for analysis and development of health policy. This will be critical for the two most important health care problems facing New Mexicans – cost and access.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)			FY09		
	<u>FY07 Actuals</u>	<u>FY08 Operating Budget</u>	<u>Recom- mendation</u>	<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	1,282.4	1,331.2	1,411.4	80.2	6.0
Other Transfers	0.3	0.4	0.8	0.4	100.0
Other Revenues	1.4	0.7	1.4	0.7	100.0
TOTAL SOURCES	1,284.1	1,332.3	1,413.6	81.3	6.1
USES					
Personal Services and Employee Benefits	846.7	958.1	1,096.8	138.7	14.5
Contractual Services	49.9	66.0	44.7	-21.3	-32.3
Other	284.9	308.2	272.1	-36.1	-11.7
TOTAL USES	1,181.5	1,332.3	1,413.6	81.3	6.1
FTE					
Permanent	15.00	15.00	15.00	0.00	0.0
TOTAL FTE POSITIONS	15.00	15.00	15.00	0.00	0.0

Performance Measures

		<u>FY07</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>
		<u>Target</u>	<u>Result</u>	<u>Target</u>	<u>Recomm</u>
New Mexico Health Policy Commission					
To provide relevant and current health-related data, information and comprehensive analysis to consumers, state health agencies, the legislature, and the private health sector so they can obtain or provide improved health care access in New Mexico.					
Outcome	Number of health-related bills analyzed during the legislative session	200	126	150	200
Quality	Percent of satisfied requesters of the hospital inpatient discharge data or analysis reports	80%	100%	90%	
Output	Percent of customized or specialized health data analyses performed in response to requests for information or in anticipation of issues affecting the healthcare delivery and finance systems	95%	88%	95%	98%

Executive Summary

The Veterans' Services Department provides information and assistance to veterans and their eligible dependents so they may obtain benefits to which they are entitled.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	3,167.9	3,147.3	-0.7
Total Sources	3,739.3	3,298.7	-11.8
Program			
Veterans' Services Department	3,739.3	3,298.7	-11.8
Total Uses	3,739.3	3,298.7	-11.8
FTE	40.00	40.00	0.0

- The Executive Recommendation reflects a General Fund decrease of \$20.6 below FY08 operating levels.
- The Executive Recommendation supports the replacement of lost federal funds as a special appropriation.

Agency Mission and Program Purpose

The Veterans' Services Department (VSD) disseminates information regarding laws beneficial to veterans, their widows and dependent children. VSD assists veterans and their dependents in the preparation and initiation of claims against the United States as a result of military service. It further assists veterans, veterans' widows and children of veterans in establishing the benefits and privileges to which they are entitled.

VSD is made up of one appropriated program with four major activities: state approval services, field services, constituent/state benefit services and financial/fiduciary services. Within these broad areas, VSD provides a multitude of services, such as certification of veterans for property tax exemption, free hunting and fishing licenses for the 100% service-connected disabled, and War Orphan and Vietnam Veteran scholarship/tuition/stipend programs. VSD has an automobile license plate program and engages in educational and training activities for veterans. VSD manages funds and safeguards assets for fiduciary clients. It administers a federal grant program that addresses homeless issues and oversees a statewide program to transport veterans to the Veterans Administration Medical Center and other satellite clinics. VSD is instrumental in implementing outreach initiatives for rural and Native American veterans, administering the Fort Stanton State Cemetery and establishing or expanding memorials in various locations. Lastly, and most notably, VSD directly participates in events and coordinates military honors funerals that honor New Mexico veterans.

Statutory Authority: Sections 28-13-1 through 28-13-16 NMSA 1978.

Executive Recommendation*Agency Strategic Directions*

As part of the governor's commitment to veterans of the State of New Mexico, VSD is dedicated to being the premier service provider and advocate that cares for veterans and their families. VSD is committed to providing a broad variety of services, including but not limited to, the certification of veterans for property tax exemptions, free hunting and fishing licenses for the 100% service-connected disabled, and War Orphan and Veteran Scholarship programs. The department is responsible for the automobile license plate program and manages education programs utilized by veterans. It provides fiduciary services for veterans who are unable to manage their own financial affairs, conduct outreach activities for the 180,000 veterans living in New Mexico, establish and expand veteran memorials in various locations across the state, and ensure that deceased veterans receive a military funeral with honors as tribute to their service.

Outreach activities are dedicated to providing services and direction to the estimated 180,000 veterans living in New Mexico. VSD continues to expand services including the transportation of veterans to Department of Veterans Affairs facilities to ensure access to quality healthcare. The department has also demonstrated a commitment to providing care and support to homeless veterans across the state. In FY08, VSD received \$250.0 and five additional field service officers in support the agency mission and program purpose.

Key Elements of Recommendation

The Executive recommendation decreases the General Fund level by a total of \$20.6 or 0.7% below FY08 operating levels. The recommendation supports funding of \$48.1 for telecommunication services while incorporating discretionary item decreases to offset the difference. The Executive recommendation supports a special appropriation to replace the loss of federal funds for the NMVIC until this support can be restored in FY10. The NMVIC will experience a reduction in federal funds totaling \$297.0. Currently, the New Mexico Veterans' Integration Center provides support to an estimated 7,000 homeless veterans' in the area of transitional housing, clothing, nutrition, job training, and job placement for homeless veterans.

In addition, the recommendation maintains the FY08 funding level for the Homeless Transportation Program. This program provides transportation services to New Mexico veterans located throughout the state, so they may attend appointments at the Veterans Administration Medical Center and satellite clinics. Lastly, the recommendation maintains support for outreach services dedicated toward Native American and women veterans across the state.

Performance Report

The Veterans' Services Department achieved its targeted performance in three of nine performance areas. The department failed to achieve the targeted performance for the following measures: Number of veterans served by veterans' services department field officers; number of fiduciary transactions from trustee banks and veterans' services department to meet clients living expenses; number of educational programs reviewed, approved and audited; number of homeless veterans provided overnight shelter for a period of two weeks or more; compensation received by New Mexico veterans as a result of the department's contracts with veterans' organizations, in millions; and percent of New Mexico veterans impacted by department programs. Failure to achieve the

targeted performance measures can be attributed to the way the department measures the services provided and unrealistic targets set in FY07. Performance targets have been adjusted to reflect realistic goals.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY09	
				<u>Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	2,421.0	3,167.9	3,147.3	-20.6	-0.7
Federal Revenues	459.7	468.1	102.1	-366.0	-78.2
Other Revenues	0.0	51.1	34.3	-16.8	-32.9
Fund Balance	0.0	52.2	15.0	-37.2	-71.3
TOTAL SOURCES	2,880.7	3,739.3	3,298.7	-440.6	-11.8
USES					
Personal Services and Employee Benefits	1,661.9	2,136.5	2,141.2	4.7	0.2
Contractual Services	371.4	1,204.9	759.6	-445.3	-37.0
Other	225.7	397.9	397.9	0.0	0.0
TOTAL USES	2,259.0	3,739.3	3,298.7	-440.6	-11.8
FTE					
Permanent	33.00	38.00	38.00	0.00	0.0
Term	2.00	2.00	2.00	0.00	0.0
TOTAL FTE POSITIONS	35.00	40.00	40.00	0.00	0.0

Performance Measures

		FY07 <u>Target</u>	FY07 <u>Result</u>	FY08 <u>Target</u>	FY09 <u>Recomm</u>
Veterans' Services Department					
To carry out the mandates of the New Mexico state Legislature and the Governor to provide information and assistance to veterans and their eligible dependents to obtain benefits to which they are entitled in order to improve their quality of life.					
Output	Number of veterans served by veterans' services department field officers	42,000	32,556	50,000	45,000
Output	Number of referrals from veteran service officers to contract veterans organizations	10,000	18,176	18,000	19,000
Output	Number of fiduciary transactions from trustee banks and veterans' services department to meet clients' living expenses	75,000	45,403	75,000	50,000
Output	Number of educational programs reviewed, approved and audited	1,975	1,488	1,975	1,975
Output	Number of homeless veterans provided overnight shelter for a period of two weeks or more	500	270	500	300
Output	Compensation received by New Mexico veterans as a result of the department's contracts with veterans' organizations, in millions	170	84	75	85
Output	Number of property tax waiver and exemption certificates issued to New Mexico veterans	3,500	8,396	11,000	8,500
Outcome	Percent of New Mexico veterans impacted by department programs	25%	18.29%	30%	25%
Output	Number of external prior year audit finding	0	0	0	0

Executive Summary

The Children, Youth and Families Department provides an array of prevention, intervention, rehabilitation and aftercare services to New Mexico children and their families.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	195,852.5	206,389.5	5.4
Total Sources	374,784.1	384,643.4	2.6
Program			
Program Support-Summary	16,047.4	15,560.7	-3.0
Juvenile Justice Services	66,108.1	71,368.6	8.0
Protective Services	106,364.5	105,498.1	-0.8
Family Services	186,264.1	192,216.0	3.2
Total Uses	374,784.1	384,643.4	2.6
FTE	2,010.10	2,070.10	3.0

- The Executive recommends a vacancy rate of 8.0% for Program Support, 8.5% for the Juvenile Justice Services, Protective Services and Family Service Divisions.
- The Executive recommends an increase of \$1,500.0 increase for care and support for Foster Care and Adoptions.
- The Executive recommends the funding of the part of the Juvenile Justice Commission's recommendation for a cost to the General Fund of \$972.9.
- The Executive recommends an increase in Juvenile Justice Services of \$4,593.4 for an increase in medical staff and increase in medical contracts.
- The Executive recommends a first Lady's initiative to add \$600.0 for the Children's Trust Fund programs for an Incarcerated Parents program.
- The Executive recommends \$100.0 for the Heart Gallery, this is a 1st Lady's initiative.
- The Executive recommends \$4,659.4 for new Pre-K programs.

Agency Mission and Program Purpose

CYFD focuses on the strength and resilience of families with whom it partners and for whom it advocates to enhance their safety and well-being. CYFD serves and supports children and families and supervises youth in a responsive community-based system of services that is client-centered, family-focused, culturally-aware and that achieves positive outcomes.

Statutory Authority: Sections 9-2A-1 through 9-2A-22 NMSA 1978.

Program Support

Program Support provides assistance to the operational programs and includes executive management, legal counsel, quality assurance, financial services, human resources and information technology services.

Juvenile Justice Services

Juvenile Justice Services (JJS) provides rehabilitative services to youth adjudicated by the courts to the custody of the department through community-based services, probation and parole supervision services, and facility services. The secure facilities operated by JJS include: the J. Paul Taylor Center, the Youth Diagnostic and Development Center, the Springer Area One Center, and Camp Sierra Blanca. The reintegration and residential center facilities operated by JJS include: the Albuquerque Boys' Reintegration Center, the Eagle Nest Reintegration Center, the La Placita Center and the Carlsbad Community Residential Center.

Protective Services

Protective Services (PS) receives reports on child abuse and neglect, investigates child abuse and neglect, provides family preservation services and treatment, and legal intervention or other services to ensure the safety of children who volunteer for services. PS engages in the recruitment of foster and adoptive homes to provide a safe living environment for children in state custody. Additionally, PS provides independent and transitional living services to youth emancipating from the foster care system.

Family Services

Family Services (FS) includes the Early Care section that provides child development, home visiting, family nutrition, child care services, Head Start, Pre-K and child abuse/neglect prevention programs. The Early Care section is responsible for regulating and licensing child care facilities statewide. The Later Care section provides administration for children's behavioral health and domestic violence services including the licensing and certification of children's behavioral health inpatient facilities and domestic violence programs. Family Services also administers federal and state-funded juvenile justice programs that fund grants to local communities including underage drinking programs, the Juvenile Justice Advisory Committee programs, and the Juvenile Accountability Block Grant.

Executive Recommendation*Agency Strategic Directions*

The agency request supports three Executive performance and accountability policies, *A Healthy New Mexico*, *A Safer New Mexico* and *Making Schools Work*. CYFD provides a wide array of services that support enhanced Executive efforts in these areas:

A Healthy New Mexico. To improve health, developmental and educational outcomes of newborns, CYFD has increased its voluntary home visiting program to promote the healthy development and well-being of newborns. In FY08, CYFD funded nine home visiting programs that serve 10 counties statewide.

Access to quality childcare continues to be increased by implementing the Reach for the Stars program in all licensed childcare centers, including those that do, and those who do not, provide subsidized childcare to improve the quality and availability of developmentally appropriate early childhood education. The program also assists families in connecting with necessary additional services including behavioral health or services for children with physical disabilities. Providers receiving state-funded childcare assistance on behalf of clients receive increased reimbursement rates based on the Stars licensure program. CYFD will develop and implement a public awareness campaign to educate the general public about the Reach for the Stars program and how to seek quality childcare.

CYFD continues to combat hunger, improve nutrition and combat obesity in children and will seek new means to increase the participation in the child and adult food program and the summer food program. It will develop a collaborative plan with other state agencies to increase access to all U.S. Department of Agriculture programs administered by different state agencies.

CYFD will continue to improve behavioral health for children and families by continuing to implement the Executive's behavioral health collaborative model. The department will work with other collaborative agencies to: educate families with a particular focus on at-risk families and communities; finalize school-based behavioral health standards; identify matching funds and include increased evidence-based practices in the Medicaid state plan; continue development and technical assistance for local collaborative; implement education and outreach strategies to increase public knowledge and address issues of stigma; develop and implement a comprehensive behavioral health plan as required by state and federal law as part of the state's overall comprehensive health plan; enhance services to address adolescent and adult substance abuse treatment and prevention; and provide intensive services and support for children and adolescents with behavioral health needs in custody or at-risk of out-of-home placement.

CYFD strives to adhere to nationally defined standards to ensure the safety, permanency and well-being of children in the child welfare system. CYFD has developed a federally approved Child and Family Services plan that focuses on systemic child welfare improvements, including increasing timeliness in responding to reports of abuse and neglect, reducing repeat maltreatment, ensuring the safety of children in foster care, increasing timeliness in achieving permanency for youth in state custody, and increasing timeliness of adoptions. CYFD continues to work closely with law enforcement agencies in developing an appropriate response to protect children and families involved with or exposed to methamphetamines, and assure the health and safety of staff charged to deal with those situations.

To rehabilitate youth involved in the juvenile justice system, CYFD continues to develop specialized programming to address the needs of high-risk youth. JJS continues to implement a unit-based classification and management model in JJS facilities as part of its specialized programming efforts. Consistent with the planning to move from a correctional to therapeutic model, JJS is implementing specialized treatment milieu and programs in JJS facilities and providing staff with significant milieu training.

A Safer New Mexico. The department is working to enhance domestic violence programs in the following ways: expanding and enhancing services to victims of domestic violence and children exposed to domestic violence; collaborating with domestic violence advocates to develop coordinated service delivery; and implementing a blended-system model of domestic violence services. The blended-system will: (1) prevent re-victimization of vulnerable adults (domestic violence victims); and (2) reduce the number of children potentially unnecessarily involved with Protective Services. CYFD is also working closely with domestic violence providers to develop programs for batterers. To assist New Mexico communities in eliminating violent gangs, CYFD will: work with the Governor's drug advisor to implement community pilot programs, such as the One-Site Comprehensive Model; implement a crisis-response team concept to suppress gang violence problems from identified communities in crisis; develop and implement a culturally appropriate, community based mentoring partnership for gang-involved youth with local business leaders and faith-based organizations; and continue with gang disassociation programs for youth. In

JJS facilities, CYFD continues to provide programming specific to gang involved youth including tattoo removal services. CYFD provides treatment for juvenile sex offenders, and intends to increase the number of juvenile sex offenders receiving targeted treatment. CYFD will track the recidivism rate of sex offenders.

Making Schools Work. In collaboration with the Public Education Department, CYFD continues to work with early childhood development and child care programs to establish Pre-K classrooms throughout New Mexico. CYFD continues outreach and recruitment about TEACH scholarship program opportunities so that teachers in state-funded Pre-K programs can obtain early childhood licenses. Regarding JJS facility education services, CYFD is focused on developing and implementing effective education programs for struggling adolescent learners in facility schools based on data-supported best practices. In FY07, JJS adopted and implemented a high-school level curriculum that meets New Mexico state standards and benchmarks.

Key Elements of Recommendation

The Executive recommends a General Fund increase for FY09 for the Children, Youth and Families Department of 4.3%, \$204,356.1. The total recommendation for the Department is \$382,000.0 for a 1.9% increase over FY08.

The Executive recommends a vacancy rate of 8% for Program Support and 8.5% for Juvenile Justice Services, Protective Service and Family Service. The department continues to have a high turnover rate for juvenile corrections officers and social workers. This recommendation will allow the department to continue to recruit for vacant positions.

The General Fund growth in FY09 for CYFD is mainly driven by the medical services needs in Juvenile Justice Services, technology upgrade needs and caseload growth in Protective Services.

The Executive recommends 26 medical positions currently authorized as term in Juvenile Justice Services be converted to permanent positions. A large part of the growth in the personal services and benefits category is the increase in medical staff of \$1,793.4 million. These increases are due to the department no longer contracting for Juvenile Justice Services medical costs. Given the importance of providing adequate and comprehensive medical services for their juvenile population and the ever-present possibility of litigation surrounding medical care in the states institutions, the department decided, at the end of FY07, to manage its own health care to ensure the medical needs of its clients are being met.

The recommendation also includes \$3,543.2 to house youth in San Juan and Santa Fe counties. This provides for smaller more regional facilities, an essential element of the juvenile justice reform allowing incarcerated juveniles to be placed closer to their home communities.

The recommendation for Protective Services reflects a decrease of \$2.0 million in Title XIX Targeted Case Management revenue, an increase of \$933.0 in Title XIX Administration revenue and a \$602.0 increase in IV-E revenue. The recommendation reflects an increase of \$465.0 in General Fund revenue to make up for the lost federal funds. The recommendation also reflects an increase of \$1,500.0 in the care and support line item. These costs are associated with the growth in the department's foster care and adoption caseload. The adoption case load has grown by 8% and the foster care case load has grown by 1%. The growth in the adoption case load is a testimony to the

department's success in securing safe and permanent homes for children. The growth in the care and support line item is also attributed to payments made to address the increasing medical needs of adoptive children.

The Executive recommendation the transfer of 20 Client Service Agent (CSA) positions to the Children, Youth, and Families Department from the Aging and Long Term Services Department. The two Departments continue to work in concert to identify cost effective ways to meet the needs of abused and neglected adults and children in New Mexico. The Aging and Long-Term Services Department will continue to effectively provide services to seniors at risk of abuse, neglect and exploitation, in part due to the increasing availability and effectiveness of home care providers. The Children, Youth, and Families Department will have an enhanced capacity to address the unmet needs of increasing caseloads, avoid potential liabilities for failure to comply with newly mandated federal responsibilities, and better serve abused and neglected children. This is yet another example of how two sister Executive Branch agencies, under Governor Richardson's guidance, can work together to share resources for the common good of vulnerable, at-risk New Mexicans at no additional cost to New Mexico's taxpayers.

The General Fund budget for Family Services is an increase of \$751.6 and includes a decrease of \$353.0 in the Child Care Block Grant and a decrease of \$451.0 in the AmeriCorps program. The Executive recommendation includes \$98.0 for two FTE for the Domestic Violence program, which was funded from nonrecurring during FY08 and is a First Lady's initiative.

CYFD is aggressively pursuing juvenile justice system reform efforts including the 'Missouri Model.' In January 2007, CYFD created the Juvenile Justice Commission in partnership with Bernalillo County. Eight Commission subcommittees have worked over the last eight months and made recommendations for improvements and reforms in the areas of behavioral health, education, training, employee recruitment/ retention and facility specialization.

The Executive recommends funds that will help provide the needed resources to implement the "Best Practice" models in the state of New Mexico. The commission's recommendation focuses on regionalization of juvenile facilities to allow youth to receive services in their own communities, remain closer to their families, and retain community ties to facilitate successful reintegration back into the community. The total recommendation of \$972.9 will fund: education library upgrades-\$50.0; education staffing-\$602.9; accreditation of behavioral health and medical services- \$20.0; and recruitment and retention efforts - \$300.0.

The Executive recommends an expansion of \$600.0 to the Children's Trust Fund to fund a program for incarcerated parents, this is a 1st lady's initiative. A Blue Ribbon Commission on the Welfare of Children of Incarcerated Parents was established by Executive Order on May 9, 2006, with the Commission issued its report on November 1, 2006. A portion of the recommendations were enacted during the 2007 legislative session, including provisions to require law enforcement to identify dependent children upon parental arrest. The \$600.0 appropriation will create points of contact in high usage communities for these children and their caregivers to ensure safety and avoid unnecessarily taking children into CYFD custody. The appropriation will allow contracts with community providers for in-home assessment of vulnerable children's safety and needs, and linkage to appropriate services for children whose parents are incarcerated.

This Executive recommends \$100.0 for the Heart Gallery, this is a first Lady's initiative. The Heart Gallery of New Mexico helps waiting children in the Children, Youth and Families Department connect with adoptive families by utilizing the talents of renowned photographers from throughout the state. The resulting portraits reveal the souls of these beautiful children and aid them in finding forever families through state-wide exhibits. Heart Gallery has found homes for many children who were considered "hard to place" due to their age or the fact that they were members of a sibling group. One of the happiest endings came in June 2005, when a very special portrait inspired one couple to adopt five teenaged siblings. Two photographers even "clicked with" and adopted their charming subjects. This appropriation will allow CYFD continuous statewide outreach, and children are now photographed year round and as soon as they are freed for adoption.

The Executive recommends an additional \$4.659.4 million in General Fund to increase Pre-K programs in FY09. This increased appropriation will serve approximately 1,358 additional children which will be served in approximately 70 classrooms in approximately 50 communities scattered throughout the state. The new locations will be determined through a competitive request for proposal process. The funds would pay for essential programmatic and program-support services critical to the Pre-K program's success including: instructional materials; transportation, which is included in the request for proposal; and program support, training and technical assistance.

Performance Report

Juvenile Justice Services. Juvenile Justice Services (JJS) met or exceeded its established performance targets for four performance measures in FY07. In FY06 and FY07, 90% of all clients on formal probation successfully completed their probation programs. Of JJS clients receiving functional family therapy and multi-systemic therapy in their communities, the percent of clients who did not commit a subsequent juvenile offense exceeded the established target in FY07. For youth receiving education services in JJS facilities, the percent of youth earning education credits for which they were enrolled increased by 10% from 72% in FY06 to 82% in FY07. Additionally, the number of youth in community corrections programs increased by more than 20% from 982 in FY06 to 1,214 in FY07.

The percent of readjudicated clients increased slightly from 6% in FY06 to 6.6% in FY07. JJS continues to address this measure at a local level by developing services in communities that meet the needs of the youth being served. While JJS did not meet its target focusing on the percent of clients recommitted to a JJS facility, there was a notable decrease from FY06 (13.6%) to FY07 (13%).

Protective Services. CYFD is committed to providing children the opportunity for permanency and stability in their living situations. Children who grow up in safe, stable and permanent homes are more likely to maximize their potential and become productive and contributing members of society and are less likely to have future justice system contact, substance abuse, mental health issues and homelessness.

Protective Services (PS) met or exceeded each of its key performance measures in FY07. The Protective Services performance measures are also reported to the federal government consistent with the Child and Family Services Review process for which CYFD has developed a Performance Improvement Plan that identifies objectives and activities to achieve improved performance

outcomes. In FY07, PS exceeded its target for the percent of children adopted within 24 months of entry into foster care. The actual performance for this measure of 32.8% in FY06 increased to 38.1% in FY07. PS met the performance target for children maltreated in foster care with an FY07 result of less than one percent (.83%). PS also demonstrated improvement in decreasing the percent of children determined to be maltreated within six months of a prior determination from 7.2% in FY06 to 7.1% in FY07.

Family Services. Improving the quality of licensed childcare is an important goal for CYFD. The goal was established to increase the availability and accessibility of quality childcare while supporting parental choice. In FY07, Family Services exceeded three targets by focusing on improving the quality of childcare through the Aim High/STARS program and hunger among New Mexico children through greater participation in the Family Nutrition Program. The most significant improvement relates to the percent of children receiving state subsidies in Aim High programs of levels two through five and with national accreditation where the improvement from FY06 (24.5%) to FY07 (45.4%) is tremendous, reflecting the department's efforts to increase provider incentives and provide technical assistance to improve quality childcare.

Family Services (FS) did not meet all its targets regarding behavioral health services and domestic violence but is committed to reaching those performance targets. In order to meet those targets in FY08 and FY09, CYFD will work with Value Options to establish a standardized assessment instrument to measure client improvement resulting from behavioral health services. FS will also work with community providers to develop appropriate individualized safety plans for domestic violence (DV) clients, and provide information to the victim/survivor and their children about the importance and utility of the safety plan to encourage their participation in plan development. All DV clients, in collaboration with the service provider, will work together to develop individualized plans and monitor and assess the safety plans to assure the plans meet unique family needs.

Program Support. CYFD continues to work diligently to reduce turnover rates for social workers and juvenile corrections officers. Full staffing levels in these two important classifications will reduce caseload demands for existing staff, improve staff morale and the quality of their work with clients. While the department did not meet its target in FY07 for social worker turnover, there was improvement from FY06 to FY07. As a result of the New Mexico Boys' School closure in FY07, CYFD's turnover rate for juvenile correctional officers was inflated in the first six months of the fiscal year. CYFD maintains the following strategies to reduce turnover: (1) improve the quality of worker supervision through improved supervisory training; (2) analyze and report results of exit interviews reflecting specific reasons for front-line worker turnover; and (3) update the human resource retention plan for crucial front-line workers based on findings from exit interview analysis and latest employee surveys.

Budget Summary Tables

Agency Budget Summary
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	174,771.1	195,852.5	206,389.5	10,537.0	5.4
Other Transfers	44,535.2	41,686.6	40,162.3	-1,524.3	-3.7
Federal Revenues	134,304.1	132,862.2	133,744.9	882.7	0.7
Other Revenues	4,085.5	4,382.8	4,346.7	-36.1	-0.8
Fund Balance	1,300.0	0.0	0.0	0.0	***
TOTAL SOURCES	358,995.9	374,784.1	384,643.4	9,859.3	2.6
USES					
Personal Services and Employee Benefits	113,054.9	115,005.4	116,094.2	1,088.8	0.9
Contractual Services	64,411.7	73,650.7	80,951.1	7,300.4	9.9
Other	169,590.5	185,368.1	187,038.2	1,670.1	0.9
Other Financing Uses	4,290.2	759.9	559.9	-200.0	-26.3
TOTAL USES	351,347.3	374,784.1	384,643.4	9,859.3	2.6
FTE					
Permanent	1,987.10	1,946.10	2,006.10	60.00	3.1
Term	64.00	64.00	64.00	0.00	0.0
TOTAL FTE POSITIONS	2,051.10	2,010.10	2,070.10	60.00	3.0

Program Support
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	9,464.5	9,887.0	9,551.0	-336.0	-3.4
Other Transfers	1,458.5	1,223.5	190.2	-1,033.3	-84.5
Federal Revenues	6,279.8	4,936.9	5,819.5	882.6	17.9
TOTAL SOURCES	17,202.8	16,047.4	15,560.7	-486.7	-3.0
USES					
Personal Services and Employee Benefits	10,831.8	11,268.4	11,024.4	-244.0	-2.2
Contractual Services	1,784.3	1,854.2	1,854.2	0.0	0.0
Other	3,560.1	2,924.8	2,682.1	-242.7	-8.3
TOTAL USES	16,176.2	16,047.4	15,560.7	-486.7	-3.0
FTE					
Permanent	162.00	162.00	162.00	0.00	0.0
TOTAL FTE POSITIONS	162.00	162.00	162.00	0.00	0.0

Juvenile Justice Services (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Dollar Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	60,196.9	62,547.4	67,559.0	5,011.6	8.0
Other Transfers	1,079.0	1,906.2	2,155.1	248.9	13.1
Federal Revenues	146.7	0.0	0.0	0.0	***
Other Revenues	1,277.8	1,654.5	1,654.5	0.0	0.0
Fund Balance	1,300.0	0.0	0.0	0.0	***
TOTAL SOURCES	64,000.4	66,108.1	71,368.6	5,260.5	8.0
USES					
Personal Services and Employee Benefits	44,306.1	44,015.2	47,930.4	3,915.2	8.9
Contractual Services	11,871.1	14,148.9	15,201.0	1,052.1	7.4
Other	7,264.5	7,944.0	8,237.2	293.2	3.7
TOTAL USES	63,441.7	66,108.1	71,368.6	5,260.5	8.0
FTE					
Permanent	843.30	780.30	849.80	69.50	8.9
TOTAL FTE POSITIONS	843.30	780.30	849.80	69.50	8.9

Protective Services (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Dollar Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	53,824.3	59,847.5	59,697.9	-149.6	-0.2
Other Transfers	5,926.4	2,458.9	993.5	-1,465.4	-59.6
Federal Revenues	42,324.7	42,455.7	43,240.4	784.7	1.8
Other Revenues	1,566.3	1,602.4	1,566.3	-36.1	-2.3
TOTAL SOURCES	103,641.7	106,364.5	105,498.1	-866.4	-0.8
USES					
Personal Services and Employee Benefits	46,714.0	48,292.4	45,761.1	-2,531.3	-5.2
Contractual Services	8,210.1	9,210.9	9,603.1	392.2	4.3
Other	47,938.0	48,621.2	49,893.9	1,272.7	2.6
Other Financing Uses	207.8	240.0	240.0	0.0	0.0
TOTAL USES	103,069.9	106,364.5	105,498.1	-866.4	-0.8
FTE					
Permanent	833.50	853.50	834.00	-19.50	-2.3
TOTAL FTE POSITIONS	833.50	853.50	834.00	-19.50	-2.3

Family Services (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Dollar Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	51,285.4	63,570.6	69,581.6	6,011.0	9.5
Other Transfers	36,071.3	36,098.0	36,823.5	725.5	2.0
Federal Revenues	85,552.9	85,469.6	84,685.0	-784.6	-0.9
Other Revenues	1,241.4	1,125.9	1,125.9	0.0	0.0
TOTAL SOURCES	174,151.0	186,264.1	192,216.0	5,951.9	3.2

Family Services
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent</u> <u>Change</u>
USES					
Personal Services and Employee Benefits	11,203.0	11,429.4	11,378.3	-51.1	-0.4
Contractual Services	42,546.2	48,436.7	54,292.8	5,856.1	12.1
Other	110,827.9	125,878.1	126,225.0	346.9	0.3
Other Financing Uses	4,082.4	519.9	319.9	-200.0	-38.5
TOTAL USES	168,659.5	186,264.1	192,216.0	5,951.9	3.2
FTE					
Permanent	148.30	150.30	160.30	10.00	6.7
Term	64.00	64.00	64.00	0.00	0.0
TOTAL FTE POSITIONS	212.30	214.30	224.30	10.00	4.7

Performance Measures

		<u>FY07</u> <u>Target</u>	<u>FY07</u> <u>Result</u>	<u>FY08</u> <u>Target</u>	<u>FY09</u> <u>Recomm</u>
Program Support					
To provide the direct services divisions with functional and administrative support so they may provide client services consistent with the department's mission and also support the development and professionalism of employees.					
Output	Turnover rate for child welfare case workers	19%	19.3%	15%	
Output	Turnover rate for juvenile correctional officers	11.9%	19.8%	11.9%	
Outcome	Average vacancy rate for child care eligibility interviewers.				11%
Outcome	Average vacancy rate for juvenile probation and parole officers				7%
Outcome	Average vacancy rate for juvenile correctional officers				8%
Outcome	Average vacancy rate for child welfare workers				12%

Juvenile Justice Services

To provide rehabilitative services to youth committed to the department including but not limited to medical, educational, mental health and other services. In addition, to provides early intervention and prevention, detention and screening, and probation and parole supervision aimed at keeping youth from committing additional delinquent acts.

Output	Percent of possible education credits earned by clients in juvenile justice division facilities	76%	47.5%	75%	75%
Output	Percent of clients who complete formal probation	83%	90%	90%	90%
Outcome	Percent of eligible students graduating with a high school diploma while in a children, youth and families department facility school	70%	18%		
Output	Percent of re-adjudicated clients within two years of previous adjudication	7.6%	6.6%	5.8%	5.8%
Outcome	Percent of clients receiving functional family therapy and multi-systemic therapy who have not committed a subsequent juvenile offense within two years post-discharge from service	65%	84.4%	86.5%	
Output	Number of children in community corrections programs	800	1,214	800	
Outcome	Percent of students scoring at or above proficiency in mathematics portion of New Mexico standards based assessments	TBD	2%		
Outcome	Percent of incidents in JJS facilities requiring use of force resulting in injury.				3.82%
Outcome	Percent of clients receiving functional family therapy who have not committed a subsequent juvenile offence within two years of discharge from service.				86.5%
Outcome	Percent of clients recommitted to a children, youth and families department facility within two years post-discharge from facilities	7.6%	13%	11.5%	11.5%
Outcome	Percent of eligible juvenile justice division facility students passing the New Mexico high school competency exam	TBD			TBD

		<u>FY07 Target</u>	<u>FY07 Result</u>	<u>FY08 Target</u>	<u>FY09 Recomm</u>
Protective Services					
To receive and investigate referrals of child abuse and neglect, provide family preservation and treatment and legal services to vulnerable children and their families, to ensure their safety and well being.					
Output	Number of children in foster care for up to twelve months with no more than two placement settings	2,100	2,232		
Outcome	Percent of children who are the subject of substantiated maltreatment within six months of a prior determination of substantiated maltreatment	7.5%	7.2%	7.1%	7%
Output	Percent of children who are the subject of substantiated maltreatment while in foster care	.90%	0.83%	0.57%	0.57%
Outcome	Percent of children adopted within twenty-four months from entry into foster care	35%	38.1%	34%	34%
Outcome	Percent of children in foster care for twelve months with no more than two placements	80%	86.1%	86.7%	86.7%
Outcome	Percent of children reunified with their natural families in less than twelve months of entry into care	76.2%	87.2%	85%	78%
Family Services					
To provide behavioral health, quality child care and nutrition services to children so they can enhance physical, social and emotional growth and development and can access quality care.					
Outcome	Percent of family providers participating in the child-and-adult care food program	82%	93%	90.5%	92%
Outcome	Percent of children receiving behavioral health services who experience an improved level of functioning at discharge	60%		50%	50%
Outcome	Percent of licensed child care providers participating in STARS/AIM HIGH levels two through five or with national accreditation	20%	46.4%	32%	40%
Outcome	Percent of adult victims receiving domestic violence services who show improved client competencies in social, living, coping and thinking skills	65%	53.3%	65%	
Output	Number of adult victim witnesses receiving domestic violence services	5,000	6,209		
Outcome	Percent of adult victims receiving domestic violence services living in a safer, more stable environment	85%	78%	85%	85%
Outcome	Percent of adult victims or survivors receiving domestic violence services who have an individualized safety plan				70%
Outcome	Percent of domestic violence offenders who complete a batter's intervention program				80%
Outcome	Percent of children receiving state subsidy in STARS/AIM HIGH programs level two through five or with national accreditation	13%	45.4%	30%	50%

Executive Summary

The Department of Military Affairs provides support and infrastructure for the New Mexico National Guard’s mission to supply military forces for State emergencies and to train for national defense and related activities.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	7,436.9	7,595.0	2.1
Total Sources	19,054.5	19,855.1	4.2
Program			
National Guard Support Program	16,026.5	16,829.1	5.0
Crisis Response Program	3,028.0	3,026.0	-0.1
Total Uses	19,054.5	19,855.1	4.2
FTE	165.00	168.00	1.8

- The Executive base General Fund recommendation reflects a \$158.1 increase to provide for increases in General Service Department insurance premiums.
- The Executive base federal funds recommendation reflects a \$441.7 increase for increased physical security and maintenance.
- The Executive recommendation provides for nine additional staff positions supported by increased federal revenues.

Agency Mission and Program Purpose

The primary mission of the Department of Military Affairs (DMA) is to provide military forces to the State of New Mexico in the event of a man-made or natural disaster. The Department also has the additional responsibilities of managing lands and properties owned by the State Armory Board and providing infrastructure support for the Civil Air Patrol, the State Defense Force and the Youth Challenge Academy.

Statutory Authority: Article I, Section 8, the United States Constitution, Article XVIII, Sections 1 and 2, the New Mexico Constitution; New Mexico Military Code, Sections 20-1-1 through 20-12-73 NMSA 1978.

National Guard Support Program

The National Guard Support Program (NGSP) provides infrastructure for the New Mexico National Guard by managing both state appropriations and federal reimbursements through the Master Cooperative Funding Agreement. This entails accounting and administrative services; procurement of goods; record keeping; new construction; maintenance and management of statewide National Guard facilities and properties. NGSP also offers tuition assistance to improve the education and skills of its members as well as provide an incentive in recruiting new “citizen soldiers” into the National Guard.

Crisis Response Program

The Crisis Response Program (CRP) provides emergency relief to the communities and citizens of New Mexico in state emergencies and search and rescue efforts. CRP provides a secondary militia to respond to the Governor's call for aid in the event that the New Mexico National Guard is not available because it is serving outside the state in the national interest. CRP provides leadership and direction for New Mexico youth, through the Youth ChalleNGe Academy, which works directly with at-risk teenagers.

Executive Recommendation*Agency Strategic Directions*

The New Mexico National Guard continues to conduct the Warrior Transition Course mission for the U.S. Army resulting in: 224 additional jobs; a throughput of over 2,000 soldiers (transitioning to the Army because of Air Force and Navy draw-downs); overlapping month-long courses; and approximately \$28 million additional federal dollars for payroll and construction. In addition, Operation Jump Start on the Southwest border brought pay and allowances of almost \$20 million and about \$24 million for logistical support, rations, fuel, etc.

During the period of 2008-2010, DMA plans to improve its training and readiness capabilities by constructing an Army Aviation Support Facility and a Readiness Center in Socorro as well as developing a national urban warfare and homeland defense training center for the Onate Complex in Santa Fe. DMA will optimize the use of all facilities, ranges and installations to support its current mission in the areas of infantry, intelligence, transportation and military police. New Mexico National Guard has 640 soldiers and airmen scheduled or currently deployed. During January through April of 2008 the National Guard will deploy approximately 140 soldiers.

The Crisis Response Program provides resources and a highly trained and experienced force to protect the public and improve the quality of life for New Mexicans. CRP also supports middle schools in Albuquerque and Las Cruces with Counter Drug Task Force Demand Reduction Program personnel that focus on drug awareness and reduction strategies for adolescent youth and the New Mexico Youth Challenge Program for at-risk youth statewide.

Key Elements of Recommendation

The Executive recommendation increases the General Fund budget for the Department of Military Affairs by \$158.1. The increase will provide adequate funding for increased General Service Department premiums for workers' compensation, liability and property insurance. The Executive recommendation increases federal revenues by \$717.9 for expanded federal grants in the areas of: maintenance and repair, utilities and renovations to armories, logistical sights and training facilities; physical security; and anti-terrorism. These funds will enable the Department of Military Affairs to expand its approved positions by nine in the areas of maintenance and engineering personnel for facilities management, compliance officers for environmental management, line manager for anti-terrorism program and maintenance personnel for Air Guard facilities. The Executive recommends other revenues be decreased by \$75.4 in anticipation of diminished building rentals, land royalties and other miscellaneous revenue such as dividends and refunds.

Performance Report

The National Guard Support Program met two of three measures. This performance is in light of the war effort which continues to be a major obstacle to recruiting and retention efforts on the part of the New Mexico Army and Air National guards. In the area of major environmental compliance findings from inspections, the Department of Military Affairs did not meet its target of 25. In the past, the National Guard conducted intermittent environmental site inspections. The resultant environmental findings tended to be on the low side as only a few facilities per year were inspected, and the findings may have not been truly representative of the actual environmental concerns. In October 2006, the National Guard contracted for an Environmental Performance Assessment Systems (EPAS) audit. A team came in and inspected almost every facility in the state. With new regulations and much tighter scrutiny, a large number of items were found to be out of compliance. Over the course of this last year, the Environmental Office has been working to close out these findings and conduct new internal inspections. The Department of Military Affairs believes the numbers that will be seen in the future will represent actual conditions. Due to the new level of scrutiny, the Executive recommendation for FY09 is adjusted to a more attainable level of 40.

Within the Crisis Response Program, the Executive recommends one new measure, percent of New Mexico Youth Challenge Academy cadets who earn their High School Equivalency (GED) annually. The existing measure, percent of cadets successfully graduating from the Youth Challenge Academy, failed to meet the targeted performance level of 100%. The program experienced difficulties recruiting qualified applicants due to conflicts in federal requirements for applicants. Those federal requirements have expired. The Executive recognizes the challenges faced by the Youth Challenge Academy and recommends the target for FY09 be eased to a more obtainable 90%.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY09	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	6,661.8	7,436.9	7,595.0	158.1	2.1
Federal Revenues	8,695.7	11,406.2	12,124.1	717.9	6.3
Other Revenues	224.6	211.4	136.0	-75.4	-35.7
TOTAL SOURCES	15,582.1	19,054.5	19,855.1	800.6	4.2
USES					
Personal Services and Employee Benefits	7,224.1	8,530.4	8,638.7	108.3	1.3
Contractual Services	1,649.2	2,420.4	2,325.4	-95.0	-3.9
Other	5,675.7	8,103.7	8,891.0	787.3	9.7
TOTAL USES	14,549.0	19,054.5	19,855.1	800.6	4.2
FTE					
Permanent	32.00	32.00	32.00	0.00	0.0
Term	118.00	133.00	136.00	3.00	2.3
TOTAL FTE POSITIONS	150.00	165.00	168.00	3.00	1.8

**National Guard Support Program
(Dollars in Thousands)**

	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	5,407.7	6,088.9	6,249.0	160.1	2.6
Federal Revenues	6,552.2	9,726.2	10,444.1	717.9	7.4
Other Revenues	125.4	211.4	136.0	-75.4	-35.7
TOTAL SOURCES	12,085.3	16,026.5	16,829.1	802.6	5.0
USES					
Personal Services and Employee Benefits	5,277.1	6,399.3	6,465.6	66.3	1.0
Contractual Services	1,121.6	1,825.7	1,802.6	-23.1	-1.3
Other	5,253.9	7,801.5	8,560.9	759.4	9.7
TOTAL USES	11,652.6	16,026.5	16,829.1	802.6	5.0
FTE					
Permanent	31.00	31.00	31.00	0.00	0.0
Term	71.00	86.00	89.00	3.00	3.5
TOTAL FTE POSITIONS	102.00	117.00	120.00	3.00	2.6

**Crisis Response Program
(Dollars in Thousands)**

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	1,254.1	1,348.0	1,346.0	-2.0	-0.1
Federal Revenues	2,143.5	1,680.0	1,680.0	0.0	0.0
Other Revenues	99.2	0.0	0.0	0.0	***
TOTAL SOURCES	3,496.8	3,028.0	3,026.0	-2.0	-0.1
USES					
Personal Services and Employee Benefits	1,947.0	2,131.1	2,173.1	42.0	2.0
Contractual Services	527.6	594.7	522.8	-71.9	-12.1
Other	421.8	302.2	330.1	27.9	9.2
TOTAL USES	2,896.4	3,028.0	3,026.0	-2.0	-0.1
FTE					
Permanent	1.00	1.00	1.00	0.00	0.0
Term	47.00	47.00	47.00	0.00	0.0
TOTAL FTE POSITIONS	48.00	48.00	48.00	0.00	0.0

Performance Measures

		<u>FY07 Target</u>	<u>FY07 Result</u>	<u>FY08 Target</u>	<u>FY09 Recomm</u>
National Guard Support Program					
To provide administrative, fiscal, personnel, facility construction and maintenance support to the New Mexico National Guard military and civilian activities so the Guard can maintain a high degree of readiness to respond to state and federal missions.					
Outcome	Rate of attrition of the New Mexico army national guard	14%	12%	14%	16%
Outcome	Percent of strength of the New Mexico national guard	85%	90%	88%	88%
Output	Number of major environmental compliance findings from inspections	25	65	20	40
Crisis Response Program					
To provide resources and a highly trained and experienced force to protect the public and improve the quality of life for New Mexicans.					
Outcome	Percent of cadets successfully graduating from the youth challenge academy	100 %	89%	100%	90%
Output	Percent of New Mexico Youth ChalleNGe Academy cadets who earn their High School Equivalency(GED) annually				48%

Executive Summary

The Parole Board is responsible for the parole management of individuals released from prisons under the jurisdiction of the Corrections Department.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	488.1	554.5	13.6
Total Sources	488.1	554.5	13.6
Program			
Parole Board	488.1	554.5	13.6
Total Uses	488.1	554.5	13.6
FTE	6.00	7.00	16.7

- The Executive recommendation supports \$66.4 in General Fund for an additional information technology position for the agency.

Agency Mission and Program Purpose

The Parole Board establishes parole conditions and guidelines for inmates released from the Corrections Department prisons with the objective of reintegrating these individuals back into the community as productive, law-abiding citizens, while simultaneously providing for public safety. The Parole Board conducts parole release hearings, parole revocation hearings, executive clemency referrals and parole discharge reviews. The Board also coordinates research and investigations to provide recommendations to the governor on applications for executive clemency.

Following statutory changes in the most recent legislative session, the Parole Board is now comprised of 15 volunteer citizens appointed by the Governor, with the consent of the Senate. The governor designates one member as the chair of the Board. The members are appointed to serve staggered six-year terms. The size of the Board was expanded from nine volunteer members to allow coverage of 15 corresponding separate institutions around the state.

The mission of the Parole Board is to provide public safety through judicious administration and enforcement of the Parole Board Act and related statutes regarding post-prison supervision of parolees. The board's focus is on risk assessment and making careful, informed and equitable parole decisions. It sets parole conditions for those individuals being released to the community and sometimes returns to prison those who fail to abide by the conditions of their parole.

Statutory Authority: Sections 31-21-3 through 31-21-26 NMSA 1978.

Executive Recommendation*Agency Strategic Directions*

The Parole Board supports the Executive's performance and accountability policy, *A Safer New Mexico*, through the following activities: (1) collaborating with victims' advocates statewide to ensure

victims are made aware of an inmate's approaching parole date and to ensure victims have the opportunity to address the board with their concerns; (2) working with the Corrections Department both before and after an inmate's release on parole to arrange proper placement, treatment and supervision with the dual goals of facilitating an inmate's successful re-entry into the community, and providing oversight and taking appropriate action in the event this adjustment proves unsuccessful; (3) establishing parole conditions that meet the public safety needs of the state; (4) conducting timely and judicious hearings; and (5) establishing guidelines and procedures for parole conditions designed to significantly reduce the rate of recidivism in the state, in cooperation with the Corrections Department, law enforcement, victim advocates, prosecutors and other entities. The Corrections Department is working to provide additional prison, probation and parole programming in an effort to prevent some reincarcerations through the Sanctioned Technical Parole Violator Program. The board is restructuring parole conditions for those parolees whose violations suggest a possibility of reintegration into society in lieu of a return to incarceration.

Key Elements of Recommendation

The Executive recommendation provides \$66.4 in General Fund for an information technology position to provide enhanced computer and technological expertise to the agency. The position will allow the agency to double the number of parole hearings held each month from four to eight. It will also coordinate with the Corrections Department to develop a comprehensive technology plan for both agencies.

Performance Report

The board conducted 3,841 hearings during FY07. Hearings are conducted at the 15 correctional facilities located throughout the state. Of the total, 70.1% (2,693) of those hearings set forth the conditions a parolee must adhere to upon release. The balance of 29.9% (1,282) were revocation hearings wherein the board exercised its discretion to either return the parolee to incarceration to serve the remainder of the parole time or to re-parole the parolee to the community.

The Parole Board has consistently exceeded its goals. Therefore, the Executive has raised its performance goals in FY09 for this agency and continues to encourage the agency to increase its performance levels. A new measure has been added for FY09 the percent of parole certifications issued within 10 days of hearing: which the Executive has recommended a 95% target for completion.

In May of 2007, the Legislative Finance Committee (LFC) published a performance audit of the agency. The most significant findings of the report were: the need of the agency to have a full-time information technology position, with expertise in addressing a myriad of technical and technology related issues, to help the agency move from paper to electronic records; the need for expanded use of video to conduct hearings; and the need for adapting archival materials in an electronic environment. The expansion would also help in coordinating the information technology needs of the Corrections Department and the Parole Board during future upgrades to the agency's processors and computer infrastructure.

Budget Summary Tables

		Agency Budget Summary (Dollars in Thousands)			FY09	
		FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	<u>Recom- mendation</u>	<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES						
	General Fund Transfers	475.3	488.1	554.5	66.4	13.6
	TOTAL SOURCES	475.3	488.1	554.5	66.4	13.6
USES						
	Personal Services and Employee Benefits	297.5	328.8	415.6	86.8	26.4
	Contractual Services	5.4	5.6	7.0	1.4	25.0
	Other	123.4	153.7	131.9	-21.8	-14.2
	TOTAL USES	426.3	488.1	554.5	66.4	13.6
FTE						
	Permanent	6.00	6.00	7.00	1.00	16.7
	TOTAL FTE POSITIONS	6.00	6.00	7.00	1.00	16.7

Performance Measures

		FY07 <u>Target</u>	FY07 <u>Result</u>	FY08 <u>Target</u>	FY09 <u>Recomm</u>
Parole Board					
To provide and/or establish parole conditions and guidelines for inmates/parolees so they may reintegrate back into the community as law abiding citizens.					
Output	Number of informational meetings held with individuals, advocacy groups and local, state, federal or county governments	14	24	15	20
Efficiency	Percent of initial parole hearings held a minimum of thirty days prior to the inmate's projected release date	90%	92.6%	90%	95%
Efficiency	Percent of revocation hearings held within thirty days of a parolee's return to the corrections department	90%	95.9%	90%	95%
Outcome	Percent of parole certificates issued within 10 days of hearing				95%
Outcome	Number of comprehensive resource guides and agency rules and regulations pamphlets produced and updated	1 update	1 update	1 update	1 update

Executive Summary

The Juvenile Parole Board ensures that incarcerated youth receive rehabilitative services and that those youth are provided with fair and impartial hearings through the Board hearing process.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	434.4	437.6	0.7
Total Sources	434.4	437.6	0.7
Program			
Juvenile Parole Board	434.4	437.6	0.7
Total Uses	434.4	437.6	0.7
FTE	6.00	6.00	0.0

- The Executive recommends a small increase, 0.7% over FY08, for the Juvenile Parole Board.

Agency Mission and Program Purpose

The Juvenile Parole Board (JPB) issues conditions of parole for juveniles released from facilities administered by the Juvenile Justice Division of the Children, Youth and Families Department (CYFD). While the board is administratively attached to CYFD, it has autonomous power to parole and release adjudicated youth committed to the Juvenile Justice Division of CYFD. This autonomy was granted to promote fair, impartial and independent decisions regarding parole from the Juvenile Justice Division. The Juvenile Parole Board is comprised of three non-salaried board members appointed by the governor to staggered six-year terms. The agency has six paid staff members who prepare case files and administer the agency.

In addition to setting conditions of an adjudicated child’s parole, the board has the authority to reprimand the juvenile or revoke parole if parole conditions are not met. board conditions often require juvenile offenders to participate in available rehabilitation services. The board sets the conditions of and coordinates the parole process, which is then carried out by the CYFD supervising parole agent. Additionally, the Board notifies the Administrative Office of the District Attorneys (AODA) of parole releases.

Statutory Authority: Sections 32A-7-1 through 32A-7-9 NMSA 1978.

Executive Recommendation

Agency Strategic Directions

The board continues to work with the Children, Youth and Families Department in order to better serve clients and families and to ensure communities are safe and secure. As the population in the CYFD facilities stabilized at below 300, the board has shifted its activities to strengthen service to the paroled clients. By refocusing staff efforts, the board now has constant communication with CYFD, clients and families to allow for a smooth transition for clients as they leave CYFD facilities

and enter their communities under supervision. With the closing of the Boys School in Springer and the additions of the contracted facilities in Santa Fe and San Juan County, the Board operations will be changing to allow for more travel with the increased scrutiny each case is receiving and the implementation of the changes to the Children's Code that mandate probation for every client.

Key Elements of Recommendation

The Executive recommendation allows for an increase of 0.7%, \$3.2. This increase will fully fund personal services and employee benefits and allow for increase in General Services Department (GSD) and Department of Information Technology (DOIT) rates. The recommendation also allows for a slight increase in transportation pool costs for the increased travel to the new facilities in Santa Fe and San Juan county, and for the increased number of clients at Camp Sierra Blanca and the J. Paul Taylor Center in Las Cruces.

Performance Report

The Juvenile Parole Board (JPB) and the Children, Youth and Families Department (CYFD) will continue to work together for common goals and to assist each other in meeting their respective performance targets. They have reached an increased level of cooperation and dialogue and will be working together to assist CYFD to implement regionalization and the Missouri model. The Missouri Model of Juvenile Justice is based on smaller regionalized facilities for juvenile offenders. These smaller facilities are located closer to the client's families, have a positive peer culture model, and are currently recognized as the leader in the nation for this type of facility.

There continue to be changes in the institutions that affect the performance of the Juvenile Parole Board. The client population in FY06 was 259 and dropped to 197 in FY07; the female population has also dropped, from 37 in FY06 to 24 in FY07. These changes in client population have affected the number of parole hearings, numbering 290 in FY06, and 254 in FY07. This decrease in the number of clients has also affected the number of juveniles that have been paroled. JPB paroled 196 in FY05, 243 in FY06 and 173 in FY07.

Although the number of client reviews held by the staff was a new measure for FY07, the data for FY06 has been included. During FY07, JPB conducted 851 reviews, down from 1,453 in FY06. JPB was not able to anticipate two changes that affected its measure: (1) population decreased at the facilities and (2) mandatory parole at nine months for one-year commitments and 21 months for two-year commitments. These changes will affect JPB's future metrics.

JPB did not meet its FY07 target for the percent of residents paroled that successfully complete the conditions of their parole. During FY06, the Children's Code allowed for mandatory parole for all incarcerated youth, which caused an increase in total discharges. It is believed that the decrease in satisfactory discharges is due to some clients not being ready for community supervision, and more specifically, the difficulty of dealing with methamphetamine abuse.

The number of individual parole hearings held by the Juvenile Parole Board is also a new measure for FY07. The number of parole hearings is based on population at CYFD facilities, but the population continues to decrease. The population during FY06 was 257 and during FY07 was 197. The target of 300 cannot be met and will need to be revised for FY09 once the number of hearings is tracked with the current number of clients in the facilities.

Budget Summary Tables

		Agency Budget Summary (Dollars in Thousands)			FY09	
		FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	Recom- <u>mendation</u>	<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent Change</u>
SOURCES						
	General Fund Transfers	395.4	434.4	437.6	3.2	0.7
	TOTAL SOURCES	395.4	434.4	437.6	3.2	0.7
USES						
	Personal Services and Employee Benefits	347.5	373.8	372.2	-1.6	-0.4
	Contractual Services	5.6	5.6	7.0	1.4	25.0
	Other	40.8	55.0	58.4	3.4	6.2
	TOTAL USES	393.9	434.4	437.6	3.2	0.7
FTE						
	Permanent	6.00	6.00	6.00	0.00	0.0
	TOTAL FTE POSITIONS	6.00	6.00	6.00	0.00	0.0

Performance Measures

		FY07 <u>Target</u>	FY07 <u>Result</u>	FY08 <u>Target</u>	FY09 <u>Recomm</u>
Juvenile Parole Board					
To provide fair and impartial hearings through reviews to incarcerated youth so they can mainstream into society as law-abiding citizens.					
Output	Percent of clients reviewed at 40 days	95%	42%	95%	95%
Output	Percent of clients reviewed every 90 days	95%	100%	95%	95%
Output	Number of client reviews held by the staff	1453	851	1453	900
Outcome	Percent of residents paroled that successfully complete the conditions of their parole	60%	40%	60%	60%
Outcome	Number of individual parole hearings held by the juvenile parole board	300	254	300	250

Executive Summary

The Corrections Department administers laws and exercises functions to ensure a comprehensive criminal justice system in New Mexico with regard to offenders sentenced to prison or probation and offenders who serve a portion of their sentence on parole.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	277,387.7	298,289.1	7.5
Total Sources	299,516.1	321,462.0	7.3
Program			
Program Support	9,302.4	8,700.5	-6.5
Inmate Management and Control	238,432.1	256,999.6	7.8
Inmate Programming	9,815.3	10,853.4	10.6
Corrections Industries	6,719.2	6,485.6	-3.5
Community Offender Management	30,768.5	33,879.2	10.1
Community Corrections	4,478.6	4,543.7	1.5
Total Uses	299,516.1	321,462.0	7.3
FTE	2,502.50	2,542.50	1.6

- The recommendation provides \$329.4 in General Fund and five positions for the Probation and Parole division to reduce the current caseload of 38 sex offenders per officer to 25.
- The recommendation provides \$6.4 in General Fund and five positions for its addiction services treatment program. The agency will utilize \$250.0 in its base budget which was previously used as a contract for these services to provide treatment.
- The recommendation provides for an additional seven positions for the department's sex offender treatment program. The agency will utilize \$380.9 in existing funds which were used as grants to fund the costs of the expansion positions.
- The recommendation provides \$577.8 in other revenues and 15 term positions for the Inmate Control Program to provide for additional highway clean-up crews.
- The Executive recommendation provides \$1,435.1 in General Fund and eight positions to ensure compliance with new statutes pertaining to sex offenders. All sex offenders are now required to be monitored with real-time monitoring by the agency for the entire duration of their parole.

Agency Mission and Program Purpose

The goals and objectives of the New Mexico Corrections Department (NMCD) are to provide a balanced, system-wide approach to corrections from incarceration to community-based supervision through offender training, education, rehabilitation programs and services that provide opportunities for offenders to transition effectively back into their communities. NMCD has developed goals specific to its two clientele groups:

For its inmates, the department is concerned with: (1) placing offenders in the most cost-efficient and effective custody or level of supervision; (2) designating security as the number one priority in both public and private prisons; (3) recruiting, hiring, training and retaining skilled, competent and dedicated correctional officers; (4) providing effective programs and services, including medical and mental health, education, employment training and faith-based programs; (5) adequately screening and evaluating inmates at the time of entry into NMCD and throughout their incarceration to ensure each individual receives appropriate programs and services; and (6) preparing inmates for release and providing opportunities for a successful return to the community.

For its probationers and parolees, the department is concerned with: (1) providing enhanced programs and services for offenders assigned to probation and parole supervision; and (2) enhancing probation and parole community policing efforts in cooperation with law enforcement entities and with community-based programs in order to identify and effectively supervise high-risk/high-need offenders and reduce recidivism.

Statutory Authority: Sections 9-3-1 to 9-3-12 NMSA 1978.

Program Support

Program Support consists of the Office of the Secretary, Deputy Secretary of Administration, Administrative Services, Public Information, Facilities Management and Legal Services. The program undertakes: strategic planning; policy positioning; inmate population projections; legislative analysis and recommendations; research of legal issues; and budget management plans.

As of June 30, 2007, the department had 21,776 offenders under its jurisdiction: (1) 5,906 males and 620 females for a total population of 6,526 in prison; and (2) 13,598 active offender cases on probation and parole.

Inmate Management and Control

The Inmate Management and Control Program includes prison facilities throughout the state, both public and private, and programs for the inmates within them. The type of public prison facilities built in New Mexico continues to have a significant impact on the department's operations. The public prison facilities are relatively small -- the typical "pod" in New Mexico contains 16 cells and a typical housing unit contains 48 cells. Each prison has certain "levels" of inmates. The inmate's classification level depends on the crime of which he/she is convicted, gang affiliations and behavior while in the prison system. Levels range from one through six, with level one being the lowest risk and level six being the highest risk. The size of the pods, housing units and level of inmates correlates directly to the number of staff needed for supervision and to the overall cost of operation of each facility.

Inmate population growth is the biggest factor in the NMCD budget. The growth trends in the inmate end-of-year population for the last six-year period are shown in the following table, along with the projections for FY08 and FY09:

Comparison of Inmate Growth

Male and Female Prisoner Population - 7 Year Summary								
FY Ending June 30	Male				Female			
	Facility Capacity	ADP*	ADP % change	June 30 amount	Facility Capacity	ADP*	ADP % change	June 30 amount
2003 Actual	5,799	5,463	5.1%	5,608	617	535	4.5%	565
2004 Actual	5,967	5,666	3.7%	5,758	617	576	7.7%	594
2005 Actual	6,079	5,854	3.3%	5,959	617	595	3.3%	636
2006 Actual	6,084	5,975	2.1%	6,111	702	660	10.9%	691
2007 Actual	6,168	6,015	0.7%	5,906	813	657	-0.5%	620
2008 Est.	6,952	6,070	0.9%	6,162	813	670	2.0%	686
2009 Est.	6,952	6,242	2.8%	6,321	813	707	5.5%	732

NMCD controls a number of solutions to the rising prison population. Factors largely controllable by the department are: limiting the number of in-house parolees; limiting re-incarceration of technical parole/probation violators; and restoring forfeited good time. The latter depends upon the severity of the inmate infraction that caused the lost good time and the subsequent behavior. New prison commitments continue to grow. The female prison population is increasing rapidly creating the need to house the overflow at Camino Nuevo. The number of male prisoners is also rising. Public facilities are at capacity, while private institutions are almost full. The female prison population is also projected to increase making it necessary to house the overflow at Camino Nuevo. The Northeastern New Mexico Detention Facility (NENMAF – Clayton) is scheduled to open at the beginning of FY09.

Inmate Programming

Inmate Programming provides programs within correctional facilities to assist offenders in managing the difficulties that caused them to offend and problems that may cause re-offense upon release. These programs include education, substance abuse, sex offender, mental health and faith-based initiatives.

Education. There are currently 30 certified vocational programs and 320 inmates enrolled in these programs. College programming has 257 inmates enrolled in the fall of 2007. Since fall 2003, 1,047 inmates enrolled and are participating in college programming.

Success for Offenders After Release (SOAR). This is an effective and nationally replicated transition (re-entry) program. The program reviews the skills and abilities each inmate must have to be successful when they return to the community. Through an individualized plan, SOAR addresses those barriers an inmate must overcome to be successful in a job, as a parent, as a student and/or as a citizen. The recidivism rate for SOAR participants is 25% after one year of release, 36.2% after 24 months of

release and 37.6% after 36 months of release. The overall employment rate of SOAR released offenders, as documented by the Workforce Solutions Department, is 74.6%.

Faith Based Programming. There are approximately 1,000 plus faith-based volunteers statewide. The department has a full-time Native American spiritual advisor with individualized counseling and sweat lodges at each facility. Designated faith-based living pods are available at several facilities. They provide inmates with the opportunity to focus a major portion of their rehabilitation through faith-based activities.

Addictions Services. This program provides therapeutic living units for offenders who have substance abuse issues. Currently there are over 700 therapeutic living beds available in the system. This program also provides outpatient psycho-education, substance abuse groups and outpatient relapse prevention groups with an education component for parenting, literacy, employability, and "thinking for good."

The Roswell Correctional Center houses a 100-bed Level II DWI unit to address the particular issues for alcoholics. The department also provides hepatitis C testing, addictions screening, meditation and a meditation housing unit at the Western New Mexico Correctional Facility. Many Alcoholics Anonymous and Narcotics Anonymous groups facilitate meetings at each of the prisons.

Average daily attendance for the Addictions Bureau program is 1,048 inmates.

Sex Offender Programs. There are sex offender programs in initial operational stages at the Penitentiary of New Mexico (PNM) Level II facility and the Lea County Correctional Facility (LCCF). PNM will provide residential services to 108 sex offenders and LCCF will provide residential services to 58 sex offenders. As of August 2007, NMCD had 847 convicted sex offenders in prison facilities, 274 of whom were Level II or III sex offenders within 36 months of release.

Mental Health Bureau. The department operates the Mental Health Treatment Center at the Central New Mexico Correctional Facility in Los Lunas. This 104-bed psychiatric hospital is designed to meet the clinical needs of inmates with acute and chronic psychiatric disorders.

At present, over 23% of the inmate population receives mental health care at any given time. This is an increase of about 6% over the previous fiscal year. In a typical month, there is an average of approximately 12,814 contacts between inmates and mental health staff including psychological evaluations, group and individual therapy, and crisis interventions.

All inmates entering NMCD receive mental health screenings. In a typical month, 278 new commitments complete mental health and substance abuse screenings at the Reception and Diagnostic Center.

NMCD Diagnostic Evaluation (D&E) Unit. The unit serves all district courts in New Mexico. D&E assists judges in assessing treatment amenability and the threat level that offenders present to society. The courts utilize D&E reports as a determining factor when considering probation or incarceration to best serve the needs of the inmate, the community and public safety. On average, the D&E Unit completes about 35 psychological evaluations per month for New Mexico District Courts.

Recidivism Reduction Program (RRP). This is a 100-hour mental health program that is designed to assist offenders in making a successful transition to the community. The program addresses factors associated with crime and recidivism. Hundreds of NMCD inmates have successfully completed this program.

NMCD Mental Health Bureau. The bureau provides 24-hour, 7-day a week emergency on-call services. It provides all correctional officers with suicide training and crisis intervention training.

Inmate Work Camp. The department, in cooperation with the Energy, Minerals and Natural Resources Department, offers inmates an opportunity to assist in fighting forest fires and clearing forest areas of fire debris to reduce the chance of fire danger. Inmates receive extensive training and job experience in the process. Both factors increase employment opportunities at good wage-rates after inmates are released.

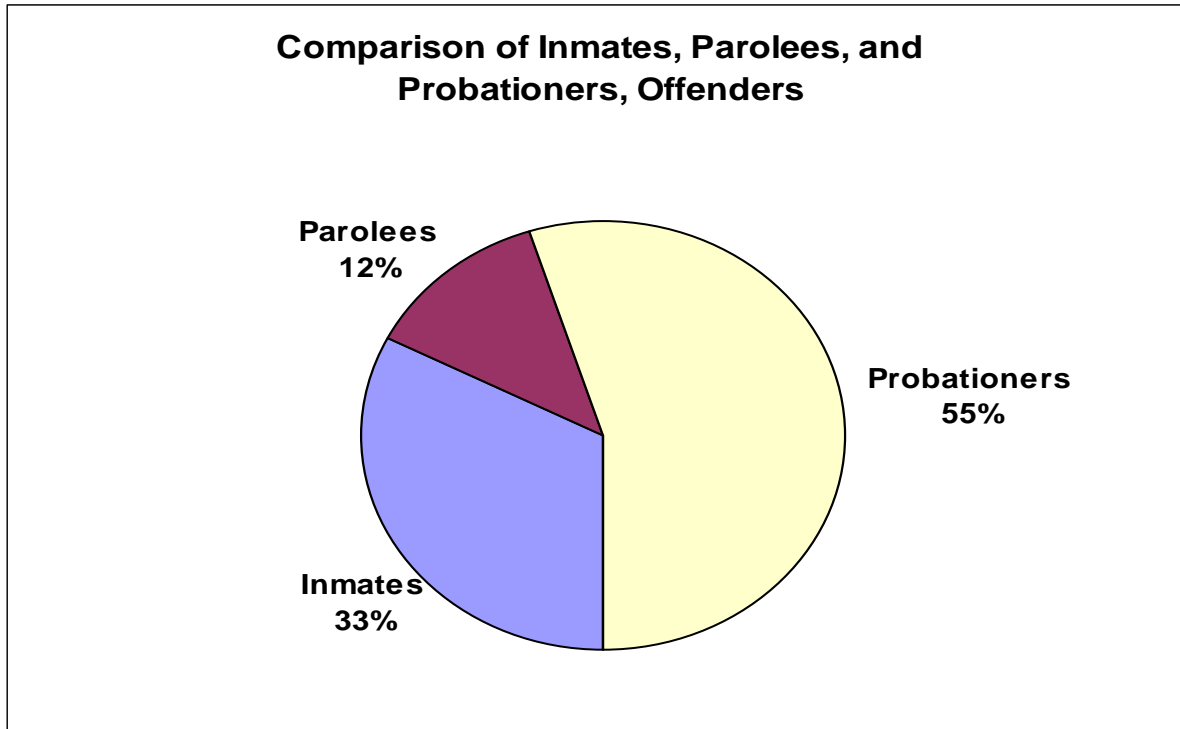
Corrections Industries

Corrections Industries programs teach inmates the skills they will need to seek employment upon their release. Programs include the manufacturing of office furniture, plastic bags and cleaning products, textiles, and recycled rags as well as data entry, telemarketing, printing, farming, micrographics and imaging. The end products are sold primarily to state agencies.

Community Offender Management

The Community Offender Management Program is the largest division in terms of offenders and is the second largest in terms of budget in the department. Within the program, the Probation and Parole Division is responsible for supervision of court referrals for probationers and for the successful reintegration of inmates into society. Programs offered to offenders include supervision, employment counseling, disability management, substance abuse counseling, sex offender counseling, domestic violence counseling, and other programs to assist the offender from re-offending.

Probation and Parole services are provided through a network of five regional offices. The regional offices are located in Santa Fe, Albuquerque (2), Roswell and Las Cruces. Within the regions, NMCD operates 33 local probation and parole offices statewide. Probation and parole caseloads have grown over 10% per year. The current offender count is 19,792 with over 13,666 active cases. The American Probation and Parole Association (APPA) recommends caseloads of 65 for optimal supervision; New Mexico's caseloads are 97. The following chart is a comparison of inmates in prison versus offenders on probation and parole.



Community Corrections/ Vendor Run

Community Corrections programs primarily serve those offenders in the community who are at higher risk to re-offend, have greater treatment needs and are less likely to be successful if not in a structured program. The programs also serve as a safe alternative for probation and parole violators who would otherwise be incarcerated.

A Community Corrections program has a local selection panel in a given community. Panel composition includes representation from: the judiciary; the Office of the District Attorney; the Public Defender Department; the Adult Probation and Parole Division; the county sheriff or the municipal police department; individuals representing the local programs; and private citizens. The panel screens applications and approves or denies the offender’s participation in the local program.

Length of stay in a non-residential program is a minimum of six months to a maximum of 12 months. Successful completion of the program is based on the individual offender’s performance and ability to meet program requirements. Length of stay in a residential treatment program is six months. Extensions beyond the six/twelve month program period can be granted on a case-by-case basis.

Some of the programs in Community Corrections include transitional reporting centers, special community programs and treatment services.

Transitional Reporting Centers (TRC) provide for immediate identification of offender needs and intervention when offenders arrive for services. Program staff strive to gradually transition the offender to community-based services as the offender stabilizes in the community. The Smart Sanctions Program in Fort Stanton serves technical parole violators who experience relapse issues in

the community and who need intense substance abuse treatment services in order to prevent reincarceration.

Special Community Programs provide an array of services including: offender supervision; program resource referral; job skill training; and referrals for job search/educational services. The programs use the Workforce Solutions Department's one-stop centers and local technical vocational institutions as sources to assist the offender in developing necessary job skills. Financial assistance is coordinated to meet housing and other life maintenance issues such as photo identification, bus passes, food vouchers, clothing allowances, GED testing costs and other transitional needs as identified by the probation and parole officer or case manager.

Treatment Services include individual and group counseling in the areas of family involvement/parenting, substance abuse, mental health, social skills/anger management and sex offender treatment. Treatment needs are determined by individual assessments.

Executive Recommendation

Agency Strategic Directions

NMCD is an active participant in the Executive's performance and accountability policy, *A Safer New Mexico*. The department is involved with efforts to: treat DWI offenders; protect citizens from sex offenders; eliminate violent gangs and provide safe prisons; create effective supervision and reduce recidivism.

NMCD fully supports *A Safer New Mexico*, throughout its daily operations. NMCD is committed to ensuring public safety by operating a professional corrections system. NMCD is working to provide a balanced system-wide approach to corrections, from incarceration to community-based supervision with training, education, programs and services that provide opportunities for offenders to transition to communities. The department is working to provide intensive community supervision for parolees who are gang members.

NMCD has two staff members on the Sex Offender Management Board (SOMB). The SOMB has met monthly since its first meeting on February 26, 2004. The meetings are intended to carry out its mission of studying, reviewing and making recommendations regarding the management of sex offenders within the state. As a result, the department has taken the initiative on the following measures: (1) increasing the number of sex offender treatment beds in the prison system from 54 to 224; and (2) increasing the supervision of sex offenders by expanding Global Positioning Satellite (GPS) tracking devices to 475 offenders.

Key Elements of Recommendation

The Executive recommendation for the Corrections Department is a total increase of \$21,945.9, or 7.3% over FY08. The General Fund increase for the department is \$20,901.4 or 7.5%.

Program Support. The Executive recommendation for Program Support is a total expenditure decrease of 6.5% over the FY08 expenditure level. This decrease is due to the department requesting that a transfer in the other financing uses category be eliminated from its appropriation request. The General Fund increase is \$411.2 or 5.2% over FY08 to fund higher General Service Department (GSD) rates. The recommendation also incorporates a 2% vacancy rate.

Inmate Management and Control. The Executive recommendation for Inmate Management and Control reflects a total increase for FY09 of \$18,567.5, or 7.8%. The General Fund increase is \$16,235.0, or 7.2%. This increase is due to inflationary increases for private prison contracts, inmate medical contracts and inmate food contracts. The new Clayton Correctional facility will open in July 2008. The recommendation includes a vacancy factor of 7% for this program.

The Executive recommendation also provides for an additional seven positions to assist with the department's efforts to rehabilitate sex offenders in its treatment program. The agency currently uses \$382.0 in General Fund for a grant to an outside provider, and will utilize these funds in the personal services and employee benefits category in FY09 to fund the expansion positions.

The recommendation provides \$577.8 in other revenues and 15 term positions for the department to meet the needs of a joint powers agreement with the Department of Transportation, the Corrections Department provides inmates to clean up roads and highways and is compensated with other state funds.

Inmate Programming. The Executive recommendation for Inmate Programming is an increase in total funding of \$1,038.1 and a General Fund increase of \$1,087.4, or 11.5%. The large increase in General Fund is attributable to higher GSD rates for the program and higher rent costs.

The recommendation provides five positions for the department's efforts to provide addiction services. Currently, the agency uses \$250.0 as a contract to provide for services. The Executive believes that these services are best served with internal employees trained to provide addiction services. The recommendation provides an additional \$6.4 in General Fund to cover health care benefits.

Corrections Industries. The Executive recommendation for Corrections Industries is a total decrease of \$233.6, or 3.5%, all from self generated revenues. The budget decrease reflects lower personal services and employee benefits costs and lower GSD rates in FY09.

Community Offender Management. The Executive recommendation for Community Offender Management is a total increase of \$3,110.7, or 10.1%. The base General Fund increase is \$3,102.7, or 10.6%. The recommendation also includes a 5% vacancy factor.

To comply with the provisions set forth in the Laws of 2007, Chapter 69, the department is required to provide "electronic real-time monitoring of every sex offender released on parole for the entire time the sex offender is on parole." The Executive recommends eight expansion positions, an additional \$1,435.1 in General Fund in support to accomplish this task. This amount will also provide for global positioning system software and ankle bracelets so that the department can ensure that sex offenders are complying with the terms of their probation and parole. The recommendation also provides an additional five expansions and \$329.4 in General Fund for the department's Probation and Parole efforts.

Community Corrections/ Vendor Run. The Executive recommendation for Community Corrections is a total increase of \$65.1, or 1.5%. The increase in General Fund is provided for higher GSD rates in FY09.

Performance Report

The Corrections Department exceeded its performance measures in Program Support for measures relating to reincarceration rates for inmates. The Executive applauds the efforts of the agency to reduce the number of inmates who return to Corrections Department facilities after their initial sentencing times have been completed. Program Support has several new measures relating to sex offenders, which will be reported at the completion of FY08.

Inmate Management and Control exceeded one of its most important targets during FY07: percent turnover of correctional officers. The target set for the year was 15%, which the agency met with a turnover rate of 14.65%. The Executive is encouraged that the agency is confident in meeting its goal for a turnover rate of 13% for FY08 and FY09. The Training Academy exceeded its target for the graduation rate of correctional officer cadets of 78%, achieving 89.53% for FY07. The agency exceeded its performance target in average daily cost per inmate, from a target set at \$88.27 per day and a reported actual of \$85.60 in FY07. The agency did not meet its target for the percent of women offenders successfully released in accordance with their scheduled release dates. The Executive strongly encourages the agency to continue to work with its female client base to ensure that the target for this measure is met in the future.

In Inmate Programming, the agency exceeded all of its performance measures for FY07. Inmates who were participants in the Success for Offenders After Release program (SOAR) had a recidivism rate of 37.63%, which is a 2.37% decrease over the department's measure for FY07. The agency reports that 278 inmates earned their general equivalency diploma, exceeding its goal by 94.4% for the year.

The Corrections Industries Program did not meet its performance measures for the year. As of the printing of the Executive recommendation, the department has yet to determine if this program met its goal of breaking even for its measure of profit/loss ratio. The Department did not meet its measure of percent of eligible inmates employed by 1% for the year. The agency also did not meet its goal of percent of inmates employed by 1.56% for FY07. The Executive strongly encourages the department to develop strategies to meet these targets in FY08 and FY09.

Recommended Language for the General Appropriation Act

The general fund appropriations to the inmate management and control program of the corrections department include fifty-two million seven hundred thirty-five thousand one hundred dollars (\$52,735,100) for medical services, a comprehensive medical contract and other health-related expenses.

The appropriations for the community/corrections vendor-run program of the corrections department are appropriated to the community corrections grant fund.

Budget Summary Tables

Agency Budget Summary
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	244,683.2	277,387.7	298,289.1	20,901.4	7.5
Other Transfers	1,388.1	608.8	442.2	-166.6	-27.4
Federal Revenues	449.1	119.8	108.5	-11.3	-9.4
Other Revenues	19,344.4	20,854.1	22,076.5	1,222.4	5.9
Fund Balance	545.7	545.7	545.7	0.0	0.0
TOTAL SOURCES	266,410.5	299,516.1	321,462.0	21,945.9	7.3
USES					
Personal Services and Employee Benefits	116,472.7	132,533.4	134,890.5	2,357.1	1.8
Contractual Services	35,996.9	42,118.0	54,828.5	12,710.5	30.2
Other	105,378.3	123,733.3	131,743.0	8,009.7	6.5
Other Financing Uses	1,311.5	1,131.4	0.0	-1,131.4	-100.0
TOTAL USES	259,159.4	299,516.1	321,462.0	21,945.9	7.3
FTE					
Permanent	2,420.50	2,469.50	2,494.50	25.00	1.0
Term	32.00	33.00	48.00	15.00	45.5
TOTAL FTE POSITIONS	2,452.50	2,502.50	2,542.50	40.00	1.6

Program Support
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	7,537.0	7,977.8	8,389.0	411.2	5.2
Other Transfers	230.1	235.6	232.0	-3.6	-1.5
Other Revenues	1,426.0	1,089.0	79.5	-1,009.5	-92.7
TOTAL SOURCES	9,193.1	9,302.4	8,700.5	-601.9	-6.5
USES					
Personal Services and Employee Benefits	5,932.3	6,534.9	6,744.8	209.9	3.2
Contractual Services	363.7	415.7	405.3	-10.4	-2.5
Other	1,481.4	1,320.4	1,550.4	230.0	17.4
Other Financing Uses	1,311.5	1,031.4	0.0	-1,031.4	-100.0
TOTAL USES	9,088.9	9,302.4	8,700.5	-601.9	-6.5
FTE					
Permanent	94.00	96.00	96.00	0.00	0.0
TOTAL FTE POSITIONS	94.00	96.00	96.00	0.00	0.0

Inmate Management and Control (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Dollar Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	199,926.1	226,821.4	243,056.4	16,235.0	7.2
Other Transfers	22.7	150.0	25.0	-125.0	-83.3
Other Revenues	11,345.6	11,460.7	13,918.2	2,457.5	21.4
TOTAL SOURCES	211,294.4	238,432.1	256,999.6	18,567.5	7.8
USES					
Personal Services and Employee Benefits	83,754.4	95,344.6	95,950.8	606.2	0.6
Contractual Services	35,195.7	40,699.4	53,723.7	13,024.3	32.0
Other	86,217.0	102,388.1	107,325.1	4,937.0	4.8
TOTAL USES	205,167.1	238,432.1	256,999.6	18,567.5	7.8
FTE					
Permanent	1,797.00	1,794.00	1,803.00	9.00	0.5
Term	26.00	27.00	42.00	15.00	55.6
TOTAL FTE POSITIONS	1,823.00	1,821.00	1,845.00	24.00	1.3

Inmate Programming (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Dollar Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	10,905.7	9,466.8	10,554.2	1,087.4	11.5
Other Transfers	128.6	223.2	185.2	-38.0	-17.0
Federal Revenues	263.7	119.8	108.5	-11.3	-9.4
Other Revenues	6.2	5.5	5.5	0.0	0.0
TOTAL SOURCES	11,304.2	9,815.3	10,853.4	1,038.1	10.6
USES					
Personal Services and Employee Benefits	7,958.3	8,406.9	9,123.9	717.0	8.5
Contractual Services	402.0	832.7	582.7	-250.0	-30.0
Other	2,394.8	575.7	1,146.8	571.1	99.2
TOTAL USES	10,755.1	9,815.3	10,853.4	1,038.1	10.6
FTE					
Permanent	135.50	143.50	147.50	4.00	2.8
Term	2.00	2.00	2.00	0.00	0.0
TOTAL FTE POSITIONS	137.50	145.50	149.50	4.00	2.7

Corrections Industries (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Dollar Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	307.2	0.0	0.0	0.0	***
Other Transfers	0.5	0.0	0.0	0.0	***
Other Revenues	4,612.3	6,719.2	6,485.6	-233.6	-3.5
TOTAL SOURCES	4,920.0	6,719.2	6,485.6	-233.6	-3.5

Corrections Industries
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent</u> <u>Change</u>
USES					
Personal Services and Employee Benefits	2,074.0	2,519.4	2,408.0	-111.4	-4.4
Contractual Services	6.4	20.6	20.6	0.0	0.0
Other	3,512.0	4,079.2	4,057.0	-22.2	-0.5
Other Financing Uses	0.0	100.0	0.0	-100.0	-100.0
TOTAL USES	5,592.4	6,719.2	6,485.6	-233.6	-3.5
FTE					
Permanent	33.00	38.00	38.00	0.00	0.0
Term	4.00	4.00	4.00	0.00	0.0
TOTAL FTE POSITIONS	37.00	42.00	42.00	0.00	0.0

Community Offender Management
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	22,149.0	29,240.5	32,343.2	3,102.7	10.6
Other Transfers	1,006.2	0.0	0.0	0.0	***
Federal Revenues	185.4	0.0	0.0	0.0	***
Other Revenues	1,915.2	1,528.0	1,536.0	8.0	0.5
TOTAL SOURCES	25,255.8	30,768.5	33,879.2	3,110.7	10.1
USES					
Personal Services and Employee Benefits	16,109.5	18,893.9	19,801.0	907.1	4.8
Contractual Services	29.1	92.3	38.9	-53.4	-57.9
Other	8,427.5	11,782.3	14,039.3	2,257.0	19.2
TOTAL USES	24,566.1	30,768.5	33,879.2	3,110.7	10.1
FTE					
Permanent	344.00	381.00	393.00	12.00	3.1
TOTAL FTE POSITIONS	344.00	381.00	393.00	12.00	3.1

Community Corrections/Vendor Run
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	3,858.2	3,881.2	3,946.3	65.1	1.7
Other Revenues	39.1	51.7	51.7	0.0	0.0
Fund Balance	545.7	545.7	545.7	0.0	0.0
TOTAL SOURCES	4,443.0	4,478.6	4,543.7	65.1	1.5
USES					
Personal Services and Employee Benefits	644.2	833.7	862.0	28.3	3.4
Contractual Services	0.0	57.3	57.3	0.0	0.0
Other	3,345.6	3,587.6	3,624.4	36.8	1.0
TOTAL USES	3,989.8	4,478.6	4,543.7	65.1	1.5
FTE					
Permanent	17.00	17.00	17.00	0.00	0.0
TOTAL FTE POSITIONS	17.00	17.00	17.00	0.00	0.0

Performance Measures

		FY07 Target	FY07 Result	FY08 Target	FY09 Recomm
Program Support					
The purpose of Program Support is to provide quality administrative support and oversight to the department operating units to ensure a clean audit, effective budget, personnel management and cost effective management information system services.					
Outcome	Percent of prisoners reincarcerated within twelve months of being released from the New Mexico corrections department prison system into community supervision or discharged	35%	32.13%	30%	30%
Outcome	Percent of prisoners reincarcerated within twenty-four months of being released from the New Mexico corrections department prison system into community supervision or discharged	45%	41.87%	38%	38%
Outcome	Percent of prisoners reincarcerated within thirty-six months of being released from the New Mexico corrections department prison system into community supervision or discharged	55%	43.11%	47%	47%
Outcome	Percent of sex offenders reincarcerated within twelve months of being released from the New Mexico corrections department prison system into community supervision or discharged		20.11%	20%	
Outcome	Percent of sex offenders reincarcerated within twenty-four months of being released from the New Mexico corrections department prison system into community supervision or discharged		30.36%	21%	
Quality	Percent of employee files that contain performance appraisal development plans completed and submitted within the evaluation period		39.47%	33%	40%
Outcome	Number of inmates placed into the sanctioned parole violator program, instead of going to prison	229	153		
Inmate Management and Control					
The purpose of the Inmate Management and Control program is to incarcerate in a humane, professionally sound manner offenders sentenced to prison and to provide safe and secure prison operations. This includes quality hiring and in-service training of correctional officers, protecting the public from escape risks and protecting prison staff, contractors and inmates from violence exposure to the extent possible within budgetary resources.					
Outcome	Percent turnover of correctional officers	15%	14.65%	13%	13%
Outcome	Percent of women offenders successfully released in accordance with their scheduled release dates	95%	74.50%	95%	95%
Output	Percent of inmates testing positive or refusing the random monthly drug test	<=5%	1.61%	<=2%	<=1%
Output	Graduation rate of correctional officer cadets from the corrections department training academy	78%	89.53%	84%	85%
Output	Number of serious inmate-to-inmate assaults in private and public facilities	20	16	24	24
Output	Number of serious inmate-to-staff assaults in private and public facilities	10	7	10	7
Outcome	Percent of male offenders successfully released in accordance with their scheduled release dates				100%
Output	Number of cadets entering corrections department training academy	200	308	215	
Efficiency	Daily cost per inmate, in dollars	\$88.27	\$85.60	\$88.27	\$88.27
Output	Percent of participants in the residential program for women dually diagnosed with mental illness and substance abuse issues and women dually diagnosed who have children	85%	94.17%	85%	85%

		<u>FY07</u> <u>Target</u>	<u>FY07</u> <u>Result</u>	<u>FY08</u> <u>Target</u>	<u>FY09</u> <u>Recomm</u>
Inmate Programming					
The purpose of the Inmate Programming program is to provide motivated inmates the opportunity to participate in appropriate programs and services so they have less propensity toward inmate violence while incarcerated and the opportunity to acquire living skills and links to community support systems that can assist them on release.					
Outcome	Recidivism rate of the success for offenders after release program by thirty-six months	40%	37.63%	40%	40%
Output	Number of inmates who earn a general equivalency diploma	143	278	190	
Output	Percent of inmates entering the reception diagnostic center who are offered addictions screening			95%	
Output	Percent of released inmates who were enrolled in the success for offenders after release program who are now gainfully employed		75%	75%	75%
Output	Percent of eligible inmates who earn a general equivalency diploma				75%
Output	Percent of participating inmates completing adult basic education				30%
Output	Percentage of reception diagnostic center intake inmates who receive substance abuse screening	99%	100%		
Output	Number of inmates enrolled into the success for offenders after release program	500	745		

Corrections Industries					
The purpose of the Corrections Industries program is to provide training and work experience opportunities for inmates in order to instill a quality work ethic and to prepare them to perform effectively in an employment position and to reduce idle time of inmates while in prison.					
Outcome	Profit and loss ratio	break even	TBD	break even	break even
Outcome	Percent of eligible inmates employed	10%	11%	11%	11%
Outcome	Percent of inmates employed	7.4%	5.84%		

Community Offender Management					
The purpose of the Community Offender Management program is to provide programming and supervision to offenders on probation and parole, with emphasis on high-risk offenders to better ensure the probability of them becoming law-abiding citizens to protect the public from undue risk and to provide intermediate sanctions and post-incarceration support services as a cost-effective alternative to incarceration.					
Outcome	Percent turnover of probation and parole officers	21%		15%	15%
Outcome	Percent of out-of-office contacts per month with offenders on high and extreme supervision on standard caseloads	90%	75%	90%	90%
Output	Average number of parolees in intensive supervision	17	24.75	17	
Output	Number of absconders apprehended	2,500	2,104	2,557	
Quality	Average standard caseload per probation and parole officer	92	120	92	92
Quality	Average intensive supervision program caseload per probation and parole officer	20	21	20	20
Output	Percent of absconders apprehended				15%
Quality	Average number of offenders in intensive or high risk supervision				25

Community Corrections/Vendor Run					
The purpose of the Community Corrections/Vendor Run program is to provide selected offenders on probation and parole with residential and nonresidential service settings and to provide intermediate sanctions and post-incarceration support services as a cost-effective alternative to incarceration without undue risk to the public.					
Quality	Average specialized program caseload per probation and parole officer	30	32	30	
Output	Number of successful completions per year from male residential treatment center at Fort Stanton	74	123	147	
Output	Number of terminations per year from male residential treatment center at Fort Stanton	10	41	10	
Output	Number of transfers or other non-completions per year from the male residential treatment center at Fort Stanton	12	5	5	
Output	Percent of male offenders who complete the residential treatment center program at Fort Stanton				75%
Output	Average community corrections program caseload per probation and parole officer.				75%

Executive Summary

The Crime Victims Reparation Commission provides financial assistance to victims of violent crime by reimbursing expenses incurred as a result of their victimization.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	2,242.8	2,252.1	0.4
Total Sources	7,727.4	7,492.1	-3.0
Program			
Victim Compensation	2,692.8	2,702.1	0.3
Federal Grants Administration	5,034.6	4,790.0	-4.9
Total Uses	7,727.4	7,492.1	-3.0
FTE	19.00	19.00	0.0

- The Executive recommendation provides an additional \$9.3 in General Fund over FY08 operating levels to offset higher General Services Department rates.

Agency Mission and Program Purpose

The mission of Crime Victims Reparation Commission (CVRC) is to assist victims of violent crime by providing reimbursement for certain expenses related to the crime and by distributing federal crime-victim assistance grants in accordance with federal guidelines. The agency's philosophy is to assist victims of crime to reduce the impact of crime on them and to strive for consistency, understanding and advocacy for crime victims.

The Crime Victims Reparation Commission provides financial assistance to victims of violent crime for expenses incurred as a result of being victimized. Crime victims may submit an application, available on the CVRC website, for awards up to a maximum of \$20,900 after the following criteria have been met: (1) the crime must have occurred in New Mexico; (2) a police report must have been filed within 30 days of the incident, except in cases of domestic violence and sexual assault in which the victim has 180 days to file a report; (3) a completed application must be filed with CVRC within two years of the incident, although some exceptions may be allowed for minors under 18 years of age; and (4) the victim and claimant must cooperate fully with the CVRC and all law enforcement agencies. This includes willingness to prosecute the offender.

Upon review and approval of the application for financial assistance, the Commission makes reimbursements for: losses related to medical and dental care; mental health counseling (30 session maximum); funeral and burial expenses (\$3,500 maximum); loss of earnings as a result of the crime; eyeglasses (\$350 maximum); and medically necessary devices.

Awards are not made for property loss, pain and suffering or attorney's fees. Eligible candidates for reparation are victims, family and dependents of deceased victims and any individual who voluntarily assumes funeral or medical expenses for the victim.

In addition to state-funded financial assistance for individual victims, the CVRC also administers federal flow-through funding from the United States Department of Justice's Office for Victims of Crime. This funding is provided to private non-profit and governmental programs throughout New Mexico in order to improve and expand services to victims of crime. The two types of federal funding are the Victims of Crime Act (VOCA) grants and the Stop Violence Against Women Act (VAWA) grant.

The CVRC also publishes a quarterly newsletter, which is provided to over 3,000 individuals who work with victims of violent crime. The CVRC provides monthly training and outreach services; hosts an annual five-day victim advocate training (modeled after the National Academy); and presents the Annual Victims Advocacy Conference with over 600 attendees every spring.

Statutory Authority: Section 31-22-4 NMSA 1978.

Victim Compensation

The Victim Compensation program provides financial assistance and information to victims of violent crime in New Mexico so that they can receive services in order to restore their lives.

Federal Grant Administration

The federal grant administration program provides funding and training to non-profit victim providers and public agencies so they can provide services to victims of crime.

Executive Recommendation

Agency Strategic Directions

The CVRC is an important component of the Executive's performance and accountability policy, *A Safer New Mexico*. In FY07, the agency processed 305 claims for child sexual abuse and 47 for physical abuse, which resulted in a payout of \$162.4 in grants to victims. Sixty-nine DWI claims were processed, 28 of which resulted in deaths for a payout of \$72.4 in aid to victims. In FY07 the payout for domestic violence claims totaled \$363.7 as the agency processed a total of 200 claims, 15 of which were homicides.

The agency held its 12th annual "Advocacy in Action" conference that provides training and current information on such pertinent topics as domestic violence, sexual assault and DWI. This training was provided to law enforcement, social workers, nurses, counselors, attorneys and other direct service providers throughout the state. In 2007, over 600 attendees were provided with scholarships to ensure stakeholders and partners receive needed training and information.

Key Elements of Recommendation

The Executive recommendation provides the agency with additional General Fund to offset increases in GSD rates in FY09.

Performance Report

The CVRC met or exceeded most of its performance targets in FY07. One measure where it exceeded its performance target in FY07 was the average number of processing days. The target was less than 120 days, and the agency averaged 114 days for the fiscal year. The Executive encourages the agency to continue its efforts to lower this number. CVRC also conducted 12 sub-recipient workshops, exceeding its performance target of 12.

The measure where the agency did not meet its target was in the number of working days to complete payment voucher after completion of drawdown. The target set for this measure was four days and the agency averaged six days in FY07. The Executive encourages CVRC to work towards lowering the number of days to meet this important measure.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 Operating <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	2,120.6	2,242.8	2,252.1	9.3	0.4
Federal Revenues	4,420.6	5,034.6	4,790.0	-244.6	-4.9
Other Revenues	517.5	450.0	450.0	0.0	0.0
TOTAL SOURCES	7,058.7	7,727.4	7,492.1	-235.3	-3.0
USES					
Personal Services and Employee Benefits	977.2	1,058.6	1,077.5	18.9	1.8
Contractual Services	208.2	309.7	320.6	10.9	3.5
Other	5,144.6	5,394.1	5,194.0	-200.1	-3.7
Other Financing Uses	579.7	965.0	900.0	-65.0	-6.7
TOTAL USES	6,909.7	7,727.4	7,492.1	-235.3	-3.0
FTE					
Permanent	0.00	15.00	15.00	0.00	0.0
Term	0.00	4.00	4.00	0.00	0.0
TOTAL FTE POSITIONS	0.00	19.00	19.00	0.00	0.0

Victim Compensation (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 Operating <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	2,120.6	2,242.8	2,252.1	9.3	0.4
Other Revenues	517.5	450.0	450.0	0.0	0.0
TOTAL SOURCES	2,638.1	2,692.8	2,702.1	9.3	0.3
USES					
Personal Services and Employee Benefits	741.4	820.0	818.4	-1.6	-0.2
Contractual Services	188.5	281.7	292.6	10.9	3.9
Other	1,560.1	1,591.1	1,591.1	0.0	0.0
TOTAL USES	2,490.0	2,692.8	2,702.1	9.3	0.3

		Victim Compensation (Dollars in Thousands)			FY09	
		FY07	FY08	Recom-	Budget to Recommendation	
		Actuals	Operating Budget	mendation	Dollar/FTE Change	Percent Change
FTE	Permanent	0.00	15.00	15.00	0.00	0.0
	TOTAL FTE POSITIONS	0.00	15.00	15.00	0.00	0.0

		Federal Grant Administration (Dollars in Thousands)			FY09	
		FY07	FY08	Recom-	Budget to Recommendation	
		Actuals	Budget	mendation	Dollar Change	Percent Change
SOURCES						
	Federal Revenues	4,420.6	5,034.6	4,790.0	-244.6	-4.9
	TOTAL SOURCES	4,420.6	5,034.6	4,790.0	-244.6	-4.9
USES						
	Personal Services and Employee Benefits	235.8	238.6	259.1	20.5	8.6
	Contractual Services	19.7	28.0	28.0	0.0	0.0
	Other	3,584.5	3,803.0	3,602.9	-200.1	-5.3
	Other Financing Uses	579.7	965.0	900.0	-65.0	-6.7
	TOTAL USES	4,419.7	5,034.6	4,790.0	-244.6	-4.9
FTE						
	Term	0.00	4.00	4.00	0.00	0.0
	TOTAL FTE POSITIONS	0.00	4.00	4.00	0.00	0.0

Performance Measures

		FY07 Target	FY07 Result	FY08 Target	FY09 Recomm
Victim Compensation					
The purpose of the victim compensation program is to provide financial assistance and information to victims of violent crime in New Mexico so they can receive services to restore their lives.					
Output	Number of formal regional trainings conducted annually	8	8	8	8
Output	Number of formal internal staff trainings conducted annually	6	6	6	6
Outcome	Percent increase in number of reparation applications received	2%	0%	2%	0%
Efficiency	Average number of days to process applications	<120	114	<120	<120
Efficiency	Percent of payment vouchers for care and support sent to the department of finance and administration within two working days of the receipt of payment list	90%	90%	90%	90%

Federal Grant Administration					
The purpose of the federal grant administration program is to provide funding and training to non-profit victim providers and public agencies so they can provide services to victims of crime.					
Efficiency	Percent of sub-recipients that receive compliance monitoring via desk audits	80%	85%	83%	83%
Outcome	Percentage increase in number of services provided to victims of crime by grant sub-recipients	2%	2%	2%	2%
Efficiency	Percent of site visits conducted	30%	40%	40%	40%
Output	Number of statewide training conferences held for service providers and victim advocates	1	1	1	1
Efficiency	Number of working days to complete payment voucher after completion of drawdown	4	6	5	6
Output	Number of training workshops conducted for sub-recipients	8	12	12	12

Executive Summary

The Department of Public Safety is dedicated to providing high quality public safety services to the citizens and visitors of New Mexico. DPS is the only provider of law enforcement services to a significant portion of rural New Mexico.

	FY08 Operating Budget	FY09 Recommendation	% Change
General Fund	92,038.3	97,890.2	6.4
Total Sources	122,801.3	121,581.4	-1.0
Program			
Program Support	25,511.0	22,717.6	-10.9
Law Enforcement Program	97,290.3	98,863.8	1.6
Total Uses	122,801.3	121,581.4	-1.0
FTE	1,327.10	1,336.10	0.7

- The recommendation provides \$120.0 in transfers from Bernalillo County for two term alcohol enforcement agents.
- The recommendation provides \$67.5 in General Fund for two FTE for the Drunk Busters call centers.
- The recommendation provides \$281.9 in General Fund and four FTE for Phase II of the Oro Grande Port of Entry plan. The expansion FTE will allow the port to be open 24 hours a day.
- The recommendation provides \$278.0 in General Fund for two FTE at the Santa Teresa Port of Entry for the Motor Transportation Division.

Agency Mission and Program Purpose

The Department of Public Safety (DPS) is dedicated to providing high quality public safety services to the citizens and visitors of New Mexico. DPS is the primary provider of law enforcement services in approximately 16 counties.

Statutory Authority: Sections 9-19-1 through 9-19-11 NMSA 1978.

Law Enforcement Program

The Law Enforcement Program provides law enforcement services to the public and ensures the safety of New Mexicans. This program enforces New Mexico's laws throughout the state including smaller communities, rural areas, highways and ports of entry. DPS also provides specialized services related to enforcement of alcohol laws, criminal intelligence and investigations. The New Mexico State Police are the backbone of the program with a tradition of more than sixty-five years of service. The Motor Transportation Division (MTD) and Special Investigations Division (SID) add critical expertise and experience to the program. The primary mission of the Special Investigations Division is to protect the safety and welfare of citizens by investigating violations of criminal and administrative law, and through enforcement of the State's alcohol, tobacco and gaming laws. MTD enforces both federal and state safety regulations and statutes relating to the

legal operation of commercial motor vehicles and it enforces the state motor vehicle and criminal codes. MTD also administers and collects fees and taxes relating to commercial vehicle operations. The Law Enforcement Program also provides law enforcement training through the Law Enforcement Academy.

Program Support

Program Support consists of the Technical and Emergency Support Division, Office of the Secretary, Office of Legal Affairs, Information Technology and Administrative Services Division. This program supports public safety organizations in New Mexico through forensic services provided by the northern and southern forensic laboratories. It also supports the criminal records history database, the missing person's clearinghouse, the sex offender registration program, the uniform crime reporting effort, the department's participation in the National Criminal Identification Center and the New Mexico Law Enforcement Telecommunications System. The program oversees all maintenance and operation of the facilities comprising the DPS complex and other statewide DPS offices. The IT division ensures access to information and provides reliable and timely information technology services to DPS, law enforcement and other government agencies to build a safer, stronger New Mexico. IT accomplishes this by providing connectivity to 180 criminal justice agencies 24 hours a day, 365 days a year.

Executive Recommendation

Agency Strategic Directions

Law Enforcement. In FY07 total traffic deaths in New Mexico decreased 4.6% and alcohol-involved deaths decreased 16.9%. Commissioned members of the DPS made 3,883 DWI arrests, a 19.1% increase over FY06. Officers also issued 105,791 hazardous moving violation citations, a 19.3% increase over FY06, as well as 9,933 seat belt citations, a 31% increase over FY06.

The Special Investigations Division continued its work to assist in the fight against DWI. During FY07, agents within the Special Investigations Division issued over 2,100 non-traffic citations to individuals for alcohol-related offenses. The division also issued close to 400 administrative citations to liquor licensees for violating provisions of the Liquor Control Act.

The Motor Transportation Division continued its work interdicting narcotics at a consistent rate. During FY07, the division seized approximately 26,377 pounds of narcotics across the state. The Motor Transportation Division also conducted over 90,000 commercial motor vehicle safety inspections.

The Criminal Investigations Section continued its impact operations across the State. In FY07 it has conducted 125 operations. The additional operations resulted in 442 misdemeanor and felony arrests, 71 narcotic seizures, \$304,000 in recovered stolen property and 20 recovered stolen vehicles.

In FY08, DPS will concentrate its efforts to: (1) reduce DWI, alcohol abuse and underage consumption; (2) reduce illegal drug abuse and narcotics-related crime; and (3) ensure traffic and highway safety.

Program Support. All DPS applications have vendor contracts for maintenance. The DPS applications and databases are updated as needed from available vendor patch lists. Utilizing Nagios, a host and

service monitoring tool, DPS monitors systems and applications on a 24-hour basis. This monitoring tool runs intermittent checks on hosts and services which return status information. When problems are encountered, the tool can send notifications out to administrative contacts in a variety of different ways (email, instant message, etc.). Current status information, historical logs, and reports can all be accessed via a web browser.

The Forensic Laboratory Bureau has converted from ASCLD/LAB accreditation standards to the International Standards Organization (ISO) for testing laboratories. The Southern Forensic Laboratory was inspected and obtained the ISO's accreditation in FY07. The Northern Forensic Laboratory is utilizing ISO accreditation standards and will submit an application for inspection in early FY09.

DPS's performance indicator measuring the turnaround for DNA analysis (target is now 70 days) will be tied to the vacancy rates for DNA Scientists. DPS currently has vacancies; six DNA scientists have indicated interest in employment with DPS and paperwork has been initiated to employ them. A training period of a minimum of six months will be required before the scientists can perform their jobs independently.

During FY07, the Law Enforcement Records Bureau (LERB) consistently processed 97% of the requests for criminal history background checks within 28 days of receipt. In FY08, the LERB deployed approximately 30 card scan devices that will enable the electronic submission of criminal history background checks to the LERB and the FBI, and will enable a response time between two and 48 hrs. LERB anticipates it will process all of the electronic submissions (85%) within 4 days of receipt and the remainder within 28 days of receipt during FY08, leading to LERB's certainty that 100% of all requests will be processed within 28 days of receipt.

For FY09, DPS anticipates it may implement additional card scan devices at other sites potentially increasing the percent of background check requests processed within four days to approximately 90%.

Key Elements of Recommendation

The Executive recommendation for DPS provides for the following increases in FTE for FY09: \$278.0 in General Fund for an additional two FTE at the Santa Teresa Port of Entry, and \$281.9 in General Fund and four FTE for the Oro Grande Port of Entry. The Drunk Busters call centers are supported with two expansion positions and \$67.5 in General Fund. In addition, the agency will receive funding from Bernalillo County for two term alcohol enforcement agents in FY09, which will be supported with \$120.0 in transfers from the county.

The recommendation also incorporates a decrease in federal funds in the amount of \$4,968.1 for FY09, as well as decrease of \$4,753.7 in transfers from the Road Fund in the Department of Transportation for the Motor Transportation Division of DPS.

Performance Report

The agency exceeded its performance target for number of driving-while-intoxicated (DWI) arrests by 6.2% in FY07. DPS also reports that 100% of cadets successfully completed training and passed

the law enforcement certification exam. The percent of strength of DPS commissioned officers did not meet its benchmark by 3.1% for FY07. The Executive is encouraged by the efforts of the agency to attract and retain officers and fully expects the agency to meet its goal in FY08. The Motor Transportation Division exceeded the measure of motor safety inspections by 19.4% and DPS commissioned officers exceeded its measure for the number of criminal cases they investigated by 15.5% for FY07.

In Program Support, the agency continues to work towards achieving its measures for percent of DNA cases processed within seventy days from submission. The target for the agency in FY07 was 100%, yet the agency reports that this measure was only achieved 13.2% of the time. The agency will continue to recruit and certify forensic scientists to perform this essential function into FY08. The agency did meet its performance measure in number of prior year's audit findings resolved, and percent of operability for all mission-critical software applications residing on agency servers. Several new measures for number of unfilled forensic scientist positions within the DNA unit, chemistry unit, latent prints unit and firearms/toolmark unit have been established for FY08 and beyond.

Recommended Language for the General Appropriation Act

The internal services funds/interagency transfers appropriations to the law enforcement program of the department of public safety include four million, seven-hundred and fifty-three thousand, seven hundred dollars (\$4,753,700) from the state road fund for the motor transportation division.

Any unexpended balance in the department of public safety remaining at the end of fiscal year 2009 made from appropriations from the state road fund shall revert to the state road fund.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 Operating <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	84,423.4	92,038.3	97,890.2	5,851.9	6.4
Other Transfers	12,302.1	10,284.2	8,044.3	-2,239.9	-21.8
Federal Revenues	12,611.5	15,428.3	10,460.2	-4,968.1	-32.2
Other Revenues	4,489.0	4,750.5	4,851.7	101.2	2.1
Fund Balance	6,915.5	300.0	335.0	35.0	11.7
TOTAL SOURCES	120,741.5	122,801.3	121,581.4	-1,219.9	-1.0
USES					
Personal Services and Employee Benefits	81,242.7	88,269.7	91,049.3	2,779.6	3.1
Contractual Services	2,624.9	3,245.1	2,433.2	-811.9	-25.0
Other	31,925.0	31,246.5	28,088.9	-3,157.6	-10.1
Other Financing Uses	500.0	40.0	10.0	-30.0	-75.0
TOTAL USES	116,292.6	122,801.3	121,581.4	-1,219.9	-1.0
FTE					
Permanent	1,183.00	1,204.00	1,211.00	7.00	0.6
Term	89.00	99.00	101.00	2.00	2.0
Temporary	24.15	24.10	24.10	0.00	0.0
TOTAL FTE POSITIONS	1,296.15	1,327.10	1,336.10	9.00	0.7

Agency Budget Summary
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent Change</u>
Law Enforcement Program (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	Recom- <u>mendation</u>	<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	70,088.6	76,587.8	81,937.9	5,350.1	7.0
Other Transfers	11,752.3	10,205.1	7,965.2	-2,239.9	-21.9
Federal Revenues	5,571.5	7,039.7	5,416.2	-1,623.5	-23.1
Other Revenues	2,981.7	3,187.7	3,234.5	46.8	1.5
Fund Balance	6,325.3	270.0	310.0	40.0	14.8
TOTAL SOURCES	96,719.4	97,290.3	98,863.8	1,573.5	1.6
USES					
Personal Services and Employee Benefits	70,485.0	74,897.2	77,809.8	2,912.6	3.9
Contractual Services	1,754.5	2,363.3	1,773.2	-590.1	-25.0
Other	23,357.7	19,989.8	19,270.8	-719.0	-3.6
Other Financing Uses	0.0	40.0	10.0	-30.0	-75.0
TOTAL USES	95,597.2	97,290.3	98,863.8	1,573.5	1.6
FTE					
Permanent	1,028.00	1,034.00	1,041.00	7.00	0.7
Term	58.00	57.00	59.00	2.00	3.5
Temporary	24.15	24.10	24.10	0.00	0.0
TOTAL FTE POSITIONS	1,110.15	1,115.10	1,124.10	9.00	0.8

Program Support
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	14,334.8	15,450.5	15,952.3	501.8	3.2
Other Transfers	549.8	79.1	79.1	0.0	0.0
Federal Revenues	7,040.0	8,388.6	5,044.0	-3,344.6	-39.9
Other Revenues	1,507.3	1,562.8	1,617.2	54.4	3.5
Fund Balance	590.2	30.0	25.0	-5.0	-16.7
TOTAL SOURCES	24,022.1	25,511.0	22,717.6	-2,793.4	-10.9
USES					
Personal Services and Employee Benefits	10,757.7	13,372.5	13,239.5	-133.0	-1.0
Contractual Services	870.4	881.8	660.0	-221.8	-25.2
Other	8,567.3	11,256.7	8,818.1	-2,438.6	-21.7
Other Financing Uses	500.0	0.0	0.0	0.0	***
TOTAL USES	20,695.4	25,511.0	22,717.6	-2,793.4	-10.9
FTE					
Permanent	155.00	170.00	170.00	0.00	0.0
Term	31.00	42.00	42.00	0.00	0.0
TOTAL FTE POSITIONS	186.00	212.00	212.00	0.00	0.0

Performance Measures

		FY07 Target	FY07 Result	FY08 Target	FY09 Recomm
Law Enforcement Program					
To provide the highest quality of law enforcement services to the public and ensure a safer state.					
Outcome	Number of driving-while-intoxicated fatalities in New Mexico per year	183	137		
Outcome	Number of fatal crashes in New Mexico per year	400	412	400	400
Outcome	Number of driving-while-intoxicated crashes in New Mexico per year	2,999	N/A		
Outcome	Number of total driving-while-intoxicated arrests by DPS commissioned officers in New Mexico	3,656	3,883	3,656	3,600
Output	Percent of cadets that successfully complete training and pass the law enforcement officer certification exam		100.0%	90%	90%
Output	Number of first time driving-while-intoxicated arrests per year	2,083	2,237	2,083	2,050
Output	Number of repeat driving-while-intoxicated arrests per year	1,573	1,646	1,573	1,550
Outcome	Number of drug arrests by DPS commissioned officers in New Mexico	984	1,393	1,125	1,200
Outcome	Number of driving-while-intoxicated crashes investigated by DPS commissioned officers		284	300	300
Output	Number of administrative citations issued by the Special Investigations Division for selling or giving alcohol to a minor	200	166	200	200
Outcome	Number of narcotic seizures by the Motor Transportation Division		53	64	50
Outcome	Number of criminal cases investigated by DPS commissioned officers in New Mexico	14,225	16,443	15,000	15,000
Outcome	Number of criminal citations and/or arrests for the illegal sales and/or service of alcohol to minors and intoxicated persons by the Special Investigations Division		198	200	200
Outcome	Number of administrative citations issued to licensed liquor establishments for the illegal sales or service of alcohol to minors and intoxicated persons per year by the Special Investigations Division		557	200	
Output	Percent of strength of DPS commissioned officers	90%	86.9%	90%	95%
Outcome	Number of commercial motor vehicle safety inspections by the Motor Transportation Division	77,272	92,263	77,272	85,000
Outcome	Number of traffic deaths in New Mexico per year	423	424		
Output	Pounds of narcotics seized by the Motor Transportation Division	53,861	26,377		
Program Support					
To provide quality protection for the citizens of New Mexico through the business of information technology, forensic science, criminal records, and financial management and administrative support to the participants in the Criminal Justice Community.					
Output	Number of Grants Management Bureau compliance site visits made to each grantee per year		29	61	62
Output	Percent of deoxyribonucleic acid cases processed within seventy days from submission	100.0%	13.2%	100.0%	100%
Output	Percent of applicants criminal background checks completed with twenty-eight days of submission	100%	97.5%	100%	100%
Output	Percent of criminal fingerprint cards completed within thirty-five days of submission	100%	82.2%	100%	100%
Outcome	Number of prior year's audit findings resolved	100%	100%	100%	100%
Output	Percent of operability for all mission-critical software applications residing on agency servers	99.9%	99.9%	99.9%	99.9%
Output	Percent of IT Help Desk tickets resolved within forty-eight work hours		87.2%	80%	90%
Explanatory	Number of unfilled forensic scientist vacancies in the DNA Unit		3	0	0
Explanatory	Number of unfilled forensic scientist vacancies in the Chemistry Unit		4	0	0
Explanatory	Number of unfilled forensic scientist vacancies in the Latent Prints Unit		0	0	0
Explanatory	Number of unfilled forensic scientist vacancies in the Firearms/Toolmark Unit		0	0	0
Outcome	Percent of crime laboratory compliance with American Society of Crime Laboratory Directors standards	100%	100%		

Executive Summary

The Department of Homeland Security and Emergency Management (DHSEM) is the primary State agency responsible for all of New Mexico’s homeland security and emergency management efforts including preparedness, response and recovery.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	3,308.1	3,402.8	2.9
Total Sources	39,409.0	36,483.7	-7.4
Program			
Homeland Security and Emergency Management	39,409.0	36,483.7	-7.4
Total Uses	39,409.0	36,483.7	-7.4
FTE	63.00	60.00	-4.8

- The Executive recommendation provides \$30.0 in General Fund for audit costs.
- The recommendation also includes an additional \$64.7 in General Fund for higher General Services Department rates.

Agency Mission and Program Purpose

The Department of Homeland Security and Emergency Management (DHSEM) leads the State’s response to emergencies and disasters while providing for the safety and welfare of its citizens. Emergencies and disasters can be defined as something caused by natural or human-made events or any other circumstances determined by the Governor. DHSEM seeks to protect life and property by providing a coordinated comprehensive system for the prevention, preparedness, mitigation and response to and recovery from disasters and emergencies regardless of cause.

Statutory Authority: Section 9-28-1 through 9-28-7 NMSA.

Executive Recommendation

Agency Strategic Directions

In FY07, DHSEM responded to three major disasters across the state involving flooding, precipitating Presidential and Governor’s disaster declarations. Tornadoes in Roosevelt, Curry and Quay counties caused such extensive damage that Presidential and Governor’s disaster declarations were invoked to provide funds for the affected communities.

The Intelligence and Security Bureau of the DHSEM was established and became operational effective July 1, 2007. The bureau consists of the New Mexico All Source Intelligence Center, the Critical Infrastructure Protection component and the Security Program. These entities directly enhance the state’s ability to prevent terrorist and criminal activity and to protect and strengthen the security for citizens of the state.

Key Elements of Recommendation

The Executive recommendation provides \$94.7 in additional General Fund for higher General Service, Department rates and audit costs for the agency in FY09.

Performance Report

DHSEM exceeded by three its target for the number of exercises conducted annually in compliance with federal guidelines. Two additional measures were added as targets for FY08 for the agency which will be reported on in the future.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	1,695.0	3,308.1	3,402.8	94.7	2.9
Other Transfers	103.6	220.6	258.3	37.7	17.1
Federal Revenues	43,021.3	35,870.3	32,812.6	-3,057.7	-8.5
Other Revenues	2.4	10.0	10.0	0.0	0.0
TOTAL SOURCES	44,822.3	39,409.0	36,483.7	-2,925.3	-7.4
USES					
Personal Services and Employee Benefits	2,498.1	4,104.6	3,907.9	-196.7	-4.8
Contractual Services	923.4	3,228.0	2,033.8	-1,194.2	-37.0
Other	35,423.8	32,076.4	30,542.0	-1,534.4	-4.8
TOTAL USES	38,845.3	39,409.0	36,483.7	-2,925.3	-7.4
FTE					
Permanent	16.00	23.00	23.00	0.00	0.0
Term	40.00	40.00	37.00	-3.00	-7.5
TOTAL FTE POSITIONS	56.00	63.00	60.00	-3.00	-4.8

Performance Measures

		FY07 <u>Target</u>	FY07 <u>Result</u>	FY08 <u>Target</u>	FY09 <u>Recomm</u>
Homeland Security and Emergency Management					
To provide for and coordinate an integrated, statewide, comprehensive emergency management system for New Mexico including all agencies, branches, and levels of government for the citizens of New Mexico.					
Outcome	Number of exercises conducted annually in compliance with federal guidelines	16	19	19	22
Outcome	Number of local emergency operation plans (including terrorism incident annex) current within 3 years			29	29
Outcome	Number of program and administrative team compliance visits conducted each year-all grants			35	35

Executive Summary

The Department of Transportation is charged with planning, designing, building and maintaining a safe and accessible "multi-modal" transportation network in the State of New Mexico.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	0.0	0.0	***
Total Sources	804,035.3	806,688.6	0.3
Program			
Programs and Infrastructure	505,193.1	502,642.6	-0.5
Transportation & Highway Operations	246,226.8	252,345.9	2.5
Business Support	52,615.4	51,700.1	-1.7
Total Uses	804,035.3	806,688.6	0.3
FTE	2,756.50	2,756.50	0.0

- The Executive recommendation supports a "100% State" construction program totaling \$13,210.3.
- The Executive recommendation supports the application of a 6% vacancy factor to Programs and Infrastructure, Transportation and Highway Operations and Program Support.
- The Executive recommendation supports the transfer of \$4,753.7 to the Department of Public Safety for the operations of the Motor Transportation Division.
- The Department's overall increase includes an additional \$2,653.3 above FY08 operating levels.

Agency Mission and Program Purpose

The Department of Transportation (DOT) is responsible for the statewide transportation network that serves the social and economic interests of New Mexico citizens. DOT is a multi-modal transportation agency responsible for highway infrastructure, alternative forms of transportation, commuter and public transportation.

DOT administers Governor Richardson's Investment Partnership (GRIP). GRIP is a \$1.6 billion, bond-financed program that will fund more than 40 highway expansion and reconstruction projects across New Mexico over a period of eight years. The department administers the Statewide Transportation Improvement Program (STIP), which manages and directs funds received from the Federal Highway Administration. Additionally, the department continues to maintain a robust construction program with approximately \$350 million in GRIP bond proceeds and \$150 million of federal-aid programs.

The STIP is a six-year statewide plan developed through a collaborative process involving local and regional governments, metropolitan planning organizations (MPO), regional planning organizations (RPO), other state and transportation agencies as well as the general public. STIP is fiscally constrained and addresses the multi-modal transportation needs of New Mexico, including projects

of national and regional significance. Funding is contingent upon federal appropriations under the federal Safe, Accountable, Flexible, Efficient, Transportation, Equity Act (SAFETEA-LU).

DOT is organized into three distinct programs: Programs and Infrastructure, Transportation and Highway Operations, and Program Support.

Statutory Authority: Sections 67-1-1 through 67-16-14 NMSA 1978.

Programs and Infrastructure

Programs and Infrastructure plans, designs, operates and manages highway and transportation projects that provide accessible, safe and sustainable multi-modal transportation infrastructure. Programs include infrastructure planning, environmental impact, as well as public transportation and traffic safety. Infrastructure includes all engineering-related services involved in project development.

Transportation and Highway Operations

Transportation and Highway Operations constructs, repairs, improves and maintains the State's highway and transportation infrastructure. The program maintains a regional system of six district offices and eighty-four patrol stations located across the state.

Business Support

Business Support consists of the Office of the Secretary and all Administrative Services. This program supports the department's management, development and operation of highway and transportation programs. The Office of the Secretary includes legal, equal rights, internal audit and investigations. Business Support oversees all financial management including: cash, revenue, budget and bonds. Additionally, it is responsible for human resource management and information technology support to the entire Department.

Executive Recommendation

Agency Strategic Directions

DOT is committed to an accessible, safe, connected and sustainable multi-modal transportation system throughout New Mexico. This system provides for affordable and efficient travel choices via motor vehicle, rail, public transportation, aviation and non-motorized transportation (bicycle, pedestrian and equestrian).

DOT maintains 29,952 lane miles of on-system, state roads that include: 4,081 lane miles of interstates, 5,964 lane miles of US routes and 16,612 lane miles of New Mexico routes. The department employs over 2,700 personnel in 85 patrol yards, six district offices and the general office in Santa Fe.

DOT is responsible for the administration and implementation of GRIP. GRIP is critical to the economic development and infrastructure of the State's transportation needs. DOT maintains an aggressive letting and construction schedule averaging \$350 million per year. New Mexico contractors have been awarded 92% of GRIP projects, which has resulted in the creation of over 3,200 construction-related jobs.

These efforts include the Rail Runner that had over 480,000 riders in FY07 between Belen and Bernalillo, and for which service will be expanded to Santa Fe by 2009. This expansion will provide a cost-effective alternative for New Mexico citizens and visitors between Bernalillo/Sandoval and Santa Fe counties. Additionally, the Park and Ride Program continues to expand service beyond commonly traveled routes and urban areas. Public Transportation for commuters using the Park and Ride system has seen an average 278% growth.

DOT continues a strategic partnership with federal, state, local and tribal governments as well as the private sector to improve the transportation infrastructure and economy of the state. DOT's 2007 strategic plan indicates the department's focus on employee and traveler safety and efficient and effective management of state resources while maximizing available federal funds. A quality improvement system is in place to measure and analyze goal-specific data to ensure continuous improvement in the delivery of the services to the public.

Key Elements of Recommendation

The State Road Fund represents \$405,640.0 or 90% of total other program revenue and 50% of the total recommended revenue for the agency. The revenue forecast that supports the bulk of the agency's operations is expected to grow by a total of 1% above FY08 operating levels while federal funds are expected to remain flat. Minimal growth in the combined funding sources continues to diminish the state's ability to maintain and preserve existing roadways. However, the agency continues to adopt and implement cost reduction measures such as value engineering to maximize the use of every dollar spent.

The Executive recommendation supports a "100% State" Road Program of \$13,210.3. This program is designed to provide for the construction, repair and maintenance of the state roads that are ineligible for federal support. As inflationary pressures continue to negatively impact the department's construction activities, it is absolutely critical to support and maintain the roads and bridges around the state that are ineligible for federal support.

Consistent with the FY08 funding level, the Executive recommends a transfer of \$4,753.7 to the Department of Public Safety (DPS) for the operations of the Motor Transportation Division.

Programs and Infrastructure. The Executive recommendation supports an overall budget decrease of \$2,550.5 attributable to a reduction in the level of support for the "100% State" construction program. Unobligated cash balances identified at the conclusion of the department's financial audit for FY06 were directed toward increasing construction activities in FY08. The department is currently awaiting FY07 year-end results in order to determine how much, if any, cash balance will be available for dedication to this program in FY09. The recommendation also includes additional support above FY08 operating levels for grants and services related to the Local Government Road Fund program, traffic safety, transit/rail and aviation. The recommendation supports the conversion of the baseline temporary positions to term positions in this program in an effort to address retention issues and concerns. In addition, the recommendation supports the application of a 6% vacancy factor to the personal services and benefits category consistent with last year's appropriation.

Transportation and Highway Operations (THO). The Executive recommendation supports an increase of \$6,119.1 in continued support of department's initiative to direct resources and manpower toward the preservation and maintenance of existing roadways. Due to the severe and pervasive weather experienced in the past couple of years, as well as increased traffic levels, the need for maintenance continues to increase expenditures in this program. In FY08, THO received an additional 50 FTE dedicated to providing maintenance activities across the state in an effort to mitigate costly repairs in the future. The Executive recommendation continues to support this initiative by incorporating a 6% vacancy factor to the personal services and employee benefits category of this program. Furthermore, the recommendation supports the conversion of the baseline temporary positions to term positions in this program in an effort to address retention issues and concerns.

Business Support. The Executive recommendation supports a decrease of \$915.3 below FY08 operating levels. The decrease is attributable to the reduction in support for funds transferred to the Department of Public Safety. However, the recommendation supports an increase \$331.0 above FY08 operating levels to support personal services and employee benefits costs. This increase will enable the program to address the operational needs and requirements related to providing business support activities throughout the department. The recommendation supports the conversion of the baseline temporary positions to term positions in this program in an effort to address retention issues and concerns. The Executive recommends the application of a 6% vacancy to the personnel services and employee benefits category while maintaining the contractual services and other costs category flat with FY08 operating levels.

Performance Report

DOT achieved several targeted performance measures in FY07 including: revenue dollars per passenger on park and ride; percent of airport runways in good condition; percent capacity-filled on commuter rail service between Belen and Bernalillo; customer satisfaction levels at rest areas; and number of combined system-wide miles in deficient condition. The department exceeded the number of annual number of commuter rail riders between Belen and Bernalillo and annual number of riders on park and ride. Both of these services increase in demand as gas and oil prices continue to set new highs.

Unfortunately, the department narrowly missed several other performance targets including: percent of projects let according to schedule; percent of final cost over bid amount on highway construction projects; number of traffic fatalities per 100 million vehicle miles traveled; ride quality index for new construction; percent of front-occupant seat belt usage and number of interstate miles rated as good. DOT continues to struggle with the rising cost of materials and inflationary increases throughout the year. While several targets were not met, the department has been involved in a number of safety campaigns throughout the year in an effort to reduce fatalities.

Several measures have been added in recognition of their relevance to the DOT's overall mission including: amount of litter pickup off Department roads; number of external audit findings; and percent of information technology projects on-time and on-budget. Others have been revised to clarify specifically what is being measured and one was deleted as it was no longer being tracked by the department.

Recommended Language for the General Appropriation Act

The Executive recommends the following language for the Programs and Infrastructure and Transportation and Highway Operations Programs to extend prior fiscal year appropriations for capital projects into fiscal year 2009:

The other state funds and federal funds appropriations to the programs and infrastructure program of the department of transportation pertaining to prior fiscal years may be extended into fiscal year 2009, but not to exceed three hundred twenty million dollars (\$320,000,000).

The other state funds and federal funds appropriations to the transportation and highway operations program of the department of transportation pertaining to prior fiscal years may be extended into fiscal year 2009, but not to exceed eighty million dollars (\$80,000,000).

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 Operating <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
Federal Revenues	304,256.4	358,129.4	358,681.8	552.4	0.2
Other Revenues	392,956.1	435,063.9	448,006.8	12,942.9	3.0
Fund Balance	119,604.9	10,842.0	0.0	-10,842.0	-100.0
TOTAL SOURCES	816,817.4	804,035.3	806,688.6	2,653.3	0.3
USES					
Personal Services and Employee Benefits	145,540.5	149,644.4	156,032.5	6,388.1	4.3
Contractual Services	329,245.3	340,099.7	322,144.9	-17,954.8	-5.3
Other	287,843.4	308,291.2	323,757.5	15,466.3	5.0
Other Financing Uses	0.0	6,000.0	4,753.7	-1,246.3	-20.8
TOTAL USES	762,629.2	804,035.3	806,688.6	2,653.3	0.3
FTE					
Permanent	2,600.00	2,662.00	2,662.00	0.00	0.0
Term	28.00	48.00	94.50	46.50	96.9
Temporary	46.53	46.50	0.00	-46.50	-100.0
TOTAL FTE POSITIONS	2,674.53	2,756.50	2,756.50	0.00	0.0

Programs and Infrastructure (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 Operating <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
Federal Revenues	292,192.3	347,478.7	347,981.7	503.0	0.1
Other Revenues	143,378.7	146,872.4	154,660.9	7,788.5	5.3
Fund Balance	97,238.8	10,842.0	0.0	-10,842.0	-100.0
TOTAL SOURCES	532,809.8	505,193.1	502,642.6	-2,550.5	-0.5

Programs and Infrastructure
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent Change</u>
USES					
Personal Services and Employee Benefits	23,954.7	27,012.4	27,854.3	841.9	3.1
Contractual Services	276,992.7	286,038.9	267,692.8	-18,346.1	-6.4
Other	177,674.2	192,141.8	207,095.5	14,953.7	7.8
TOTAL USES	478,621.6	505,193.1	502,642.6	-2,550.5	-0.5
FTE					
Permanent	389.00	404.00	404.00	0.00	0.0
Term	13.00	41.00	44.80	3.80	9.3
Temporary	1.00	2.00	-1.80	-3.80	-190.0
TOTAL FTE POSITIONS	403.00	447.00	447.00	0.00	0.0

Transportation and Highway Operations
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent Change</u>
SOURCES					
Federal Revenues	10,401.1	9,017.7	9,017.7	0.0	0.0
Other Revenues	205,954.3	237,209.1	243,328.2	6,119.1	2.6
Fund Balance	22,366.1	0.0	0.0	0.0	***
TOTAL SOURCES	238,721.5	246,226.8	252,345.9	6,119.1	2.5
USES					
Personal Services and Employee Benefits	92,802.4	95,962.8	101,178.0	5,215.2	5.4
Contractual Services	49,872.2	51,503.7	51,895.0	391.3	0.8
Other	96,046.9	98,760.3	99,272.9	512.6	0.5
TOTAL USES	238,721.5	246,226.8	252,345.9	6,119.1	2.5
FTE					
Permanent	1,924.00	1,976.00	1,976.00	0.00	0.0
Term	6.00	6.00	48.70	42.70	711.7
Temporary	43.70	42.70	0.00	-42.70	-100.0
TOTAL FTE POSITIONS	1,973.70	2,024.70	2,024.70	0.00	0.0

Business Support
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent Change</u>
SOURCES					
Federal Revenues	1,663.0	1,633.0	1,682.4	49.4	3.0
Other Revenues	43,623.1	50,982.4	50,017.7	-964.7	-1.9
TOTAL SOURCES	45,286.1	52,615.4	51,700.1	-915.3	-1.7
USES					
Personal Services and Employee Benefits	28,783.4	26,669.2	27,000.2	331.0	1.2
Contractual Services	2,380.4	2,557.1	2,557.1	0.0	0.0
Other	14,122.3	17,389.1	17,389.1	0.0	0.0
Other Financing Uses	0.0	6,000.0	4,753.7	-1,246.3	-20.8
TOTAL USES	45,286.1	52,615.4	51,700.1	-915.3	-1.7

Business Support
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u>	
				<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>
FTE					
Permanent	287.00	282.00	282.00	0.00	0.0
Term	9.00	1.00	1.00	0.00	0.0
Temporary	1.83	1.80	1.80	0.00	0.0
TOTAL FTE POSITIONS	297.83	284.80	284.80	0.00	0.0

Performance Measures

		<u>FY07</u> <u>Target</u>	<u>FY07</u> <u>Result</u>	<u>FY08</u> <u>Target</u>	<u>FY09</u> <u>Recomm</u>
Programs and Infrastructure					
To provide improvements and additions to the state's highway infrastructure to serve the interest of the general public. These improvements include those activities directly related to highway planning, design, and construction necessary for a complete system of highways in the state.					
Quality	Ride quality index for new construction	>=4.3	4.2	>=4.3	>=4.3
Outcome	Number of traffic fatalities per one hundred million vehicle miles traveled	2.4	2.23	.88	.88
Outcome	Fiscal year total dollar amount of airport projects completed, in millions				
Output	Annual rural public transportation ridership			700,000	
Output	Number of welfare to work transportation ridership				
Output	Revenue dollars per passenger on park and ride	\$1.60	\$2.81	\$2.00	\$2.50
Explanatory	Annual number of riders on park and ride	200,000	302,054	200,000	350,000
Outcome	Percent capacity-filled on commuter rail service between Belen and Bernalillo	85%	85%	85%	85%
Outcome	Percent of airport runways in good condition	60%	71%	60%	75%
Output	Annual number of commuter rail riders between Belen and Bernalillo	250,000	302,104	300,000	400,000
Output	Number of crashes in established safety corridors	12		12	<=886
Quality	Percent of final cost over bid amount on highway construction projects	4.0%	13%	4.0%	10%
Explanatory	Percent of projects in production let as scheduled	85%	71%	70%	85%
Outcome	Percent of front-occupant seat belt usage	92%	90%	91%	90%
Outcome	Number of head-on crashes per one hundred million vehicle miles traveled				
Output	Number of non-alcohol related traffic fatalities per one hundred million vehicle miles traveled	1.12		1.12	<=264
Outcome	Number of alcohol-related fatalities per one hundred million vehicle miles traveled	0.77		0.88	<=172

Transportation and Highway Operations

To maintain and provide improvements to the state's highway infrastructure to serve the interest of the general public. These improvements include those activities directly related to preserving roadway integrity and maintaining open highway access throughout the state system.

Output	Number of statewide improved pavement surface miles	5,000	2,470	3,300	4,500
Efficiency	Maintenance expenditures per lane mile of combined system wide miles	\$5,250	2,492	\$3,500	\$3,500
Outcome	Number of non-interstate miles rated good	8,225	8,006	8,225	8,225
Output	Amount of litter pickup off department roads				17,000 lbs
Outcome	Number of interstate miles rated good	1,190	979	1,190	1,190
Quality	Customer satisfaction levels at rest areas	88%	95%	90%	95%
Outcome	Number of combined system wide miles in deficient condition	<=2,500	1,850	<=2,500	<=2,500

		<u>FY07</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>
		<u>Target</u>	<u>Result</u>	<u>Target</u>	<u>Recomm</u>
Business Support					
To provide management and administration of financial and human resources, custody and maintenance of information and property, and the management of construction and maintenance projects.					
Quality	Number of external audit findings			<=4	<=4
Quality	Percent of prior-year audit findings resolved	100%	50%	75%	100%
Efficiency	Percent of invoices paid within 30 days			99%	99%
Outcome	Percent of vacancy rate in all programs	8.5%	10.8%	10%	6%
Output	Percent of information technology projects on-time and on-budget				100%
Output	Number of lost employee work days due to accidents			127	110

Executive Summary

The Public Education Department (PED) is charged with providing effective leadership, technical assistance and quality assurance to the state's public schools to improve the performance of all students while closing the achievement gap.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	14,956.3	17,166.5	14.8
Total Sources	36,422.2	47,968.0	31.7
Program			
Public Education Department			
Operational	36,422.2	47,968.0	31.7
Total Uses	36,422.2	47,968.0	31.7
FTE	320.80	325.80	1.6

- The Executive base recommendation reflects an increase of \$1,834.4 (12.3%) in General Fund over FY08 operating levels to adequately fund the department's fundamental operating needs.
- The Executive recommendation includes \$375.8 in General Fund for additional support to provide adequate oversight and support to statewide public education.

Agency Mission and Program Purpose

The Public Education Department (PED) became a cabinet agency on October 10, 2003 through a constitutional amendment that was ratified by special election. PED is responsible for establishing a quality, statewide public education system under the leadership of the secretary of public education and through the professionalism of approximately 320 staff organized into various functions.

Among its roles and responsibilities, PED: works with the governor to recommend adequate levels of funding for public education; distributes funds to 89 school districts in support of over 800 public schools and other agencies across the state; determines content standards, educational programs, educator qualifications, and compensation; provides assistance to schools in need of improvement and oversight of schools in corrective action; manages federal education programs; supports transportation for students; maintains facilities through capital outlay; and implements educational reforms to close New Mexico's achievement gap and meet the requirements of the federal No Child Left Behind Act of 2001(NCLB).

Ultimately, PED is responsible for managing over \$2.5 billion (approximately 44%) of the General Fund for provision of PreK-12 education statewide. In addition, PED is responsible for managing over \$380 million in federal funds.

The main purpose of PED is to provide leadership, technical assistance and compliance monitoring designed to ensure that every student in New Mexico receives an equitable education. The department defines an equitable education as one that provides high school graduates with the

academic skills, content knowledge and qualities of character that will help them become successful individuals and contributing members of families, communities and the State of New Mexico.

Significant changes in public education in New Mexico have occurred through enactment of key state and federal legislation aimed at improving the quality of educational provision and closing the achievement gap. In 2003, a constitutional amendment established PED as an executive agency (replacing the former State Department of Education) and increased the distribution from the Land Grant Permanent Fund to pay for education reforms.

Also in 2003, House Bill 212, Public School Reforms Act: created a three-tiered teacher licensure structure that sets minimum salary levels for educators and administrators; requires licensees to demonstrate continued and enhanced competencies for each level; and sets minimum salary levels for principals based on the size of the school. In addition, the reform legislation: grants PED authority to take over control and management of a public school or school district that has failed to meet requirements of law or state board rules and standards; grants PED authority to issue a state identification number to all public school students statewide; and enacted the Assessment and Accountability Act to align the state's accountability system with NCLB requirements, focusing on the adequate yearly progress of students, schools, and school districts; and establish a framework for PED to provide support and oversight to struggling schools.

The Indian Education Act responded to the need to emphasize indigenous languages and cultures in public schools as a means of supporting improved learning for Native American students. The Act created an Indian Education Division in PED and an Indian Education Advisory Council to increase school effectiveness and close the achievement gap between Native Americans and others in New Mexico.

NCLB requires states to improve the performance and accountability of their school systems through numerous measures. PED oversees implementation of NCLB alignment in New Mexico as required by recent educational reform legislation.

Consolidating the state and federal reforms over the past few years has set a framework for supporting student success by providing: a challenging curriculum with high expectations for all students in New Mexico; a three-tiered licensure system that will attract and retain high-quality teachers and a support system to attract and retain other educators including principals, superintendents and other school employees; an effective system to hold students, teachers, schools, school districts and the State accountable for education outcomes; a clearer and more responsive governance structure for public education; an aligned system of support for students, families, educators and schools; and alignment with NCLB.

PED is responsible for implementing these education reforms and continuing to fulfill its mandated responsibilities as the central state agency for the day-to-day oversight of the public education system in New Mexico. The quality of education reform hinges on the leadership provided by PED. PED must ensure that all elements of the education reform initiatives are implemented to the highest quality standard.

Statutory Authority: The Public School Code, Sections 22-1-1 through 22-30-8 NMSA 1978.

Executive Recommendation*Agency Strategic Directions*

Over the last five years, the Executive has built on the landmark public school reforms passed in 2003. The governor's *Making Schools Work* policy framework has moved New Mexico forward in the development and implementation of a PreK – 20 educational system that spans from preschool to graduate school. This systematic and cohesive approach to education helps ensure that New Mexico's children will progress smoothly from early childhood programs through public schools and on into higher education and graduate ready to work, raise families, and contribute to their communities, state and country.

The *Making Schools Work* framework includes these key objectives for PreK through K-12 education: ensuring that all young children are ready for school; keeping students ready to learn with access to health care, healthy food, and physical fitness activities; increasing parental involvement in their children's education; increasing the level of educational excellence for all students; closing the achievement gap by supporting the children and schools who need the most assistance; ensuring that all students are taught by qualified teachers; and ensuring that students graduate from high school prepared to succeed in higher education and the workplace.

Major progress has been made on each of these objectives. For example, the number of students served in state funded PreK programs has increased to 3,570 in the 2007-2008 school year from 1,538 in the 2005-2006 school year. Evaluations conducted by the National Institute for Early Education Research show that PreK programs have had significant impact on young children's vocabulary, early math skills, and early reading skills. New Mexico's Breakfast for Elementary Students is expected to provide breakfast for more than 64,000 students. In 2007, the Food Action and Research Center ranked New Mexico in first place nationally in the percentage of students participating in school breakfast compared with the number participating in the National School Lunch Program. New Mexico's rigorous academic standards have been ranked 4th in the nation by the national publication Quality Counts. The most recent reports by the National Assessment of Education Progress show that New Mexico is only one of 14 states that significantly improved both in 4th and 8th grade math. In addition, New Mexico was one of only four states to show significant increases for Hispanic students in 4th grade reading. A joint evaluation by the New Mexico Office of Education Accountability, the Legislative Education Study Committee, and the Legislative Finance Committee shows that the three-tiered teacher licensure system has had a powerful and positive effect on the recruitment and retention of teachers in New Mexico. New Mexico's national ranking for teacher salaries moved to 37th from 46th in the country and is likely to improve even more with the final implementation of the three-tiered teacher salaries this year. The Executive's focus on increasing the percentage of students who graduate from high school and ensuring that those graduates are ready for college and work has resulted in a strong collaborative effort with the legislature to redesign high schools. Overall, New Mexico was 2nd in the nation in terms of education reform by the Fordham Foundation in 2006.

The Executive's recommendations in the following section are intended to ensure that PED continues to have the capacity to continue to move New Mexico's ambitious education agenda forward.

Key Elements of Recommendation

The Executive recommendation for the Public Education Department provides a base General Fund increase of \$1,834.4 and a base total funds increase of \$10,992.1. This recommendation represents a 30.2% total base increase necessary to support fundamental agency needs to improve efficiency and results in both programmatic and fiscal management areas statewide. These improvements should increase the capacity of public education statewide leading to continued student achievement gains PreK-12. The most significant component of the recommended base increase is to transfer \$8.7 million of federal Special Education discretionary and preschool contractual services from non-budgeted flow through to a budgeted Federal Operating Fund.

Additional agency resources recommended by the Executive are intended to fund increased operating costs in the area of: personal services and employee benefits, to reduce the agency vacancy rate to 6%; costs for risk management premiums (workers compensation, unemployment compensation, and employee liability); and key agency support for ongoing operations including supplies, in-state travel, information technology systems costs, and telecommunications.

The Executive recommends expansions of \$375.8 in General Fund and \$553.7 in total funds to ensure that the department's internal organizational capacity is sufficient to adequately address both its oversight and technical assistance roles statewide. The expansion includes five permanent positions. This recommendation provides additional human and fiscal resources to enable the agency to perform its critical statewide administrative functions more effectively to address: (1) strengthening the system used in monitoring teacher misconduct and educator ethics; (2) state and federal data reporting requirements; (3) high school redesign to effect increased alignment between public schools and postsecondary education to increase academic success and workplace transition; and (4) continue the important student health and wellbeing goals of *Making Schools Work*.

The expansion will continue critical efforts underway to strengthen PED's internal fiscal management and accountability functions for increased efficiency and accuracy. In addition, the expansion will further the phase-in of the student wellness, achievement and safety initiatives of Governor Richardson's 2006 "Year of the Child" policy framework. The increased number of FTE recommended will help the department provide oversight and support to over 800 public schools and over 60 charter schools in school districts across the state.

The recommended expansions are as follows:

- \$88.8 in other state funds generated from background check fees for one permanent administrative operations specialist to oversee educator ethics operations and to establish a tracking and management system for that activity. Formally trained leadership and systems will provide better preparation of information for the PED legal staff. Organization of investigative documents will be improved, providing a concise file for legal review. There will be a reduced turnaround time to provide feedback to districts.
- \$50.0 in other state funds generated from background check fees to establish a tracking and management system for the increasing caseloads handled by the Educator Ethics Bureau. Currently, the bureau lacks an effective system for tracking case information, and relies instead on paper records and spreadsheets. SB-210 (School Employee Misconduct Reporting) passed during the 2007 legislative session will increase the volume of required investigations and licensure disciplinary actions.

- \$50.1 (\$11.0 in General Fund; \$14.0 in federal funds and \$25.1 in other state funds generated from background check fees) for one permanent paralegal and legal assistant for the PED Office of General Counsel. The paralegal will assist in addressing time management and overall efficiency issues to allow attorneys to dedicate their professional services to increasing workload demands. The 2007 teacher ethical misconduct reporting legislation will increase the volume of required investigations and adverse licensure actions. This position will provide for more effective review and preparation for hearings related to teacher misconduct to increase the safety and well being of public school students statewide.
- \$61.7 in General Fund for one permanent operations research analyst for the PED Academic Growth and Analysis Bureau to provide specialized analysis of school and district performance data to ensure state compliance with the federal No Child Left Behind law.
- \$36.9 in General Fund for one permanent office and administrative support position for the PED Academic Growth and Analysis Bureau to provide administrative support to the bureau.
- \$69.2 in General Fund for one permanent education administrator position for the PED Humanities Bureau to implement the high school redesign initiative statewide.
- \$107.6 to reclassify one general manager position in the School and Family Support Bureau responsible for oversight, supervision and management of the entire bureau and its programs from term to permanent. This position is currently funded with federal Title IV (21st Century Schools) and Title V (Innovative Programs) grants. The president's budget request for federal fiscal year 2008 indicates that Title IV funds to New Mexico will decrease significantly and Title V will not be funded. This request does not increase the total number of FTE in the Department.
- \$89.4 to reclassify one administrative operations manager position in the School and Family Support Bureau responsible for fiscal management for programs in the bureau from term to permanent. This position is currently funded with federal Title IV (21st Century Schools) and Title V (Innovative Programs) grants. The President's budget request for federal fiscal year 2008 indicates that Title IV funds to New Mexico will decrease significantly and Title V will not be funded. This request does not increase the total number of FTE in the Department.

Performance Report

The purpose of the Public Education Department is to provide a public education to all students. To do this, the department continues to focus its efforts on strengthening organization leadership and support, productivity, capacity building, accountability, communication and fiscal responsibility.

The PED performance and accountability framework is established in the agency's strategic plan that is closely aligned with the Governor's *Making Schools Work* performance and accountability framework. The PED agency performance is measured both in terms of key agency performance measures set forth in *Making Schools Work* and statutory performance measures included in the General Appropriations Act enacted annually. As the agency's performance measures have been refined in both accountability frameworks over time, changes in measures have occurred. Actual results point to continuing progress over time.

For FY07, the most recent year for which complete performance data is available, PED reported its actual performance in the following five areas, against specific targets: (1) percent of No Child Left Behind Act adequate yearly progress designations accurately reported by August 1; (2) percent of completion of fiscal corrective action plan; (3) percent of money designated for teacher scholarships through the Indian Education Act that has been expended; (4) percent of compliance with the agreed-upon audit schedule for the Public Education Department internal audit section; and (5) percent completion of the data warehouse project.

PED did not report actual performance on five measures that had FY07 targets set: (1) percent change from the preliminary unit value to the final unit value; (2) percent of public education contracts issued within sixty days of receipt of completed request for proposals or grant applications; (3) average processing time for school district budget adjustment requests, in days; (4) percent of customers interacting with the public education department that report satisfaction with their telephone communications with the department; and (5) percent of current fiscal year appropriations that require a request for proposal or grant application sent to school districts by September 30.

The following sections provide a brief background of issues underlying each performance measure and summarize agency performance reported for each measure against specific targets.

Timely, detailed and accurate information about how schools perform on the New Mexico Standards Based Assessment (NMSBA) and whether they make the federal required adequate yearly progress (AYP) is crucial if these schools are to use the latest assessment data in planning instruction for the upcoming year. The performance measure for this high priority area is the percent of No Child Left Behind Act adequate yearly progress designations publicly reported by August 1st. The FY07 target for this measure was 100% and the agency reported that its actual performance was 99.5%. In FY09, PED will continue to focus on ensuring that all schools get the most accurate and detailed information about their academic achievement performance on the NMSBA and in meeting federal requirements for AYP.

The need to strengthen the department's fiscal management remains a primary focus for continuous improvement and two of the targeted performance areas related to fiscal management. A fiscal corrective action plan was implemented in FY05 to ensure that funds were distributed to programs and districts in a timely and accurate manner. The FY07 target for this measure was 100% and the FY07 actual result was 90%. The department also focused its efforts on ensuring that funds designated in the Indian Education Act for teacher scholarships were expended in a timely manner. The performance measure for this area was the percent of money designated for teacher scholarships through the Indian Education Act that has been expended. The FY07 target was 90% and the FY07 actual target achieved was 78%.

The department's Office of the Inspector General monitors the internal control structure and state oversight activities, reviews federal and state programs, and coordinates review of federal applications and state plans for federal funding. The FY07 performance measure associated with this key agency area is the percent of compliance with the agreed-upon audit schedule for the public education department internal audit section. The FY07 target was 100% and the FY07 actual result was 90%. The work of the department's internal audit section continues to be of crucial importance as the state increases its reliance on the new data warehouse for fiscal, program, staff and student

accountability.

One of the department's most important efforts over the last three years has been the implementation of the data warehouse project known as STARS - Student Teacher Accountability Reporting System. STARS provides the information technology structure for state's longitudinal data system including fiscal information, unique student identification numbers, staff information, student achievement data, and other kinds of information needed to meet state and federal reporting requirements. The performance measure for the STARS is the percent completion of the data warehouse project. The FY07 target for this measure was 50% and the FY07 actual is 40%.

FY08 and proposed FY09 performance measures are set forth and continually refined in the Executive's *Making Schools Work* policy framework. The department's FY09 strategic plan is aligned with the Governor's performance and accountability program.

The Executive recommendation for increased resources for PED recognizes both the progress made towards meeting key performance and accountability measures between FY05 and FY08, as well as the real need to increase agency capacity to fully address the core administrative functions that continue to require resolution. The increase to the base and the expansions that are included in the Executive recommendation reflect an intensive review and analysis of the department's statutory responsibilities for statewide oversight/compliance and increasing need for support to the 89 school districts, 800 plus public schools, 60 plus charter schools, and over 400 private, alternative and home schools.

With the additional resources recommended for FY09, PED will improve its fiscal reporting, accounting and funds oversight performance as outlined in the *Making Schools Work* Performance and Accountability contract, which in turn will benefit all the schools and students in the state.

Recommended Language for the General Appropriation Act

Any unexpended balances in the authorized distributions remaining at the end of fiscal year 2008 from appropriations made from the general fund shall revert to the general fund.

Budget Summary Tables

	Agency Budget Summary (Dollars in Thousands)			FY09	
	FY07	FY08	Recom- mendation	Budget to Recommendation	
	<u>Actuals</u>	<u>Operating Budget</u>		Dollar/FTE <u>Change</u>	Percent <u>Change</u>
SOURCES					
General Fund Transfers	12,046.8	14,956.3	17,166.5	2,210.2	14.8
Federal Revenues	15,317.6	20,362.5	29,530.0	9,167.5	45.0
Other Revenues	712.6	1,103.4	1,093.1	-10.3	-0.9
Fund Balance	0.0	0.0	178.4	178.4	***
TOTAL SOURCES	28,077.0	36,422.2	47,968.0	11,545.8	31.7
USES					
Personal Services and Employee Benefits	17,835.9	20,883.0	22,989.8	2,106.8	10.1
Contractual Services	8,119.0	10,902.8	20,179.6	9,276.8	85.1
Other	2,708.5	4,636.4	4,798.6	162.2	3.5
TOTAL USES	28,663.4	36,422.2	47,968.0	11,545.8	31.7

**Agency Budget Summary
(Dollars in Thousands)**

	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent Change</u>
FTE					
Permanent	205.20	209.20	216.20	7.00	3.3
Term	99.00	107.00	105.00	-2.00	-1.9
Temporary	5.60	4.60	4.60	0.00	0.0
TOTAL FTE POSITIONS	309.80	320.80	325.80	5.00	1.6

Performance Measures

		<u>FY07 Target</u>	<u>FY07 Result</u>	<u>FY08 Target</u>	<u>FY09 Recomm</u>
Public Education Department					
The purpose of the public education department is to provide a public education to all students. The secretary of public education is responsible to the governor for the operation of the department. It is the secretary's duty to manage all operations of the department and to administer and enforce the laws with which the secretary or the department is charged. To do this, the department is focusing on leadership and support, productivity, building capacity, accountability, communication, and fiscal responsibility.					
Outcome	Percent of current fiscal year appropriations that require a request for proposal or grant application sent to school districts by September 30	100%	Not Rept	60%	60%
Outcome	Percent of customers interacting with the public education department that report satisfaction with their telephone communications with the department	100%	Not Rept	90%	90%
Outcome	Percent of No Child Left Behind Act yearly progress designations accurately reported by August 1	100%	99.5%	100%	100%
Outcome	Percent of fiscal year 2004 audit findings resolved and not repeated in fiscal year 2005 audit	100%	53%		
Outcome	Percent of completion of fiscal corrective action plan	100%	90%		
Outcome	Percent of money designated for teacher scholarships through the Indian Education Act that has been expended	90%	78%	90%	90%
Outcome	Average processing time for school district budget adjustment requests, in days	7	Not Rept	7	7
Outcome	Percent of public education department contracts issued within sixty days of receipt of completed request for proposals or grant applications	100%	Not Rept	90%	90%
Outcome	Percent of compliance with the agreed-upon audit schedule for the public education department internal audit section	100%	90%	100%	100%
Outcome	Percent change from the preliminary unit value to the final unit value	2%	Not Rept	2%	2%
Outcome	Percent completion of the data warehouse project	50%	40%	75%	75%
Outcome	Percent of teachers adequately informed and trained on the preparation of the licensure advancement professional dossiers			95%	95%
Outcome	Percent of bureaus in five core areas (data collection and reporting; assessment and accountability; special education; capital outlay; school budget and finance analysis) meeting the public education department's customer service standards			60%	60%
Outcome	Percent of prior-fiscal-year audit finding resolved and not repeated	100%	Not Rept	100%	100%

Executive Summary

The Regional Education Cooperatives provide technical assistance, staff development, training and education-related services to member districts participating in the cooperative. They also facilitate cooperative purchasing capabilities and offer fiscal management services for member districts.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	0.0	0.0	***
Total Sources	36,449.7	30,931.4	-15.1
Program			
Regional Education Cooperatives	36,449.7	30,931.4	-15.1
Total Uses	36,449.7	30,931.4	-15.1
FTE	0.00	0.00	***

- The Executive recommendation is consistent with the requests of the Regional Education Cooperatives, which reflect a total decrease of \$5,518.3 from other state funds and federal funds.

Agency Mission and Program Purpose

Regional Education Cooperatives (RECs) are state agencies administratively attached to the Public Education Department (PED). These entities were established in 1984 as Regional Center Cooperatives by State Board of Education regulation to administer federal special education funds under the Individuals with Disabilities Education Act (IDEA).

An REC is formed when local school boards and other state-supported educational institutions are authorized to cooperatively provide education related services. RECs do not receive direct appropriations from the General Fund. General Fund appropriations flow through the school districts and are identified as other state funds within REC budgets.

Each Cooperative is governed by a regional education coordinating council comprised of local school district superintendents or chief administrative officers and representatives from the appropriate state-supported institutions. RECs may own, and have control and management over, buildings and land independent of the director of the Property Control Division of the General Services Department. The Regional Cooperative Education Act: (1) affirms RECs as individual state agencies administratively attached to the Public Education Department (PED); (2) requires RECs to submit budgets to PED but not to the Department of Finance and Administration (DFA); and (3) exempts RECs from the provisions of the State Personnel Act, from vouchering and central payroll through DFA and from central purchasing through the State Purchasing Agent.

Statutory Authority: Regional Cooperative Education Act, 22-2B6 NMSA 1978

Executive Recommendation*Agency Strategic Directions*

RECs support and strengthen school districts' capacity to provide quality education to New Mexico's public school children. The work of the RECs continues to support the Executive's education initiatives and REC services will contribute to the overall success of this agenda. In addition, the REC services will help rural districts and those serving students with special needs to achieve the policy framework of *Making Schools Work*.

The Cooperatives provide fiscal administration, technical assistance, professional development and training services to member districts on special-education related issues. REC services may include personnel development, diagnostic evaluation, child find, related services, technical assistance, and policy and procedure development.

In addition to administering funds awarded under the federal Individuals with Disabilities Education Act (IDEA), RECs administer Headstart, Eisenhower Math and Science Training Act, Drug Free Schools and Communities Act, Head Start, Class Size Reduction, and Medicaid programs.

Key Elements of Recommendation

The Executive recommendation is consistent with the requests of the Regional Education Cooperatives for other state funds and federal funds, reflecting a total decrease of \$5,518.3 over FY08.

Performance Report

RECs do not participate in the state Performance and Accountability framework, but are accountable to the U.S. Department of Education for the federal funds received.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY09	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
Federal Revenues	0.0	25,135.0	20,844.4	-4,290.6	-17.1
Other Revenues	0.0	11,314.7	10,087.0	-1,227.7	-10.9
TOTAL SOURCES	0.0	36,449.7	30,931.4	-5,518.3	-15.1
USES					
Other	0.0	36,449.7	30,931.4	-5,518.3	-15.1
TOTAL USES	0.0	36,449.7	30,931.4	-5,518.3	-15.1
FTE					
TOTAL FTE POSITIONS	0.00	0.00	0.00	0.00	***

FY09 Executive Recommendation for Regional Education Cooperatives

Cooperative	Other State Funds	Federal Funds	Total
Northwest Regional Education Cooperative #2 (Gallina)	\$0.0	\$1,134.0	\$1,134.0
High Plains Regional Education Cooperative #3 (Raton)	\$3,607.0	\$1,982.1	\$5,589.1
Northeast Regional Education Cooperative #4 (Las Vegas)	\$0.0	\$2,306.1	\$2,306.1
Central Regional Education Cooperative #5 (Albuquerque)	\$145.0	\$1,536.6	\$1,681.6
Regional Education Cooperative #6 (Portales)	\$500.0	\$2,000.0	\$2,500.0
Lea Regional Education Cooperative #7 (Hobbs)	\$610.0	\$485.0	\$1,095.0
Pecos Valley Regional Cooperative #8 (Artesia)	\$1,140.0	\$1,160.0	\$2,300.0
Regional Education Cooperative #9 (Ruidoso)	\$3,285.0	\$5,740.6	\$9,025.6
Southwest Regional Cooperative #10 (Truth or Consequences)	\$800.0	\$4,500.0	\$5,300.0
Total	\$10,087.0	\$20,844.4	\$30,931.4

Executive Summary

The Public School Facilities Authority serves as staff for the Public School Capital Outlay Council, which is charged with carrying out the Public School Capital Outlay Act.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	0.0	0.0	***
Total Sources	6,018.7	6,276.0	4.3
Program			
Public School Facilities Authority	6,018.7	6,276.0	4.3
Total Uses	6,018.7	6,276.0	4.3
FTE	55.00	55.00	0.0

- The Executive recommendation provides a base increase of \$150.0 in other revenues to replace expiring capital outlay fund appropriations for the Facility Information Management System (FIMS).
- The Executive recommendation includes a base increase of \$96.4 in other revenues for increased costs of construction mediation/arbitration.
- The Executive recommendation reflects a base increase of \$10.6 in other revenues for increased information systems and audit costs.

Agency Mission and Program Purpose

The Public School Facilities Authority (PSFA) is created as part of the Public School Capital Outlay Council (PSCOC). The PSCOC is responsible for identifying and funding all outstanding deficiencies in public schools that adversely affect the health or safety of students and personnel.

The membership of the Council consists of: a representative from the Governor's Office; the secretary of the Department of Finance and Administration; the secretary of the Public Education Department; the president of the New Mexico School Boards Association; the director of the Construction Industries Division of the Regulation and Licensing Department; the president of the State Board of Education; the director of the Legislative Education Study Committee; the director of the Legislative Finance Committee; and the director of the Legislative Council Service.

PSFA assists school districts with: development and implementation of facilities and preventive maintenance plans; procurement of architectural and engineering services; and management and oversight of construction activities. It also provides training programs to ensure that public school capital outlay projects are in compliance with applicable building codes.

PSFA consults with the Public Education Department (PED) to develop building standards for public school facilities and to ensure compliance with those standards.

The Authority maintains a database of the condition of school facilities and maintenance schedules

and works with school districts to validate the assessments of outstanding deficiencies.

Statutory Authority: Section 22-24-9 NMSA 1978.

Executive Recommendation

Agency Strategic Directions

PSFA's goal is to ensure that all students attend schools that are safe, adequate, well-maintained, and equipped with current educational technology. The mechanism used to measure the effectiveness of PSFA's activities, in relation to this goal, is the New Mexico Facility Condition Index (FCI). A declining FCI indicates improvement in the statewide condition of school district physical plant, net of the annual cost of maintaining facilities in their current state. The FCI is reported annually in percentages, with declining percentages indicating progress towards the goal. The Authority reports the following declining (positive) trend in the FCI since 2002 as follows: 2002, 70.6%; 2003, 70%; 2004, 66.7%; 2005, 65%; 2006, 56.8%; and 2007, 54.7%.

Improving the overall baseline condition of New Mexico's public school facilities infrastructure, through reducing the FCI, addresses the issue of adequacy in public education. Adequacy is a legal definition used to ensure that the state meets its constitutional mandate to establish and maintain "a uniform system of free public schools sufficient for the education of, and open to, all the children of school age in the state . . ."

PSFA's vision is to build an exemplary, collaborative system of public school facilities management that supports students and student success by providing standards, guidance and service to state policy makers and local school authorities, thereby contributing to the achievement of adequacy, and eventually excellence, in school facilities. Further, the system must recognize and respect the diversity of opinion, culture and community across New Mexico, while supporting quality education of students through excellent facilities, as its first priority.

Organizational values that PSFA incorporates within its organization's strategic directions include (1) fairness, adequacy and excellence; (2) respect for all persons with whom it does business; (3) quality of work product; (4) appropriate balance of service and authority; (5) responsiveness and transparency; (6) effective and efficient expenditure of public funds; (7) safety and comfort of students and teachers; and (8) community pride in schools.

According to PSFA, between 1975 and 1999, the average annual state award level for public school construction was \$12.5 million. In 2001, the Deficiencies Correction Unit (DCU) was established with a corresponding total project value of \$734.6. In 2002, a total of \$71.4 million supported a total of 212 projects; in 2003, \$186.3 million funded 497 projects; in 2004, \$442.6 million funded 701 projects; in 2005, \$734.6 million funded 880 projects; and in 2006, \$976.6 million funded a total of 947 projects. These statewide projects included deficiencies correction, roof repairs and facilities leasing assistance. In 2006, the Public School Capital Outlay Council (PSCOC) provided \$259.2 million in assistance to 139 construction and facilities projects throughout New Mexico, including school buildings, new classrooms, improvement and modifications to life/safety systems, emergency repairs to school buildings, advances for high priority projects and financial assistance to charters and other schools for leasing adequate facilities. In 2007, PSFA received a total of \$6.2 million (containing a \$165.0 compensation package) for agency operations in FY08. The activities of PSFA

are funded exclusively from other state funds (bond proceeds).

PSFA continues to serve as staff to the PSCOC and to assist districts with: (1) development and implementation of 5-year facility plans and preventive maintenance plans; (2) procurement of architectural and engineering services; (3) management and oversight of construction activities; (4) other facility needs; and (5) training programs as related to school facilities.

In FY09 (2007-2008), the Authority will continue to focus on the following critical success factors: (1) gain and keep trust and support of school districts; (2) production of dependable data for the Public School Capital Outlay Council, the Executive, the Legislature, and for state and local officials; (3) timely responsiveness to district problems; (4) prompt turnaround time and accuracy in financial processes; (5) trust in and support of PSFA staff by all stakeholders; (6) consistency of messages and methods; (7) satisfaction of judicial expectations; and (8) successful transition to operation under the state personnel system.

Key Elements of Recommendation

The Executive recommendation continues to fund the agency from the Public Schools Capital Outlay Fund while providing a base increase of \$257.0 to support additional costs associated with professional services needed to arbitrate/mediate growing construction disputes and to support the Facility Information Management System (FIMS), previously funded by expiring special legislative appropriations to the fund for that purpose.

Performance Report

In FY07, PSFA met or exceeded three out of six performance measure targets. The actual percent of total submitted school construction plans reviewed and acted upon was 94% against a target of 85%. Plan submittals monitored on a monthly basis totaled 367, of which 346 plans were approved. The number of days taken to disseminate all pertinent documents to school districts for all awards made by the public school capital outlay council showed significant results, with the number of days reduced from the target of forty-five days to an actual dissemination period of nineteen days. The average processing time of final action on plans submitted slightly exceeded the target of sixteen days at fifteen days.

Three performance measures proved problematic for PSFA according to FY07 actual reported results. For the percent compliance with prompt payment provision of Retainage Act for all direct payments to vendors, the actual year end result of 80.5% fell short of the 85% target. PSFA conducted a statistical sampling of invoices showing that approximately one in five invoices had invoice processing dates that exceeded twenty-one days. Further study by the unit, revealed that the problem is distributed across several administrative agencies. To address these issues, PSFA will scrutinize all aspects of processing in FY09 to monitor progress in cycle time reduction. Regarding the measure of percent of projects meeting all contingencies completed within the specified period of awards, PSFA achieved a 45% actual result against a 75% target. Recent analysis of these findings indicates that 65% of projects in the 2004-2007 award years are three or more months behind the agreed schedule set forth in the PSCOC-school district project memorandum of understanding. PSFA is currently analyzing the projects and will bring recommendations to the PSCOC for how to move these projects to completion in a more timely manner. Lastly, the measure of change in statewide public school facility condition index measured at December 31, or prior calendar year, compared with prior year had no specified target for FY07 but performance is described in the

previous Agency Strategic Direction section.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	0.0	0.0	0.0	0.0	***
Other Revenues	5,853.7	6,018.7	6,276.0	257.3	4.3
TOTAL SOURCES	5,853.7	6,018.7	6,276.0	257.3	4.3
USES					
Personal Services and Employee Benefits	3,734.6	4,268.2	4,268.2	0.0	0.0
Contractual Services	234.8	255.0	355.0	100.0	39.2
Other	1,337.3	1,495.5	1,652.8	157.3	10.5
TOTAL USES	5,306.7	6,018.7	6,276.0	257.3	4.3
FTE					
Permanent	55.00	55.00	55.00	0.00	0.0
TOTAL FTE POSITIONS	55.00	55.00	55.00	0.00	0.0

Performance Measures

		<u>FY07 Target</u>	<u>FY07 Result</u>	<u>FY08 Target</u>	<u>FY09 Recomm</u>
Public School Facilities Authority					
The purpose of the program is to oversee public school facilities in all 89 school districts ensuring correct and prudent planning, building and maintenance using state funds and ensuring adequacy of all facilities in accordance with Public Education Department (PED) approved educational programs.					
Outcome	Percent of total submitted school construction plans reviewed and acted upon	85%	94%	90%	90%
Outcome	Percent compliance with prompt payment provision of Retainage Act for all direct payments to vendors	85%	80.5%	85%	87%
Outcome	Percent of projects meeting all contingencies completed within the specified period of awards	75%	45%	75%	78%
Outcome	Number of days to disseminate all pertinent documents to school districts for all awards made by the public school capital outlay council	45	19	20	20
Explanatory	Change in statewide public school facility condition index measured at December 31 of prior calendar year compared with prior year	None	32.24%	None	32.0%
Outcome	Average processing time of final action on plans submitted	16 days	15 days	16 days	15 days

Executive Summary

The Higher Education Department (HED) is the coordinating agency for the system of public higher education in New Mexico. HED provides policy and financial oversight over higher education institutions and administers financial aid programs.

	FY08 Operating Budget	FY09 Recommendation	% Change
General Fund	44,506.8	49,674.6	11.6
Total Sources	88,918.1	94,085.9	5.8
Program			
Policy Development and Institute	25,161.2	26,758.9	6.3
Financial Oversight			
Student Financial Aid Program	63,756.9	67,327.0	5.6
Total Uses	88,918.1	94,085.9	5.8
FTE	36.00	48.00	33.3

- The Executive recommends \$158.6 in General Fund for three expansion FTE to perform oversight and administration responsibilities.
- The Executive recommends \$1,000.0 for the Innovative Digital Education and Learning in New Mexico (IDEAL-NM) initiative that offers online courses to every high school in New Mexico and assists in increasing access and further develops an integrated educational system.
- The Executive recommends \$3,450.0 for the Enhanced Health Care Workforce initiatives that include expanding the Health Professional Loan Repayment Program, expanding the Medical Student Loan-for-Service Program and increasing the number of dental student awards.
- The recommendation applies a 2% vacancy savings factor.

Agency Mission and Program Purpose

The Higher Education Department (HED) is a cabinet-level agency that was formed to develop a statewide agenda for public post-secondary education within the state by providing policy and financial oversight of public higher education institutions and the constitutionally-created special schools.

HED sets statewide policy and goals for higher education; reviews new and expanded programs within individual institutions; administers the process for changes in college districts and creation of new campuses; coordinates budget development for and allocates funds to the institutions; approves capital projects and sources of financing; and performs research and policy analysis. HED governance over the system must be consistent with the individual authority provided to constitutionally-created institutions. HED also oversees several programs that implement statewide educational goals as well as significant student financial aid programs.

New Mexico has an extensive system of public higher education institutions with three research universities, four comprehensive universities, ten branch community colleges, and seven independent community colleges. HED also provides financial oversight of the constitutionally-created special schools: the New Mexico Military Institute, the New Mexico School for the Deaf and the New Mexico School for the Blind and Visually Impaired.

Additionally, HED is responsible for licensing proprietary post-secondary schools, for which it charges fees. Policy and rule changes are coordinated through the Private Post-secondary Education Advisory Committee.

The statute that created HED also provided for a 14-member Higher Education Advisory Board whose membership is determined by statute. The Board was created to advise HED and the Governor on policy matters and must be convened quarterly.

Statutory Authority: Sections 9-25-1 through 9-25-13, Sections 21-1-26 through 21-1-26.12, Sections 21-1-27 through 21-1-27.7 and Sections 21-1-32 through 21-1-33 NMSA 1978.

Student Financial Aid Program

The Student Financial Aid Program provides administrative oversight of state and federal financial aid programs designed to make the cost of attending the institutions more affordable so that more New Mexicans have access to post-secondary education and training.

The program oversees 19 scholarship and loan programs. The largest of these is the Lottery Success Scholarship, funded by state lottery revenues. The Lottery Success Scholarship is available to every New Mexico student who enters a higher education institution immediately after graduating from high school or receiving a GED (General Equivalency Degree) and obtains a minimum 2.5 grade point average during the first semester. The scholarship currently provides 100% of tuition costs.

The program also includes the need-based College Affordability Scholarship Fund, which was enacted in the 2006 session. Funded by a \$49 million trust fund, interest from the trust fund is used to provide scholarships of up to \$1,000 per semester for students based on certain eligibility criteria. Unlike the Lottery Success Scholarship, College Affordability Scholarships are not limited to students entering college immediately after high school. Scholarship funds can also be used for expenses other than tuition.

Other scholarship programs focus on need-based aid, work-study, merit, athletics and other targeted areas such as Vietnam veterans and seniors. Loan-for-service programs either provide aid contingent upon students providing service in underserved areas or in occupations with defined shortages within the state or repay loans once students have graduated and are providing the service. Such programs currently focus on certain types of health care providers, teachers, minority doctoral candidates, and public service lawyers.

Policy Development and Institutional Financial Oversight

The Policy Development and Institutional Financial Oversight Program provides statewide planning and oversight to ensure statewide coordination of policy goals for the higher education system and efficient use of state resources.

The Academic Affairs, Planning and Research Division provides oversight over academic programs, coordinates the alignment between high schools and higher education institutions, approves the implementation of new degree programs, and licenses and monitors private educational entities. The Planning and Research area is responsible for collecting all enrollment data, accountability data, and conducting statewide surveys as needed. The division's P-20 office works to create a seamless education system and includes outreach programs to middle school and high school students to encourage and better prepare them for college. The division also oversees the Adult Basic Education (ABE) program which provides literacy and high school equivalency education to adults at 29 sites throughout the state. The Office of Educational Equity and Access oversees programs for the recruitment and retention of minority and special needs students.

The Finance and Administration Division establishes the system-wide priorities for the higher education budget and capital projects. The division develops the overall budget request for the higher education system through implementation of the higher education funding formula; approves operating budgets; reviews financial statements; and approves and prioritizes capital project and maintenance requests as well as conducts facilities inventories and space utilization assessments. It also oversees the financial requirements of financial aid programs and the agency's operations.

Executive Recommendation

Agency Strategic Directions

HED has taken several steps to implement the Executive's performance and accountability policy, *Making Schools Work*. In collaboration with leadership from the higher education, public education and business communities, and with input from task forces addressing higher education issues, HED has developed statewide strategic priorities for higher education. These priorities are closely coordinated with work being done regarding public school curricula and workforce requirements.

HED has proposed six strategies that support interoperability for the state's public institutions of higher education:

1. Create a common online application for all New Mexico public institutions of higher education that would be free for state residents.
2. Guarantee admission to all New Mexico universities for students that graduate from a public two-year institution with an Associate of Arts or Associate of Science degree.
3. Develop agreements around "credit stacking" which would allow students to start at one public college or university and complete a degree at the same campus but with a program offered by another public college or university.
4. Develop parallel agreements around "degree hosting" which would allow entire undergraduate or graduate programs to be delivered on public two-year campuses by public universities.
5. Allow full transferability for all online courses taught by New Mexico public colleges and universities at other New Mexico public colleges and universities.
6. Allow full transferability for courses taken at home during the summer for New Mexico students attending public colleges and universities in different counties.

Taken together, HED expects to bring more people into higher education and more importantly, increase the efficiency of higher education by removing barriers that prevent students from graduating.

HED continues to administer the federal Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) grant. The U.S. Department of Education awarded HED an \$18 million grant that provides \$3 million per year over six years. HED is working with schools around the state with a cohort of 5,700 students from seventh grade onwards to prepare them to attend and be successful in college. The current GEAR UP grant extends through 2012.

Key Elements of Recommendation

The Executive recommendation reflects a General Fund increase of \$4,242.0 over the FY08 budget.

The Executive recommends initiatives that will enhance the healthcare workforce through the expanded Health Professional Loan Repayment Program, the Medical Student Loan-for-Service Program and increasing the number of dental students supported under the Western Interstate Commission on Higher Education (WICHE). The total recommendation for these initiatives is \$3,450.0.

The Innovative Digital Education and Learning in New Mexico (IDEAL-NM) program increases access for students and further develops an integrated educational system. The Executive recommends \$1,000.0 in recurring operating funds for HED, matched by the same amount from the Public Education Department (PED) to expand the operations of IDEAL-NM. There is \$500 in the FY08 base for IDEAL-NM that is already being matched by PED.

The Executive recommends funding three additional full-time positions for HED to perform oversight and administration responsibilities. The recommendation applies a two percent (2%) vacancy savings factor.

Performance Report

HED has set strategic priorities for FY09 that focus on strengthening the P-20 system and enhancing student success. The primary principles in the *Making Schools Work*, performance and accountability policy have guided HED in successfully meeting the needs of adults that are in adult basic education programs. The number of adult basic education students that set their goal to pass the general educational development (GED) test exceeded the target by more than 300 students in FY07. The measure reflects a surge of interest both from adults and from GED students statewide.

HED has several existing measures that focus on persistence (continued enrollment) for financial aid recipients. The lottery scholarship recipients that graduated from college after the ninth semester increased to 2,944 and far exceeded the performance target of 2,500. Students that met eligibility criteria for state loan programs who continued to be enrolled by the sixth semester reached 77%, exceeding the 75% target.

Dual credit programs have also increased around the state and 94% of public high schools participated in the dual credit program in FY07. Percent of students that met eligibility criteria for work-study programs continued steady at 73%, exceeding the 70% target. Dual credit programs and work-study programs are both in alignment with the *Making Schools Work* concepts of making higher education accessible to all New Mexicans and promoting successful completion through graduation.

HED has implemented operational measures that reflect efficiency and timeliness. None of the targets were met in FY07, but steady progress is being made towards meeting these in FY08. HED staff have addressed turnover, tracking and internal processes to improve efficiency and meet deadlines. Overall, the Executive recommends that HED continue to provide a policy-level focus on its performance measures.

Recommended Language for the General Appropriation Act

Any unexpended balance in the policy development and institutional financial oversight program remaining at the end of fiscal year 2009 from appropriations made from the general fund shall revert to the general fund.

The internal service funds/interagency transfers appropriation to the financial aid program includes thirty-nine million dollars (\$39,000,000) from the lottery tuition fund.

The public education department shall support the partnership with the higher education department by providing matching funds in the amount of one million five hundred thousand dollars (\$1,500,000) for the innovative digital education and learning in New Mexico (IDEAL-NM) integrated educational system.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY07 <u>Actuals</u>	FY08 Operating <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	35,072.6	44,506.8	49,674.6	5,167.8	11.6
Other Transfers	37,584.0	39,021.3	39,021.3	0.0	0.0
Federal Revenues	0.0	5,004.0	5,004.0	0.0	0.0
Other Revenues	0.0	130.0	130.0	0.0	0.0
Fund Balance	0.0	256.0	256.0	0.0	0.0
TOTAL SOURCES	72,656.6	88,918.1	94,085.9	5,167.8	5.8
USES					
Personal Services and Employee Benefits	2,791.4	3,081.2	3,935.6	854.4	27.7
Contractual Services	1,452.7	1,038.1	1,040.4	2.3	0.2
Other	28,047.6	66,692.6	68,653.7	1,961.1	2.9
Other Financing Uses	118,894.0	18,106.2	20,456.2	2,350.0	13.0
TOTAL USES	151,185.7	88,918.1	94,085.9	5,167.8	5.8
FTE					
Permanent	28.50	30.50	34.50	4.00	13.1
Term	5.50	5.50	13.50	8.00	145.5
TOTAL FTE POSITIONS	34.00	36.00	48.00	12.00	33.3

Student Financial Aid Program
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	23,914.4	24,127.0	27,697.1	3,570.1	14.8
Other Transfers	37,584.0	38,704.0	38,704.0	0.0	0.0
Federal Revenues	0.0	569.9	569.9	0.0	0.0
Other Revenues	0.0	100.0	100.0	0.0	0.0
Fund Balance	0.0	256.0	256.0	0.0	0.0
TOTAL SOURCES	61,498.4	63,756.9	67,327.0	3,570.1	5.6
USES					
Other	24,590.0	63,656.9	64,877.0	1,220.1	1.9
Other Financing Uses	39,601.0	100.0	2,450.0	2,350.0	2,350.0
TOTAL USES	64,191.0	63,756.9	67,327.0	3,570.1	5.6
FTE					
TOTAL FTE POSITIONS	0.00	0.00	0.00	0.00	***

Policy Development and Institutional Financial Oversight
(Dollars in Thousands)

	FY07 <u>Actuals</u>	FY08 <u>Budget</u>	Recom- <u>mendation</u>	FY09	
				<u>Budget to Recommendation Dollar Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	11,158.2	20,379.8	21,977.5	1,597.7	7.8
Other Transfers	0.0	317.3	317.3	0.0	0.0
Federal Revenues	0.0	4,434.1	4,434.1	0.0	0.0
Other Revenues	0.0	30.0	30.0	0.0	0.0
TOTAL SOURCES	11,158.2	25,161.2	26,758.9	1,597.7	6.3
USES					
Personal Services and Employee Benefits	2,791.4	3,081.2	3,935.6	854.4	27.7
Contractual Services	1,452.7	1,038.1	1,040.4	2.3	0.2
Other	3,457.6	3,035.7	3,776.7	741.0	24.4
Other Financing Uses	79,293.0	18,006.2	18,006.2	0.0	0.0
TOTAL USES	86,994.7	25,161.2	26,758.9	1,597.7	6.3
FTE					
Permanent	28.50	30.50	34.50	4.00	13.1
Term	5.50	5.50	13.50	8.00	145.5
TOTAL FTE POSITIONS	34.00	36.00	48.00	12.00	33.3

Performance Measures

	FY07 <u>Target</u>	FY07 <u>Result</u>	FY08 <u>Target</u>	FY09 <u>Recomm</u>
Student Financial Aid Program				
To provide access, affordability and opportunities for success in higher education to students and their families so that all New Mexicans can benefit from post-secondary education and training beyond high school.				
Outcome	Percent of first-time freshman lottery recipients graduated from college after the ninth semester			60%
Outcome	Percent of students who receive state loan-for-service funding who provided service after graduation			60%
Outcome	Percent of first-time freshman participating in work study programs enrolling in their second year			60%

		<u>FY07 Target</u>	<u>FY07 Result</u>	<u>FY08 Target</u>	<u>FY09 Recomm</u>
Outcome	Percent of first-time freshman participating in merit-based programs enrolling in their second year				60%
Outcome	Percent of first-time freshman participating in need based grant programs enrolling in their second year				60%
Outcome	Percent of state financial aid funds used for need-based aid				40%
Output	Annual average federal student loan debt for all students enrolled at 4-year public schools				16,000
Output	Annual average federal student loan debt for all students enrolled at 2-year public schools				8,000
Output	Number of lottery success recipients graduated from college after the ninth semester	2,500	2,944	2,500	2,900
Outcome	Percent of students meeting eligibility criteria for state loan programs who continue to be enrolled by the sixth semester	75%	77%	75%	77%
Outcome	Percent of students meeting eligibility criteria for work-study programs who continue to be enrolled by the sixth semester	70%	73%	70%	74%
Outcome	Percent of students meeting eligibility criteria for merit-based programs who continue to be enrolled by the sixth semester	85%	68 %	TBD	80%
Outcome	Percent of students meeting eligibility criteria for need-based programs who continue to be enrolled by the sixth semester	65%	62%	65%	65%
Outcome	Percent of state funds for need-based aid relative to Pell grant aid		30.2%	30.9%	30.9%
Output	Number of students receiving college affordability awards.		1,464	625	1,500

Policy Development and Institutional Financial Oversight

To provide a continuous process of statewide planning and oversight within the department's statutory authority for the state higher education system, to ensure both the efficient use of state resources and progress in implementing a statewide agenda.

Output	Number of students enrolled in dual credit programs	7,575	7,883	6,500	7000
Outcome	Percent of first-time entering degree-seeking University students who have graduated from the same institution or another public institution or have transferred after six years.		42%	35%	45%
Output	Number of adult basic education students who set and attain the goal of passing the general education diploma				1,486
Outcome	Percent of adult basic education students who set and attain the goal of passing the general education diploma				65%
Outcome	Number of family members participating in GEAR UP events		1692		1,700
Outcome	Percent of cohort students that meet the promotion requirements of each grade level				
Output	Number of adult basic education students who set and attain the goal of obtaining employment				622
Outcome	Percent of adult basic education students who set and attain the goal of obtaining employment				67%
Outcome	Percent of first-time degree-seeking university students who have graduated from the same institution or another public institution after six year				40%
Outcome	Percent of New Mexico public high schools participating in dual credit programs		94%	90%	100%
Outcome	Percent of New Mexico public post-secondary institutions participating in dual credit programs		96%	100%	100%
Output	Percent of recent New Mexico high school graduates who are first-time entering undergraduates who take developmental education courses		51%	40%	50%
Output	Number of recent New Mexico high school graduates who are first-time entering undergraduates who take developmental education courses		7,421	4,200	6,500
Outcome	Persistence rate of high school graduates who are first-time entering undergraduates who take developmental education courses		74%	70%	75%
Output	Number of adult basic education students setting passing the general educational development test as a goal		3,763	3,205	3,500
Outcome	Number of adult basic education students who set passing the general educational development test as a goal who succeed		1,348	1,016	1,350
Explanatory	Percent of first-time freshman from New Mexico public high schools		77%	91%	80%
Output	Number of first-time freshman from New Mexico public high schools		13,088	13,200	13,200
Output	Number of enrollments in four-year public post-secondary institutions that are transfers from public two-year post-secondary institutions.		11,735	11,400	11,500

		<u>FY07 Target</u>	<u>FY07 Result</u>	<u>FY08 Target</u>	<u>FY09 Recomm</u>
Outcome	Percent of enrollments in four-year public post-secondary institutions that are transfers from public two-year post-secondary institutions		19%	20%	20%
Outcome	Average number of credit hours accrued in the attainment of a bachelor's degree by students who transfer in versus those who originate at the degree-awarding institution		137:125	137:125	137:125
Outcome	Percent of first-time entering degree-seeking community college students who have graduated from the same institution or another public institution or have transferred after three years		14.85%	15%	15%
Outcome	Degree production in career-technical programs geared toward New Mexico's needs		4,428	4,500	4,600
Outcome	Facility condition index for public, post-secondary institutions			TBD	65%
Efficiency	Percent of properly completed capital infrastructure draws released to the state board of finance within thirty days of receipt from the institutions	90%	63%	90%	90%
Output	Number of outreach services and events provided to secondary schools and students related to college readiness, college preparation curriculum and financial aid	120	60	85	85
Outcome	Percent of adult basic education students who set attainment of general educational development as a goal	16%	19%	15%	20%
Output	Percent of capital projects evaluations and audits performed to insure institutional accountability and responsibility	60%	0%	TBD	10%
Efficiency	Percent of properly completed financial aid allocations and draw-downs processed within thirty days	100%	70%	100%	95%

Executive Summary

The public higher education system provides undergraduate and graduate courses as well as vocational and workforce training at 26 campuses across the state to New Mexico residents and out-of-state students.

	FY08 Operating Budget	FY09* Recommendation	Percent Change
General Fund	797,817.1	829,342.8	4.0
Total Sources	2,260,541.0	2,607,250.3	15.3
Program			
University of New Mexico	1,253,485.8	1,224,611.1	-2.3
New Mexico State University	356,473.6	599,520.1	68.2
New Mexico Highlands University	61,207.9	62,628.8	2.3
Western New Mexico University	27,040.4	35,128.0	29.9
Eastern New Mexico University	73,919.5	113,058.9	52.9
New Mexico Institute of Mining and Technology	147,190.8	161,181.8	9.5
Northern New Mexico College	20,590.2	22,080.4	7.2
Santa Fe Community College	43,128.9	45,292.4	5.0
Central New Mexico Community College	137,745.4	146,524.7	6.4
Luna Community College	15,875.4	16,389.6	3.2
Mesalands Community College	5,121.2	7,230.3	41.2
New Mexico Junior College	21,907.7	28,774.0	31.3
San Juan College	55,616.7	67,627.6	21.6
Clovis Community College	14,380.0	23,721.4	65.0
New Mexico Military Institute	26,857.5	30,107.4	12.1
Compensation		17,023.4	n/a
Educational Retirement Board Contribution		6,350.4	n/a
Total Uses	2,260,541.0	2,607,250.3	15.3

*FY09 Recommendation includes General Fund, Other State Funds, and Federal Funds.

- FY09 workload funding is an increase of \$5,799.2 based on the 2006-2007 academic year
- In an effort to keep tuition increases low, the Executive does not take credit for an assumed tuition increase against the formula-generated costs.
- To retain and recruit qualified faculty and staff, the Executive supports a 2% increase of \$17,023.4 for a compensation package for faculty and staff.
- The Executive provides \$2,344.6 for inflationary factors including group insurance, utilities, libraries and risk management.
- The Executive supports a Dual Credit Tuition Revenue Credit Offset of \$960.15.
- The Executive recommends \$1.0 million in increases for Department of Agriculture initiatives.
- The Executive recommends \$2.8 million in Information Technology for the completion of implementation of the Banner system in seven institutions.

Agency Mission and Program Purpose

New Mexico has an extensive system of public higher education institutions with three research universities, four comprehensive universities, ten branch community colleges, seven independent community colleges, one teaching hospital and one special school that awards two-year postsecondary degrees. The universities and independent community colleges are governed by boards of regents whose members are either appointed by the Governor or elected locally. Branches and instructional centers are governed by the boards of the parent institutions with the assistance of local advisory boards. Three constitutionally created special schools are under the purview of the New Mexico Higher Education Department, the New Mexico Military Institute, the New Mexico School for the Deaf and the New Mexico School for the Blind and Visually Impaired.

Most residents are within a one-hour commute of at least one campus. Many campuses host more than one institution, so there are a variety of courses and programs available at one location. Distance learning also helps provide a broad variety of courses at different campuses as students are able to take classes that are made available through videoconferencing, internet or other means.

The institutions served 128,576 students as of Fall 2006, of which 89% were undergraduate students. Of the total number of students, 34% percent were enrolled at four-year universities and 66% were enrolled at two-year colleges and institutions. New Mexico residents made up 87% of total enrollment.

The higher education system is funded through several revenue sources: General Fund, tuition, Land Grant Permanent Fund distributions, local mil levies, federal funds and other sources. State funding, which comprises approximately 63% of the institutions' instruction and general costs, is determined for the most part by the higher education funding formula. The formula is designed to fund the higher education institutions' costs of "opening the doors," also known as instruction and general costs. These costs include teaching, course offerings, student services and facilities operating expenses. The formula also includes funding for building maintenance, equipment replacement, and if approved by the Legislature, inflationary costs for utilities, various types of insurance and library acquisitions. Finally, the formula also includes the three percent State Scholarships that are based on three percent of the previous year's enrollment and current year's tuition costs. Funding requirements are calculated as an increase or decrease above or below the prior year funding level based on changes in student enrollment at each institution or relevant factors driving the specific costs. Increases in revenues available through tuition, mil levies and Land Grant Permanent Fund distributions are taken as offsets to the increased costs. The Executive and Legislative Finance Committee use the formula to develop recommendations for higher education institutions' budgets.

Many institutions also receive significant General Fund support for research and public service projects that are not funded through the higher education funding formula but individually within the General Appropriation Act.

Statutory Authority: Article XII, Sections 11 and 13 of the New Mexico Constitution.
Sections 21-1-1 through 21-29-6 NMSA 1978.

Executive Recommendation

Agency Strategic Directions

The seamless integration of institutions from Pre-K to the postsecondary level is vital to prepare all New Mexico students to succeed in a complex world and for the creation of a dynamic, high-wage economy in New Mexico.

The Higher Education Department (HED), in conjunction with its stakeholders, has developed statewide strategic priorities and goals for the public higher education system. The strategic priorities for higher education are as follows: (1) increase student access and success; (2) innovate to meet current and future educational needs efficiently and effectively; (3) provide programs and services integral to state and regional economic needs; and (4) position New Mexico higher education to be ranked in the upper echelon by improving national rankings. Multiple goals are identified under each priority to help strengthen the higher education system.

Budget and policy recommendations for higher education will be integrated with the strategic priorities and the proposed agenda, known as Creating Pathways for Students through New Mexico Higher Education.

In addition, HED has outlined six concepts to further inter-institutional cooperation and improve student success.

The United States no longer leads the world in the percentage of its population with higher education, having slipped to eighth and destined to fall further in the years to come. Given the importance of an educated populace for the knowledge and innovation-based economy of the future, this has grave implications for our nation's future. New Mexico lags behind the rest of the country as it is currently 46th in degree attainment of the 50 states.

The current administration has had remarkable success in building a high-tech and high-wage economy in the state, driving down unemployment below four percent in the fifth fastest-growing economy of any state. However, the economy will be very difficult to sustain unless the institutions of higher education increase their degree production. The work on early childhood education and on reform of public education represents a great long-term approach to this issue, but we need a complementary approach with a shorter temporal horizon for realization: the best way to increase degree production in the short term is to remove the barriers to student mobility within the world of higher education and to remove the barriers to institutional cooperation in offering degrees and programs.

The six concepts that HED proposes in effect will create interoperability for the state's public institutions of higher education. These are to:

1. Create a common online application for all New Mexico public institutions of higher education that would be free for state residents.
2. Guarantee admission to all New Mexico universities for students graduating from a public two-year institution with an Associate of Arts or Associate of Science degree.
3. Develop agreements around "credit stacking" that would allow students to start at one public college or university and complete a degree at the same campus but with a program offered by another public college or university.

4. Develop parallel agreements around “degree hosting” that would allow entire undergraduate or graduate programs to be delivered on public two-year campuses by public universities.
5. Allow full transferability for all online courses taught by New Mexico public colleges and universities at other New Mexico public colleges and universities.
6. Allow full transferability for courses taken at home during the summer for New Mexico students attending public colleges and universities in different counties.

Taken together, HED believes that these would bring more people into higher education and more importantly, increase the efficiency of higher education by making it easier for students to graduate and graduate with the degrees they actually want. The net effect of the entire package will be beneficial for everyone because it will increase the overall attainment of higher education in New Mexico. Currently, only 11.9% of New Mexico’s population has a bachelor’s degree or higher (the national average is 18%), while 42% of the new jobs projected for the state over the next generation are projected to require a bachelor’s degree or above.

It is worth noting that little or nothing in this agenda is dependent on appropriations or statutory action. Most of this could be achieved by agreement in the higher education community, though a number of key parts will require revisions to the administrative code. The goal is to have this agenda in place by Fall 2008.

Key Elements of Recommendation

The Executive recommendation is guided primarily by the higher education funding formula that adjusts funding based on increases and decreases in enrollment. Total workload funding for FY09 is an increase of \$5,799.2 reflecting the 2006-2007 academic year. Some institutions will experience an increase in base workload funding while others will experience a decrease because of credit hour declines of more than five percent. The base workload funding also includes \$105.7 for the third year of the five-year base funding phase-in for Eastern New Mexico University (ENMU) Ruidoso.

In an effort to keep tuition increases low and increase the affordability of higher education for New Mexico residents, the Executive does not assume a tuition credit for FY09. By not taking a credit against the state’s proposed General Fund funding level, the Executive is expecting that institutions will keep tuition and fee increases for FY09 as low as possible.

To further assist in curbing tuition increases, the Executive supports an increase in funding for utilities at a cost of \$2,344.6. Institutions have argued that, especially in a period of flat or declining enrollments, one of the major drivers of tuition increases is inflationary increases in fixed costs such as utilities. The recommendation supports \$500.0 for libraries included in these fixed costs.

The Executive recommendation has taken into account the priorities of access and affordability as stated in the previous section. A key component to accessibility is the Dual Credit program that is available statewide. To encourage the continuance and expansion of this program and maintain this opportunity for students, the Executive supports a Dual Credit Tuition Revenue Credit Offset of \$960.15.

A facilities inventory identified over \$1.4 billion in current deferred maintenance needs and \$1.3 billion in facilities renewal and replacement costs over the next ten years. While nonrecurring funding may also be available to offset some of the deferred maintenance costs, the higher education

system should consider strategies for providing a dedicated stream of funding for building renewal and replacement that is not necessarily dependent upon the formula or infusions of one-time General Fund. HED is also working to develop a system that will track use of building renewal and replacement funds and keep updated information on the condition of buildings. The system should be tied to priorities for facilities that serve students and help meet the statewide strategic priorities for higher education.

Finally, the Executive recommends \$17,023.4 for a system-wide compensation increase of two percent for faculty and staff. The increase is anticipated to help institutions retain and recruit qualified faculty and staff.

Some institutions are not funded through the instruction and general (I&G) portion of the funding formula but are generally included in the higher education recommendation. These include the Department of Agriculture (NMDA), University of New Mexico Health Sciences Center, except the Medical School; the New Mexico Military Institute; the New Mexico School for the Blind and Visually Impaired (NMSBVI); and the New Mexico School for the Deaf (NMSD). Additionally, research and public service projects (RPSPs) and special programs within the universities and colleges are also funded outside the I&G formula. The recommendations for NMSBVI and NMSD are presented in separate narratives in the Executive budget document.

To support the performance and accountability policy of *Promoting and Growing New Mexico*, the Executive recommends a \$1.0 million increase to the Department of Agriculture's operating budget. Supported NMDA initiatives include: \$500.0 for Agriculture Experiment Station operating costs; \$500.0 for Cooperative Extension Service operating costs; and \$500.0 nonrecurring for the acequia and community ditch fund.

To place New Mexico on the leading edge in the fast-growing bio-tech industry as well as to support research that will help address diseases and conditions that greatly impact New Mexicans such as cancer, diabetes, brain and behavioral illnesses, the Executive provides \$2.0 million to the University of New Mexico Health Sciences Center (UNM-HSC) for a three-year stem-cell research and regenerative medicine initiative. The funding will be used to recruit principal investigators and research teams as well as develop curricula and pilot projects.

The Executive recommendation also includes \$2.8 million for institutions that are planning to implement the Banner financial aid management systems: New Mexico State University, New Mexico Highlands University, Eastern New Mexico University, Santa Fe Community College, Luna, New Mexico Junior College and Clovis Community College.

Performance Report

Monitoring the performance of higher education institutions in meeting statewide goals is an important part of the effort to improve the outcomes for all students. Statewide issues of accessibility and affordability as well as student progress and success cannot be assessed without reliable data. The institutions have been reporting on a set of measures for several years that are a combination of statewide measures for the type of institution and institution-specific measures. The performance report at the end of this section shows mixed results in ensuring student success. The Council of University President's "Performance Effectiveness Report" provides further insight into

the current status of the performance of four-year institutions. The "Meeting Our Missions" report of the New Mexico Association of Community Colleges and the "Annual Accountability Report" of the New Mexico Association of Independent Community Colleges provides more detail on the performance of two-year institutions.

Recommended Language for the General Appropriation Act

The Executive recommendation endorses continuation of the following language contained in the General Appropriations Act of 2007:

On approval of the higher education department, the state budget division of the department of finance and administration may approve increases in budgets of agencies in this section whose other state funds exceed amounts specified, with the exception of the policy development and institutional financial oversight program of the higher education department. In approving budget increases, the director of the state budget division shall advise the legislature through its officers and appropriate committees of its approval.

Except as otherwise provided, any unexpended balance remaining at the end of fiscal year 2009 shall not revert to the general fund.

This long-standing language enables the institutions to expend additional restricted and unrestricted revenue received as well as General Fund and other balances in future years.

The Executive also recommends the following language to clarify how certain funding should be used:

In reviewing institutional operating budgets, the higher education department shall ensure funds appropriated for nursing programs at public, post-secondary institutions are directed to that purpose.

The general fund appropriations for special project expansions are to continue projects initiated by Laws 2005, Chapter 34

Budget Summary Tables

		FY07	FY08		FY09	
		Recurring	Recurring	Recom-	Budget to	
		Appropriation	Appropriation	mendation	Dollar	Percent
					Change	Change
SUMMARY BY INSTITUTION						
952	University of New Mexico	200,541.5	224,020.1	228,730.5	4,710.4	2.1%
	UNM Health Sciences Center	82,321.6	95,431.7	95,416.1	(15.6)	0.0%
954	New Mexico State University	181,632.9	201,196.8	209,396.1	8,199.3	4.1%
956	New Mexico Highlands University	30,842.8	33,007.9	32,942.8	(65.1)	-0.2%
958	Western New Mexico University	18,562.8	19,616.6	19,758.0	141.4	0.7%
960	Eastern New Mexico University	43,941.2	48,771.4	48,215.9	(555.5)	-1.1%
	New Mexico Institute of Mining and					
962	Technology	36,630.9	40,281.1	39,581.8	(699.3)	-1.7%
964	Northern New Mexico College	9,241.5	11,190.9	11,114.4	(76.5)	-0.7%
966	Santa Fe Community College	13,358.3	15,329.2	14,309.4	(1,019.8)	-6.7%
968	Central New Mexico Community College	52,409.5	55,245.4	53,438.7	(1,806.7)	-3.3%
970	Luna Community College	7,808.4	8,417.9	7,996.6	(421.3)	-5.0%
972	Mesalands Community College	2,512.5	2,811.0	3,062.3	251.3	8.9%
974	New Mexico Junior College	7,974.8	7,000.0	7,825.0	825.0	11.8%
976	San Juan College	21,310.3	21,210.2	22,446.6	1,236.4	5.8%
977	Clovis Community College	10,489.3	10,422.0	9,821.4	(600.6)	-5.8%
	<i>Subtotal - Institutions</i>	719,578.3	793,952.2	804,055.6	10,103.4	1.3%
978	New Mexico Military Institute	788.8	1,763.5	1,913.4	149.9	8.5%
	New Mexico School for the Blind					
979	and Visually Impaired	153.1	306.4	277.9	(28.5)	-9.3%
980	New Mexico School for the Deaf	2,524.4	3,870.8	4,529.9	659.1	17.0%
	<i>Subtotal - Special Schools</i>	3,466.3	5,940.7	6,721.2	780.5	13.1%
950	Financial Aid	23,929.4	24,127.0	27,697.1	3,570.1	14.8%
	Higher Education Department Operating	16,895.3	20,379.8	21,977.5	1,597.7	7.8%
	<i>Subtotal - Higher Education Department</i>	40,824.7	44,506.8	49,674.6	5,167.8	11.6%
	Compensation for institutions	0.0	0.0	17,023.4	17,023.4	na
	Educational Retirement Board					
	contribution increase	0.0	0.0	6,350.4	6,350.4	na
TOTAL GENERAL FUND		763,869.3	844,399.7	883,825.2	39,425.5	4.7%
SUMMARY BY MAJOR FUNCTION						
	University I&G	370,823.3	417,087.3	427,277.2	10,189.9	2.4%
	Community College I&G	181,797.3	182,163.0	181,092.3	(1,070.7)	-0.6%
	UNM/HSC I&G	50,603.2	58,889.4	58,873.8	(15.6)	0.0%
	Special Schools	3,466.3	5,940.7	6,721.2	780.5	13.1%
	Nursing programs	6,947.9	8,136.6	8,136.6	0.0	0.0%

	FY07	FY08	FY09			
			Recurring	Recurring	Budget to	
					Recomm-	Dollar
Appropriation	Appropriation	mentation	Change	Change		
Dental programs	829.2	1,079.7	1,079.7	0.0	0.0%	
Athletics	11,404.2	13,315.2	13,315.2	0.0	0.0%	
NMHED - Oper/flow-thru's, excl nurs/dental/athl	12,799.5	14,544.8	16,142.5	1,597.7	11.0%	
NMHED - Student financial aid	23,929.4	24,127.0	27,697.1	3,570.1	14.8%	
Other programs	101,269.0	119,116.0	120,115.8	999.8	0.8%	
Compensation for institutions	0.0		17,023.4	17,023.4	na	
Educational Retirement Board contribution increase	0.0	0.0	6,350.4	6,350.4	na	
TOTAL GENERAL FUND	763,869.3	844,399.7	883,825.2	39,425.5	4.7%	

Performance Measures

	FY07 Target	FY07 Result	FY08 Target	FY09 Recomm
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UNM Main Campus

The purpose of the instruction and general program is to provide education services designated to meet the intellectual, educational and quality of life goals associated with the ability to enter the work force, compete and advance in the new economy and contribute to social advancement through informed citizenship.

Outcome	Number of first-time freshmen from New Mexico who are Native American	204	144	204	175
Outcome	Percent of full-time, degree-seeking, first-time freshmen retained to second year	76.5%	74.4%	76.6%	76.8%
Output	Number of post-baccalaureate degrees awarded	1,325	1,435	1,350	1375
Output	Number of degrees awarded using extended services	190	112	190	150
Outcome	Amount of external dollars for research and public service, in millions	\$116.7	\$112.3	\$117.0	\$112.0
Output	Number of undergraduate transfer students from two-year colleges	1,610	1,600	1,630	1600
Outcome	Percent of full-time, degree-seeking, first-time freshmen completing an academic program within six years	44.0%	43.4%	44.0%	44.5%

UNM Gallup Branch

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit post-secondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Outcome	Percent of new students taking nine or more credit hours successful after three years	42.2%	48.0%	42.5%	45%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	11%	8.9%	9.4%	9.4%
Outcome	Percent of graduates placed in jobs in New Mexico	60%	60.7%	60.4%	60.7%
Outcome	Percent of Hispanic students enrolled	10%	9.3%	10%	10%
Outcome	Percent of Hispanic graduates	11%	10.6%	11%	11%
Output	Number of students enrolled in the adult basic education program	730	580	735	735
Output	Number of students enrolled in the area vocational schools program	453	385	440	420
Efficiency	Percent of programs having stable or increasing enrollments	60%	65%	60%	65%
Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	82%	81.7%	82%	82%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	76%	74.5%	75%	75%

		FY07 Target	FY07 Result	FY08 Target	FY09 Recomm
UNM Los Alamos Branch					
The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit post-secondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.					
Outcome	Percent of new students taking nine or more credit hours successful after three years	65%	53.4%	65%	55%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	64%	47.2%	55%	55%
Outcome	Percent of graduates placed in jobs in New Mexico	65%	43.8%	43%	44%
Outcome	Percent of Asian graduates	5%	3.1%	5%	4%
Output	Number of students enrolled in the adult basic education program	485	414	485	460
Output	Number of students enrolled in the small business development center program	282	308	580	310
Efficiency	Percent of programs having stable or increasing enrollments	77%	48.5%	65%	65%
Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	78%	76.4%	75%	77%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	52%	61.7%	65.5%	65%
Outcome	Percent of white students enrolled	53%	44.4%	53%	53%
UNM Valencia Branch					
The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit post-secondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.					
Outcome	Percent of new students taking nine or more credit hours successful after three years	60%	66.4	62%	62%
Outcome	Percent of a cohort of full-time, first-time degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	12%	7.1%	23%	12%
Outcome	Percent of graduates placed in jobs in New Mexico	68%	66.5%	68%	68%
Outcome	Percent of Native Americans enrolled	4.7%	3.2%	4.4%	4.4%
Outcome	Percent of Native American graduates	3.5%	3.1%	3.5%	3.5%
Output	Number of students enrolled in the adult basic education program	950	885	950	950
Output	Number of students enrolled in the community services program	3,350	2819	3,000	3,000
Efficiency	Percent of programs having stable or increasing enrollments	75%	72.5%	75%	75%
Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	75%	89%	75%	80%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	82.5%	80.6%	83%	83%
UNM Taos Branch					
The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit post-secondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.					
Outcome	Percent of new students taking nine or more credit hours successful after three years	58%	59.6%	58%	59%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	20%	7.9%	23%	20%
Outcome	Percent of graduates placed in jobs in New Mexico	70%	64.5%	56%	65%
Outcome	Percent of males enrolled	34%	30%	34%	33%
Outcome	Percent of male graduates	21%	22.5%	21%	23%
Output	Number of students enrolled in the adult basic education program	100	360	250	300
Output	Number of students enrolled in the concurrent enrollment program	400	382	1,600	400
Efficiency	Percent of programs having stable or increasing enrollments	52%	54.8%	52%	55%

		<u>FY07 Target</u>	<u>FY07 Result</u>	<u>FY08 Target</u>	<u>FY09 Recomm</u>
Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	75%	65.6%	75%	70%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	82%	79%	78%	80%

UNM Health Sciences Center

The purpose of the instruction and general program is to provide education services designated to meet the intellectual, educational and quality of life goals associated with the ability to enter the work force, compete and advance in the new economy, and contribute to social advancement through informed citizenship.

Output	Number of degrees awarded using extended university courses	25	41	25	25
Output	University of New Mexico hospital inpatient readmission rate	12.0	9.8	12.0	4.8
Outcome	University of New Mexico inpatient satisfaction rate	79.1%	79%	80.1%	80.6%
Output	Number of university of New Mexico cancer research and treatment center clinical trials	185	230	188	220
Outcome	Pass rate on licensure test by college of nursing students	90.0%	94.4%	85.0%	85%
Outcome	Number of health science center technology commercialization activities	83	85	86	89
Output	Number of post-baccalaureate degrees awarded	275	253	277	300
Outcome	External dollars for research and public service, in millions	\$240.7	\$218	\$245.5	\$255
Outcome	Pass rates for step three of the United States medical licensing exam on the first attempt	99%	96%	98%	98%
Outcome	Percent of medical students who secured one of their top three choices in the residency program	84%	89%	86%	86%
Outcome	Medical student satisfaction rates on national standardized survey	89.3%	93.4%	91.0%	93%
Output	Number of university of New Mexico hospital clinic visits	362,806	364,063	381,571	425,150
Output	Number of university of New Mexico hospital inpatient discharges	23,166	22,832	23,748	26,781
Output	Percent of human poisoning exposures treated safely at home after poison and drug information center contact	70%	68%	70%	70%

NMSU Main Campus

The purpose of the instruction and general program is to provide education services designed to meet the intellectual, educational and quality of life goals associated with the ability to enter the work force, compete and advance in the new economy and contribute to social advancement through informed citizenship.

Outcome	Number of first-time, Native American freshmen enrolled	116	76	116	110
Outcome	Percent of full-time, degree-seeking, first-time freshmen retained to second year	75%	75.6%	75%	75%
Output	Number of degree programs offered via distance education	27	27	28	29
Quality	Percent of academic departments or programs using the results of student learning outcomes for improvement	91%	94%	91%	95%
Outcome	External dollars for research and creative activity, in millions	\$185.0	\$184.2	\$185.0	185.0
Output	Number of teacher preparation programs available at New Mexico community college sites	5	4	5	5
Outcome	Percent of full-time, degree-seeking, first-time freshmen completing an academic program within six years	50%	45%	50%	50%
Outcome	Number of undergraduate transfer students from two-year colleges	1,028	656	1,028	900

NMSU Alamogordo Branch

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit post-secondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Outcome	Percent of new students taking nine or more credit hours successful after three years	48%	45.2%	48%	48%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	14.4%	10.5%	14%	14%
Outcome	Percent of graduates placed in jobs in New Mexico	60%	66.3%	64%	66%
Outcome	Percent of Hispanic students enrolled	26%	25.9%	25.5%	25.5%
Outcome	Percent of Native Americans graduates	2.9%	3.5%	3.3%	3.7%
Output	Number of students enrolled in the adult basic education program	830	662	820	720
Output	Number of students enrolled in the small business	1,000	727	1,000	900

		<u>FY07 Target</u>	<u>FY07 Result</u>	<u>FY08 Target</u>	<u>FY09 Recomm</u>
Efficiency	development center program				
Outcome	Percent of programs having stable or increasing enrollments	75%	73.9%	90%	88%
Outcome	Percent of first-time, full-time degree-seeking students enrolled in a given fall term who persist to the following spring term	78%	74.9%	78%	78%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	75%	74.3%	75%	75%

NMSU Carlsbad Branch

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit post-secondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Outcome	Percent of new students taking nine or more credit hours successful after three years	55%	66.2%	55%	67%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate seeking community college students who complete the program in one hundred fifty percent of normal time to completion	7%	5%	7%	7%
Outcome	Percent of graduates placed in jobs in New Mexico	82%	79.8%	82%	82%
Outcome	Percent of Hispanic students enrolled	39%	38.4%	40%	40%
Outcome	Percent of Hispanic graduates	39%	33.0%	36%	36%
Output	Number of students enrolled in the contract training program	300	419	450	450
Output	Number of students enrolled in the area vocational school program	80	369	85	325
Efficiency	Percent of programs having stable or increasing enrollments	75%	63.2%	75%	75%
Outcome	Percent of first-time, full-time degree-seeking students enrolled in a given fall term who persist to the following spring term	75%	68.6%		71%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	84%	84.6%	83%	86%

NMSU Dona Ana Branch

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit post-secondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Outcome	Percent of new students taking nine or more credit hours successful after three years	41%	50.5%	43%	45%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	14.6%	9.7%	15%	15%
Outcome	Percent of graduates placed in jobs in New Mexico	77%	74.6%	77%	77%
Outcome	Percent of males enrolled	47%	43.2%	47%	45%
Outcome	Percent of Hispanic graduates	60%	60.4%	59%	60%
Output	Number of students enrolled in the contract training program	1,300	1944	1,500	1700
Output	Number of students enrolled in the adult basic education program	5,100	4732	5,100	5000
Efficiency	Percent of programs having stable or increasing enrollments	85%	91.4%	90%	91%
Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	81%	79.5%	81%	81%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	84%	81.4%	82%	82%

NMSU Grants Branch

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit post-secondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Outcome	Percent of new students taking nine or more credit hours successful after three years	46%	51.1%	47%	52%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	12%	14.7%	17.2%	15%
Outcome	Percent of graduates placed in jobs in New Mexico	79%	81.6%	80%	82%
Outcome	Percent of Hispanic students enrolled	32%	32.1%	33%	33%

		<u>FY07</u> <u>Target</u>	<u>FY07</u> <u>Result</u>	<u>FY08</u> <u>Target</u>	<u>FY09</u> <u>Recomm</u>
Outcome	Percent of Native American graduates	46%	42.1%	36%	43%
Output	Number of students enrolled in the adult basic education program	375	339	375	350
Output	Number of students enrolled in the community services program	1,180	626	725	700
Efficiency	Percent of programs having stable or increasing enrollments	70%	71.2%	70%	72%
Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	75%	77.8%	73.6%	78%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	84%	86.9%	85%	87%

New Mexico Highlands University

The purpose of the instruction and general program is to provide education services designed to meet the intellectual, educational and quality of life goals associated with the ability to enter the work force, compete and advance in the new economy and contribute to social advancement through informed citizenship.

Outcome	Percent of Native American students enrolled	8%	6.8%	8%	6.5%
Outcome	Percent of full-time, degree-seeking, first-time freshmen retained to second year	57%	58%	61%	53%
Output	Number of students enrolled in extended services	1,300	1,143	1,300	1,100
Outcome	Percent of graduating seniors indicating "satisfied" or "very satisfied" with the university on student satisfaction survey	93%	86.3%	90%	90%
Outcome	Percent of total funds generated by grants and contracts	23%	26%	20%	23%
Output	Number of undergraduate transfer students from two-year colleges	275	417	437	437
Output	Percent of full-time, degree-seeking, first-time freshmen completing an academic program within six years	28%	20%	20%	20%

Western New Mexico University

The purpose of the instruction and general program is to provide education services designed to meet the intellectual, educational and quality of life goals associated with the ability to enter the work force, compete and advance in the new economy and contribute to social advancement through informed citizenship.

Outcome	Number of entering first-time, full-time freshmen who are Native American	10	2	5	4%
Outcome	Percent of full-time, degree-seeking, first-time freshmen retained to second year	54%	50%	51%	50%
Output	Number of courses available through instructional television and online via the internet	115	187	175	180
Efficiency	Year-end instruction and general balance as a percent of instruction and general expenditures	3%-5%	3.7%	3%-5%	3-5%
Output	Number of graduates receiving teacher licensure	155	152	155	155
Outcome	External dollars to be used for programs to promote student success, in millions	\$4	\$4.6	\$4.1	\$3
Output	Number of undergraduate transfer students from two-year colleges	160	148	150	180
Output	Percent of full-time, degree-seeking, first-time freshmen completing an academic program within six years	23%	19.1%	20%	22%

ENMU Main Campus

The purpose of the instruction and general program is to provide education services designed to meet the intellectual, educational and quality of life goals associated with the ability to enter the work force, compete and advance in the new economy and contribute to social advancement through informed citizenship.

Outcome	Number of Hispanic first-year students enrolled	220	219	225	200
Outcome	Percent of full-time, degree-seeking, first-time freshmen retained to second year	62.5%	52.4%	60.0%	60%
Output	Number of internet-based courses offered	75	172	150	200
Outcome	External dollars supporting research and student success, in millions	\$8.65	\$7.8	\$8.80	\$8
Output	Number of undergraduate transfer students from two-year colleges	370	411	400	390
Output	Percent of full-time, degree-seeking, first-time freshmen completing an academic program within six years	32.5%	28.6%	33.0%	33%
Outcome	Percent of graduating seniors who are "satisfied" or "very satisfied" with their educational experience.	95.0%	96.8%	95.0%	96%

		FY07 Target	FY07 Result	FY08 Target	FY09 Recomm
ENMU Roswell Branch					
The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit post-secondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.					
Outcome	Percent of new students taking nine or more credit hours successful after three years	61%	52.7%	61%	60%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	12.5%	13.7%	13.5%	13.9%
Outcome	Percent of graduates placed in jobs in New Mexico	75.5%	69.2%	73%	73%
Outcome	Percent of males enrolled	46.5%	46.7%	46.5%	46.5%
Outcome	Percent of male graduates	25.5%	54%	26.5%	40%
Output	Number of students enrolled in the concurrent enrollment program	600	693	630	650
Output	Number of students enrolled in the distance education program	1,950	2914	2,000	2,100
Efficiency	Percent of programs having stable or increasing enrollments	80.5%	70.6%	80%	75%
Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	76%	74.6%	75.9%	75.5%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	85%	75.6%	76.5%	77%
ENMU Ruidoso					
The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit post-secondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.					
Outcome	Percent of new students taking nine or more credit hours successful after three years	61%	52.1%	59%	59%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	17.4%	10.9%	26.2%	20%
Outcome	Percent of graduates placed in jobs in New Mexico	66%	71.6%	75%	75%
Outcome	Percent of Hispanic students enrolled	22%	21.3%	22.5%	22.5%
Outcome	Percent of Hispanic student graduates	28%	21.7%	23.5%	25%
Output	Number of students enrolled in adult basic education	350	533	400	475
Output	Number of students enrolled in the contract training program	460	698	495	525
Efficiency	Percent of programs having stable or increasing enrollments	81%	75.4%	65%	75%
Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	75%	64%	54.9%	60%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	83%	80.2%	84%	84%
New Mexico Institute of Mining and Technology					
The purpose of the instruction and general program is to provide education services designed to meet the intellectual, educational and quality of life goals associated with the ability to enter the work force, compete and advance in the new economy and contribute to social advancement through informed citizenship.					
Outcome	Number of Hispanic and Native American first-time freshmen enrolled	60	100	80	90
Outcome	Percent of full-time, degree-seeking, first-time freshmen retained to second year	75%	69%	75%	75%
Output	Number of students enrolled in distance education courses	300	242	248	330
Output	Number of students registered in master of science teaching program	150	94	100	150
Outcome	External dollars for research and creative activity, in millions	\$71	\$85	\$75	\$100
Output	Number of undergraduate transfer students from two-year colleges	40	36	40	40
Output	Percent of full-time, degree-seeking, first-time freshmen completing an academic program within six years	50%	45%	45%	45%

		<u>FY07</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>
		<u>Target</u>	<u>Result</u>	<u>Target</u>	<u>Recomm</u>
Northern New Mexico College					
The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit post-secondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.					
Outcome	Percent of new students taking nine or more credit hours successful after three years	71%	63.1%	71%	70%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	15%	9.9%	15.0%	15%
Outcome	Percent of graduates placed in jobs in New Mexico	70%	61.9%	70%	70%
Outcome	Percent of Native Americans enrolled	9.3%	7.5%	9.3%	9.0%
Outcome	Percent of Native American graduates	7%	9.0%	7%	9.5%
Output	Number of students enrolled in the adult basic education program	300	411	300	400
Output	Number of students enrolled in the concurrent enrollment program	300	212	300	280
Efficiency	Percent of programs having stable or increasing enrollments	69%	57.8%	60%	60%
Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	75%	80%	75%	80%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	80%	73.0%	80%	80%
Santa Fe Community College					
The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit post-secondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.					
Outcome	Percent of new students taking nine or more credit hours successful after three years	45%	51%	48%	52%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	9%	5.9%	8%	7.9%
Outcome	Percent of graduates placed in jobs in New Mexico	78%	77.2%	78%	78%
Outcome	Percent of Hispanic students enrolled	43%	34.1%	43%	43%
Outcome	Percent of Hispanic graduates	47%	44.1%	46%	46%
Output	Number of students enrolled in the adult basic education program	2,300	1832	2,300	2,100
Output	Number of students enrolled in the contract training program	2,900	2932	3,000	3,000
Efficiency	Percent of programs having stable or increasing enrollments	75%	71.1%	77%	77%
Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	75%	76.1%	75%	76%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	80%	80.5%	78.5%	79%
Central New Mexico Community College					
The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit post-secondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.					
Outcome	Percent of new students taking nine or more credit hours successful after three years	44.2%	48%	48%	48%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	11%	8.0%	11%	11%
Outcome	Percent of graduates placed in jobs in New Mexico	83.5%	80.1	82%	82%
Outcome	Percent of Hispanic students enrolled	40.3%	41%	40.9%	41%
Outcome	Percent of Hispanic graduates	37.2%	37.2%	37.2%	37.4%
Output	Number of students enrolled in distance education program	2,600	4812	2,900	3500
Output	Number of students enrolled in concurrent enrollment program	550	948	650	750
Efficiency	Percent of programs having stable or increasing enrollments	85%	75.7%	85%	80%
Outcome	Percent of first-time, full-time, degree-seeking students	81.3%	77.7%	83.3%	80%

		<u>FY07 Target</u>	<u>FY07 Result</u>	<u>FY08 Target</u>	<u>FY09 Recomm</u>
enrolled in a given fall term who persist to the following spring term					
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	84%	85.1%	84%	85%

Luna Community College

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit post-secondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Outcome	Percent of new students taking nine or more credit hours successful after three years	71%	55.3%	54%	57%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	25%	24.7%	22.5%	25%
Outcome	Percent of graduates placed in jobs in New Mexico	93%	91.7%	90%	92%
Outcome	Percent of white students enrolled	16%	12.6%	16%	16%
Outcome	Percent of male graduates	25%	21.4%	25%	25%
Output	Number of students enrolled in the health education center program	2,500	3173	2,800	3200
Output	Number of students enrolled in the small business development center program	350	278	400	325
Efficiency	Percent of programs having stable or increasing enrollments	75%	58.2%	80%	80%
Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	84%	86.4%	80%	82%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	96%	94.3%	90%	93%

Mesalands Community College

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit post-secondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Outcome	Percent of new students taking nine or more credit hours successful after three years	42.1%	48.9%	45.6%	49%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	15.8%	27.2%	30%	30%
Outcome	Percent of graduates placed in jobs in New Mexico	59.2%	69.3%	67.5%	69.6%
Outcome	Percent of Hispanic students enrolled	37.5%	34.6%	36.6%	36.6%
Outcome	Percent of female graduates	41.4%	42.9%	39.3%	43%
Output	Number of students enrolled in the adult basic education program	390	235	390	300
Output	Number of students enrolled in the small business development center program	75	64	75	70
Efficiency	Percent of programs having stable or increasing enrollments	80%	76.7%	80%	80%
Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	75%	60%	64%	64%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	65.6%	71.9%	67.5%	72%

New Mexico Junior College

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit post-secondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Outcome	Percent of new students taking nine or more credit hours successful after three years	65%	58.1%	65%	60%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	25%	33%	27%	30%
Outcome	Percent of graduates placed in jobs in New Mexico	66%	65.6%	67%	67%
Outcome	Percent of Hispanic students enrolled	34%	37.1%	34%	35%
Outcome	Percent of Hispanic graduates	34%	37%	34%	35%

		<u>FY07 Target</u>	<u>FY07 Result</u>	<u>FY08 Target</u>	<u>FY09 Recomm</u>
Output	Number of students enrolled in the area vocational school program	180	335	182	200
Output	Number of students enrolled in distance education program	3,000	9068	4,300	7,000
Efficiency	Percent of programs having stable or increasing enrollments	82%	76.1%	82%	80%
Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	72.1%	70.1%	72.5%	72.5%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	77.9%	72.8%	76%	76%

San Juan College

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit post-secondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Outcome	Percent of new students taking nine or more credit hours successful after three years	66%	68.1%	71%	70%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	15%	14.6%	15.7%	15.7%
Outcome	Percent of graduates placed in jobs in New Mexico	65%	61%	62%	62%
Outcome	Percent of Native Americans enrolled	27%	32.4%	27%	29%
Outcome	Percent of Native American graduates	26%	21.9%	26%	25%
Output	Number of students enrolled in the community services program	2,720	2812	2,720	2,900
Output	Number of students enrolled in the service learning program	375	433	385	400
Efficiency	Percent of programs having stable or increasing enrollments	85%	61.5%	85%	80%
Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	82%	74.0%	80%	80%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	70%	64.9%	70%	67%

Clovis Community College

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit post-secondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

Outcome	Percent of new students taking nine or more credit hours successful after three years	55%	70.3%	72%	72%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	20%	8.7%	20%	20%
Outcome	Percent of graduates placed in jobs in New Mexico	81%	70.4%	72%	72%
Outcome	Percent of Hispanic students enrolled	28%	28.2%	29%	29%
Outcome	Percent of Hispanic graduates	27%	28.7%	29%	29%
Output	Number of students enrolled in the distance education program	1,050	1363	1,100	1,200
Output	Number of students enrolled in the concurrent enrollment program	450	546	560	600
Efficiency	Percent of programs having stable or increasing enrollments	80%	71.4%	79%	75%
Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	75%	78.9%	81%	81%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	85%	77.3%	79%	79%

		FY07 Target	FY07 Result	FY08 Target	FY09 Recomm
New Mexico Military Institute					
Provide a military education culminating in an AA or AS Degree					
Output	Percent of full-time-equivalent capacity enrolled each fall term	95%	90%	95%	95%
Outcome	American college testing composite scores for graduating high school seniors	21.5	22.1	21.5	21.5
Outcome	Collegiate assessment of academic proficiency reading scores for graduating college sophomores	61	59	61	61
Outcome	Collegiate assessment of academic proficiency mathematics scores for graduating college sophomores	62	58	62	62
Quality	Number of faculty holding master's or doctoral degrees from accredited institutions	59	63	60	60
Quality	Number of faculty development events	70	89	72	75
Efficiency	Percent of cadets on scholarships or financial assistance	68%	80%	70%	75%
Efficiency	Total annual cost of attendance	\$8,400	\$8,302	\$8,302	\$8,302

Executive Summary

The New Mexico School for the Blind and Visually Impaired provides education and services to ensure that blind and visually-impaired children can lead independent, productive lives.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	306.4	277.9	-9.4%
Total Sources	12,655.2	10,513.0	-17%
Program			
New Mexico School for the Blind and Visually Impaired	12,655.2		
Total Uses	12,655.2	10,513.0	-17%

- The Executive recommends \$10.0 in recurring funds for the Low Vision Clinic.

Agency Mission and Program Purpose

The New Mexico School for Blind and Visually Impaired is constitutionally established as a state educational institution. The school provides the training, support and resources necessary to prepare blind and visually-impaired children of New Mexico to participate fully with their families, in their communities, in the work force, and to lead independent, productive lives.

The school offers a full continuum of educational programs and services for visually-impaired children from birth through age 21. The residential facility in Alamogordo provides educational and social services to students from kindergarten through 12th grade. The Early Childhood Program provides services to students from birth through first grade in homes, hospitals, public schools and at a site-based program in Albuquerque. The Outreach Program provides support to students in their home districts throughout the state through itinerant teachers.

The school serves 60 students in its residential facility and over 1,000 students in its Early Childhood and Outreach programs. Graduates of the residential facility pursue many different paths, including entering sheltered work environments, vocational training and higher education.

The school has a five-member Board of Regents, of which one member must be visually impaired and one member must be a parent of a visually-impaired child.

Statutory Authority: Article XII, Section 11 of the Constitution of New Mexico.
Sections 21-5-1 through 21-5-23 NMSA 1978.

Executive Recommendation*Agency Strategic Directions*

The school directly supports the Executive's performance and accountability policy, *Making Schools Work*, by collaborating with home, school and community partners to increase student preparedness through academic and compensatory skills instruction and to provide support services and resources that allow students to reach their full potential.

Key Elements of Recommendation

The Executive recommendation provides \$277.9 in General Fund of which \$10.0 is recurring for the Low Vision Clinic. Building renewal and replacement is funded at \$267.9. The General Fund request appears to be lower this fiscal year because in FY08 the school received \$5.5 million non-recurring funds for the early childhood component of the school.

Performance Report

The school met or exceeded 80% of its targets in FY07. Most notable were the number of training opportunities within the state that used a diverse service delivery model. There were 112 training sessions throughout the state. For FY09, the types of training and models that are anticipated to be delivered are much more comprehensive and have been restructured to meet the needs of the recipients and communities. The FY09 target is four comprehensive training opportunities.

The percentage of parent and district ratings of overall quality of services increased five percent to 91% for FY07. An opportunity for improvement exists in refining the performance measure language to reflect actual staff proficiency in Braille once the probationary two-year period is over. The school included new staff in the performance measure report that were learning Braille as not proficient, impacting the overall outcome of the measure. The school no longer tracks eight measures that were rolled into comprehensive measures at the end of FY07.

Budget Summary Tables

New Mexico School for the Blind and Visually Impaired
Instruction and General Budget
Unrestricted Funds
(Dollars in Thousands)

	FY07 Actuals	FY08 Budget	Request	Recom- mendation	FY09	
					Dollar Change	<u>Budget to Recommendation</u> Percent Change
Beginning Balance	373.4	746.3	684.8	766.3	20.0	2.7%
Sources						
General Fund	333.4	6,183.4	277.9	277.9	(5,905.5)	-95.5%
Land Grant and Permanent Fund	9,359.2	9,756.6	9,756.6	9,756.6	0.0	0.0%
Other Revenues	275.2	478.5	478.5	478.5	0.0	0.0%
Fund Balance	0.0	373.4			(373.4)	na
TOTAL SOURCES	9,967.8	16,791.9	10,513.0	10,513.0	(6,278.9)	-37.4%

New Mexico School for the Blind and Visually Impaired

97900

Uses						
Expenditures	11,159.6	7,360.9	13,658.6	13,740.0	6,379.1	86.7%
Transfers Out	(1,190.3)	3,629.1	(3,227.0)	(3,227.0)	(6,856.1)	na
TOTAL USES	9,969.3	10,990.0	10,431.6	10,513.0	(477.0)	-4.3%
Ending Balance	371.9	6,174.8	766.3	766.3	(5,408.5)	-87.6%

Notes:

FY09 "Transfers Out" includes \$3,227 transfer to endowment fund

Performance Measures

		<u>FY07</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>
		<u>Target</u>	<u>Result</u>	<u>Target</u>	<u>Recomm</u>
New Mexico School for the Blind and Visually Impaired					
The purpose of the New Mexico School for the Blind & Visually Impaired program is to provide the training, support, and resources necessary to prepare blind and visually-impaired children of New Mexico to participate fully in their families, communities, in the work force, and to lead independent, productive lives.					
Outcome	Percent of students achieving at least seventy percent of annual individualized education	95%			
Output	Number of students served at main campus	60			
Quality	Number of staff proficient in Braille on main campus	52		52	
Efficiency	Ratio of students per teacher at main campus	5:1			
Outcome	Percent of students achieving at least seventy percent of annual individualized education program goals in the early childhood program	80%			
Output	Number of students served through the early childhood program	500			
Quality	Number of staff proficient in Braille within early childhood program	20		27	
Efficiency	Number of students per teacher in the early childhood program	6:1			
Output	Number of students served through outreach programs	200			
Quality	Percent of parents' and districts' rating of overall quality of services based on annual survey	80%	91%	86%	95%
Output	Number of students served through a full continuum of services		1947	1,979	1,979
Outcome	Number of training opportunities within the state using a diverse service delivery model	2	112	4	4
Outcome	Number of contacts with outside agencies	50	102	60	90
Efficiency	Number of interactions and communications among departments and programs	25	26	26	10

Executive Summary

The New Mexico School for the Deaf (NMSD) provides school programs to children ages 18 months to 21 years and residential services for children ages six to 21 on its Santa Fe campus. NMSD has preschool and kindergarten programs in Albuquerque and Las Cruces, a statewide parent-infant/child program for children ages birth to six years and statewide outreach services to deaf and hard-of-hearing students enrolled in local education agencies.

	FY08	FY09	
	Operating	Recommendation	% Change
	<u>Budget</u>	<u>Recommendation</u>	
General Fund	4,314.2	4,529.9	4.8%
Total Sources	14,550.4	14,770.4	1.5%
Program			
New Mexico School for the Deaf	14,550.4	14,770.4	1.5%
Total Uses	14,550.4	14,770.4	1.5%
FTE			

- The Executive recommends \$4,529.9 in General Fund and \$9,800.0 from the Land Grant and Permanent Fund.

Agency Mission and Program Purpose

The New Mexico School for the Deaf (NMSD) was established in 1887 to provide care and instruction of deaf and hard-of-hearing residents within the State of New Mexico. It was the first public school in the state and is the only land grant school for the deaf in the country. The administration and main campus are located in Santa Fe, with preschools in Albuquerque and Las Cruces, a statewide parent-infant/child program and statewide outreach services for staff working with students enrolled in their local education agency.

The School is established as a state educational institution in the New Mexico Constitution. The Governor appoints the five-member Board of Regents. The regents serve six-year terms and at least one must be a deaf person, one must be a parent of a deaf child and no more than three may be members of the same political party.

Any child or youth who resides in New Mexico, has a diagnosed hearing loss, and whose individualized education program (IEP) team agrees that placement is appropriate is eligible for enrollment in the preschools in Albuquerque and Las Cruces or the residential school in Santa Fe. Students are eligible to be considered for residential services at age six. Students from New Mexico attend free of charge. Any child with a diagnosed hearing loss age birth through six is eligible for the early intervention program Step*Hi. The School also provides outreach services to educational staff of children and youth who are enrolled in their local public schools. In FY06, NMSD served 135 students on its campuses; 182 deaf and hard-of-hearing children up to the age of six through its parent intervention program; and 219 students in its outreach programs.

NMSD offers several programs for deaf and hard-of-hearing students on its residential campus and throughout the state. Preschool and kindergarten programs provide comprehensive and stimulating early childhood learning environments for young children. The K-12 residential and academic program encompasses traditional and elective subjects with a special emphasis on language and literacy development. Residential student life also offers a wide range of residential, educational and recreational after-school activities, such as athletics, clubs and life skills development. The Step*Hi program offers statewide, family-centered, early intervention services for babies, toddlers and young children. The Outreach Program provides expert consultation and professional development opportunities to school districts statewide that serve deaf and hard-of-hearing students. The Summer Program provides a place where deaf or hard-of-hearing children in grades three through 12, who may or may not be enrolled in the school throughout the year, join together in fun, adventurous, academic and non-academic activities.

Statutory Authority: Article XII, Section 11 of the Constitution of New Mexico.
Sections 21-6-1 through 21-6-3 NMSA 1978.

Executive Recommendation

Agency Strategic Directions

NMSD directly supports the Executive's performance and accountability policy, *Making Schools Work*. The Deaf and Hard-of-Hearing Children's Educational Bill of Rights requires that deaf and hard-of-hearing children be placed in the least restrictive educational environment and receive services based on their unique communication, language and educational needs. The Bill of Rights also requires that the Public Education Department develop a model for considering the communication needs for students who are deaf or hard-of-hearing, that will become part of the IEPs for such students within the public school system.

NMSD continues to work with the Public Education Department to disseminate and train on the "communication considerations" IEP required addendum. NMSD has developed interpreter standards and training for school districts to use in enhancing education services to deaf and hard-of-hearing students attending programs in their local districts. NMSD is also working with the Public Education Department in training administrators statewide on new deaf and hard of hearing educational guidelines. The school worked with the Governor's Commission on Disability and other state agencies to sponsor the second statewide transition summit that focused on School-to-Work and School-to-Postsecondary Education programs.

Key Elements of Recommendation

The Executive recommends \$4,529.9 in General Fund to sustain operations and outreach programs as well as \$9,800.0 from the Land Grant and Permanent Fund.

Performance Report

The School met or exceeded most of its targets for FY07. Most impressive is the 90% success rate of students that transition to post-secondary education, vocational-technical training schools, junior colleges, work training or employment for graduates based on a three-year rolling average. The measure of individualized education program meetings that address special factors of language and communication was maintained at 100% as was the Level I beginning licensed teachers that were assigned a mentor. The performance measures that are currently in place for NMSD may not accurately reflect the true outcomes and successes that are experienced by the school and children and families in the outreach programs. An example is the measure that looks at the number of children per year referred to the Step*Hi program by age six months identified through newborn hearing screening. The screening is not under the purview of NMSD but rather the Department of Health, so there is a disconnect and lack of control by the school. The Executive recommends in coordination with the Legislative Finance Committee, a review and reworking of the measures for FY09.

Budget Summary Tables

**New Mexico School for the Deaf
Instruction and General Budget
Unrestricted Funds
(Dollars in Thousands)**

	FY09					
	<u>FY07 Actuals</u>	<u>FY08 Budget</u>	<u>Request</u>	<u>Recom- mendation</u>	<u>Budget to Recommendation Dollar Change</u>	<u>Percent Change</u>
Beginning Balance	2,453.3	3,669.6	3,623.2	3,623.2	(46.4)	-1.3%
SOURCES						
General Fund	2,740.7	4,314.2	3,620.8	4,529.9	215.7	5.0%
Land Grant and Permanent Fund	9,458.0	9,800.0	10,290.0	9,800.0	0.0	0.0%
Other Revenue	642.6	436.2	457.9	440.5	4.3	1.0%
Fund Balance	0.0	0.0	0.0	0.0	0.0	0.0%
TOTAL SOURCES	12,841.3	14,550.4	14,368.7	14,770.4	220.0	1.5%
USES						
Expenditures	10,417.0	12,846.4	13,423.5	13,494.3	647.9	5.0%
Transfers Out	1,208.0	1,750.4	1,288.0	1,276.1	(474.3)	-27.1%
TOTAL USES	11,625.0	14,596.8	14,711.5	14,770.4	173.6	1.2%
Ending Balance	3,669.6	3,623.2	3,280.4	3,623.2	0.0	0.0%

Notes:

FY09 recommendation does not include funding for proposed compensation package

Performance Measures

		<u>FY07 Target</u>	<u>FY07 Result</u>	<u>FY08 Target</u>	<u>FY09 Recomm</u>
New Mexico School for the Deaf					
The mission of the New Mexico School for the Deaf is to provide a school-based comprehensive, fully-accessible and language-rich learning environment for its students who are deaf and hard-of-hearing, and to work collaboratively with families, agencies and communities throughout the state to meet the unique communication, language and learning needs of children and youth who are deaf and hard-of-hearing.					
Outcome	Percent of students in grades three to twelve demonstrating academic improvement across curriculum domains	75%	72%	75%	75%
Outcome	Percent of students in grades three to twelve who are significantly cognitively delayed demonstrating sufficient growth across curricular domains	75%	95%	75%	75%
Outcome	Rate of transition to post-secondary education, vocational-technical training schools, junior colleges, work training or employment for graduates based on a three-year rolling average	90%	90%	90%	90%
Outcome	Percent of students in grades three to twelve who are late language learners who demonstrate significant gains in language and communication as demonstrated by pre- and post-test results	80%	84%	80%	85%
Outcome	Percent of parents satisfied with educational services from New Mexico school for the deaf	90%	91%	90%	90%
Outcome	Number of teachers and support staff participating in a two-year intensive staff development-training program in bilingual education methodologies		12	10	10
Outcome	Percent of parents with children receiving outreach services indicating ability to make informed decisions about educational options and programs	100%	64%	100%	100%
Outcome	Percent of individualized education program meetings that address special factors of language and communication	100%	100%	100%	100%
Outcome	Number of children per year referred to the step ^{hi} program by age six months identified through newborn hearing screening	15	11	20	*
Outcome	Percent of students enrolled in preschool, kindergarten and first and second grade programs demonstrating three to six month developmental progress	100%	92%	100%	100%
Outcome	Percent of level one beginning licensed teachers assigned a mentor		100%	90%	90%

Executive Summary

Public School Support (PSS) funds New Mexico's public education system, which is responsible for providing a free education to all the children of school age in the state.

	FY08 Operating <u>Budget</u>	FY09 <u>Recommendation</u>	<u>% Change</u>
General Fund	2,469,721.6	2,586,536.6	4.7
Total Sources	2,469,721.6	2,586,536.6	4.7
Program			
State Equalization Guarantee	2,272,533.9	2,370,255.6	4.3
Categorical:			
Transportation	105,566.9	110,844.3	5.0
Instructional Material	37,224.9	41,452.1	11.4
Other	17,870.0	17,870.0	0.0
Other Public Education Support	36,525.9	46,114.6	26.3
Total Uses	2,469,721.6	2,586,536.6	4.7

* Excludes Public Education Department, which is discussed in a separate section of this document.

- The Executive's base recommendation for the State Equalization Guarantee includes \$10,530.1 for enrollment growth; \$3,758.8 for fixed costs; and \$19,000.0 for insurance costs.
- For public school employee compensation, the Executive recommendation includes a total of \$58.8 million to provide: a 3% compensation increase for all teachers; and a 3% compensation increase for all other school employees including transportation. The 3% compensation increase includes a 0.75% increase in employers' ERB contribution.
- The recommended increase for the Transportation Program is \$5,277.4 for operating costs, including \$1,362.0 for a 3% salary increase for transportation employees. The 3% compensation increase includes a 0.75% increase in employers' ERB contribution.
- The Instructional Material Fund recommendation of \$41,452.1, an increase of \$4,227.2, supports career preparation, driver's education, and adult basic education (ABE) materials, scheduled for purchase next fiscal year.
- The Executive supports continued funding of \$2,500.0 to the Schools in Need of Improvement Fund in categorical.
- Key Executive initiatives are given priority for Other Public Education Support: \$2,000.0 for advanced placement; \$3,500.0 for after school enrichment programs; \$1,000.0 for anti-obesity programs, an increase of \$350.0; \$5,771.8 for elementary school breakfasts, an increase of \$3,321.8; \$13,000.0 for elementary physical education, an increase of \$5,000.0; \$23.3 million for Pre-Kindergarten (\$11.7 million to Public School Support and \$11.7 million to Children, Youth and Families Department), an increase of \$9.3 million; \$5,500.0 for school improvement; and \$1,670.0 for distance learning and the statewide Cyber Academy, an increase of \$1 million.

Agency Mission and Program Purpose

Public School Support (PSS) fulfills New Mexico's constitutional requirement to provide a uniform system of free public schools sufficient for the education of, and open to, children of school age. Annually, the State of New Mexico spends almost half of its General Fund on its system of public schools and most of these state funds flow through the PSS mechanism.

These funds are administered by the Public Education Department (PED), an Executive agency created through a constitutional amendment in 2003 as one element of landmark education reform legislation, Public School Reforms (House Bill 212), signed by the governor on April 5, 2003. Other key elements of New Mexico education reform include the Indian Education Act; the three-tiered teacher licensure system; a constitutional amendment providing additional funding for education reform from the Land Grant Permanent Fund; the Pre-Kindergarten program for four-year old children; and establishment of the Higher Education Department.

The responsibility for delivering on the promise of education reform rests on the shoulders of the teachers, administrators and other educational staff in over 800 public schools across 89 school districts. The purpose of the PSS is to provide these professionals necessary resources and support to prepare the next generation of New Mexicans.

The components of the Public School Support budget include the State Equalization Guarantee, Categorical Public School Support and Other Education Support.

Statutory Authority: Article XII, Section 1 of the New Mexico Constitution and Chapter 22, NMSA 1978.

State Equalization Guarantee

Pursuant to Section 22-8-25 NMSA 1978, the State Equalization Guarantee (SEG) distribution is that amount of money distributed to each school district to ensure that the school district's operating revenue, including its local and federal revenues, is at least equal to the school district's program cost. Components of the SEG include base program costs; increases in enrollment, fixed costs, insurance costs and compensation; and phase-in of new programs, such as elementary physical education. The amount distributed to each school district is based on the number of units generated by each school district pursuant to Section 22-8-19 through 22-8-23.8 NMSA 1978 and the unit value set by the secretary of education in accordance with Section 22-2-1 NMSA 1978.

Categorical Public School Support

The several programs making up Categorical Public School Support include Transportation, Supplemental Distributions, Instructional Material Fund, Education Technology Fund, Indian Education Fund, School Library Material Fund, Schools in Need of Improvement Fund and Teacher Professional Development Fund. The methods for distributing these various funds to public schools are described briefly in the following sections.

Transportation funds are distributed to public schools under Section 22-8-26 NMSA 1978, which requires that money in the transportation distribution of the Public School Fund be used only for the purpose of making payments to each school district for to-and-from school transportation costs of K-12 students attending public school within the school district and of three- and four-year-old

children who meet approved criteria and the definition of developmentally disabled and for transportation of students to and from their regular attendance centers and the places where vocational education programs are being offered.

The Secretary of Education is authorized to make the following Supplemental Distributions pursuant to Section 22-8-30 NMSA 1978:

- Out-of-State Tuition, which provides for the payment of out-of-state tuition for New Mexico students subject to the Compulsory School Attendance law in several districts, who attend school outside the state because of the unavailability of school facilities in the school district in which they live.
- Emergency distributions to school districts with unanticipated financial need that must demonstrate through an emergency request that they do not have cash or invested reserves or other resources or any combination thereof equal to 5 percent or more of their respective net operational budgets.
- Emergency capital outlay distributions provide funds to school districts that have experienced an unexpected capital outlay emergency demanding immediate attention.

Instructional Materials appropriations flow to PED through the Instructional Material Fund, established in Section 22-15-5 through 22-15-6, for the purpose of providing resources to purchase and transport instructional materials used in public school classrooms. PED maintains a multiple list of books, publications, and other instructional media with input from communities and districts. Disbursements from this fund are made by the Department of Finance and Administration from warrants submitted by PED on behalf of school districts.

Education Technology funds are appropriated to PED for the purpose of implementing the provisions of the Technology for Education Act (22-15A-1 through 22-15A-10). The Act establishes an Education Technology Bureau in PED led by a Bureau Chief appointed by the Secretary of Education. The Bureau develops a statewide plan for the integration of educational technology into the public schools and coordinates technology-related education activities with other state agencies, the federal government, business consortia and others; and assists school districts to develop and implement a strategic, long-term plan for utilizing educational technology in their school systems. Upon annual review and approval of a school district's educational technology plan, the Bureau must determine a separate distribution from the Educational Technology Fund for each school district. On or before July 31 of each year, the Bureau must distribute money in the Fund directly to each school district in an amount equal to 90 percent of the school district's estimated adjusted entitlement.

Indian Education funds are appropriated to the Indian Education Fund for the purpose of implementing the provisions of the Indian Education Act (12-23A-1 through 12-23A-8 NMSA 1978). The act establishes the Indian Education Division within the Public Education Department. The Division provides assistance to school districts and tribes to meet the educational needs of American Indian students; assistance in the development of culturally relevant instructional and curricular materials; coordinates technical assistance to public schools that serve American Indian students; establishes an Indian education advisory council; and among other requirements seeks funds to increase the number of American Indian teachers and principals and provide professional development services to the same. Money in the fund is non-reverting and is administered by the

Public Education Department to distribute awards to support the Indian Education Act. School library material appropriations flow to the Public Education Department through the School Library Material Fund established as part of the School Library Materials Act (22-15C-1 through 22-15C-10 NMSA 1978) for the purpose of providing an account from which the PED may distribute money to school districts and state institutions to pay for the cost of purchasing school library materials. School library materials refer to books and other educational media, including online reference and periodical databases that are made available in a school library to students for circulation and use in the library. On or before July 1 of each year, PED must distribute from the fund at least 90% of the estimated entitlement for each school district or state institution as determined by estimated fortieth-day membership for the next school year. Adjustments for distributions are recalculated on before January 15 of each year.

The Teacher Professional Development Fund is established as part of the Public School Finance Act (22-8-1 through 22-8-48 NMSA 1978) for the purpose of providing funding for professional development programs and projects for public school teachers. The fund consists of appropriations, gifts, grants, donations and income from the investment of the fund. Money in the fund does not revert to any other fund at the end of a fiscal year. The fund is administered by the Public Education Department. PED is required to evaluate the success of each professional development program or project funded, and report its findings to the legislature each year.

Other Education Support

Other Education Support includes programs such as Advanced Placement, Apprenticeship Assistance, Beginning Teacher Mentorship, Breakfast For Elementary Students, Kindergarten-Three Plus and PreK Program. These programs and others provide targeted resources and support to public schools to enable them to provide quality education while meeting federal requirements, and the needs and requirements of learners, parents, communities, school districts, educators, and other stakeholders.

Executive Recommendation

Agency Strategic Directions

During the 2007 interim, the Executive refined and extended a framework entitled *Making Schools Work* to ensure every New Mexico child gets a world-class education. Under *Making Schools Work*, the Executive has developed a coordinated PreK-20 education system. The system focuses on raising the level of excellence for all students by closing the student achievement gap that exists among the diverse student populations within New Mexico, and among New Mexico students and those students in other states and countries.

The Governor's *Making Schools Work* agenda outlines the FY09 strategic policy initiatives for PreK and K-12 public schools:

- Ensuring that all young children are ready for school;
- Keeping students healthy and ready to learn by providing access to health care, healthy food and physical fitness activities;
- Increasing parents' involvement in their children's education;
- Increasing the level of educational excellence for all students;

- Closing the student achievement gap by supporting the children and schools who need the most help;
- Ensuring that all students are taught by qualified teachers; and
- Ensuring that students graduate from high school prepared to succeed in higher education and the workplace.

These seven strategic policy initiatives, combined with the strategic policy initiatives for higher education, significantly increase the chances that students will be successful at every level of the education system and progress smoothly from pre-kindergarten through graduation and emerge ready to take their place as productive members of their families, their state, and their world.

Key Elements of Recommendation

The details on the key elements of the Executive recommendations are organized under the following: Opening The Doors, Categorical School Support, Public School Compensation, Other Public Education Support, Making Schools Work Framework, Information Technology Appropriations and School Finance Support.

Including the Public Education Department, the Executive's FY09 Public School Support recommendation is \$2,603,703.1, a \$119,025.2 (4.8%) increase over the FY08 appropriation of \$2,484,677.9. The Executive's budget recommendation, as discussed below within the context of its seven strategic policy initiatives, will enable New Mexico's schools to better prepare all of the state's students to succeed in an increasingly complex world.

The Executive is also recommending a series of multi-year initiatives funded from nonrecurring revenue sources. Some of these initiatives are recommended from the Public School "lockbox" fund set aside by the Legislature in 2004 to implement public school reform.

The FY09 Executive recommendations are presented in five sections in the attached table entitled *Public School Support and Related Appropriations for FY09*. The line numbers referenced throughout this document are associated with that table. The sections include:

- Program Costs and the State Equalization Guarantee (lines 1-19)
- Categorical Public School Support (lines 20-36)
- Other Public Education Recurring (lines 38-61)
- Public Education Nonrecurring (lines 63-82)
- Information Technology Appropriations (lines 83-84)

Open the Doors

State Equalization Guarantee. Enrollment growth is funded through the public school funding formula known as the state equalization guarantee (SEG). The enrollment growth factor is designed to provide funds to districts growing at a rate of one percent or greater, based on the 40th-day average daily membership of a school year. The intent is to cover the costs incurred as a result of that growth, such as additional instructional staff and supplies. The Executive recommendation for enrollment growth of \$10,530.1 is based on the 2008-2009 budgeted enrollment growth units, funding 2,888,313 enrollment growth units.

The fixed costs (*line 3*) increase of \$3,758.8 is distributed through the funding formula; it is based on increases for energy and other expenses including auditing, rents and leases, buildings and grounds, vehicle maintenance, general supplies, materials and software.

Insurance costs (*line 4*) are funded through the formula. The Executive recommends \$19,000.0.

The Executive recommendation for the 0.75% increase in the employer share of the educational retirement contributions (*line 13*) is included in the recommendations for compensation.

The Executive recommendation for Elementary Physical Education (*line 14*) is presented in detail under *Making Schools Work* later in this section.

Assessment and Test Development - School District Costs - \$464.8 (line 15). The Executive recommends \$464.8 to help school districts with covering the costs of the printing, scoring and reporting of the New Mexico Standards Based Assessment in reading, math, science and writing in English and Spanish in grades 3-8; reading and math in English and Spanish in grade 11; social studies in English in grade 11; and the New Mexico High School Competency Exam in grades 10-12 in English and Spanish. This will maintain the PED's compliance with federal mandates in the No Child Left Behind Act of 2001 regarding state assessment and accountability systems.

There are four sources of revenue for public schools for which the state takes credit in calculating the SEG. The credit for federal impact aid payments, the forest reserve allocation and ½ mill levy property tax is determined by multiplying each of these sources by 75%; the estimated FY09 credit is \$55,400.0, \$200.0 less than FY08 (*line 17*). These federal impact aid revenues have been declining. The credit for drivers' safety fees is estimated at \$750.0, the same amount as FY08 (*line 18*).

Categorical Public School Support. The transportation distribution (*lines 20-26*) is used to make payments to each public school district for to-and-from school transportation costs of students in K-12 grades, of 3- and 4-year-old children who meet approved criteria in the definition of developmentally disabled and for transportation of students to and from their regular attendance centers and vocational education programs. For FY09, the normal cycle of bus replacements will cost New Mexico \$468.8. The funding will benefit all schools and districts in New Mexico by guaranteeing that students have the benefit of safe transportation to and from home and school. In addition to bus replacement, this transportation increase of \$5,277.4 over the FY08 level funds takes into account increases in fuel costs, educational retirement contributions and compensation.

Based on data and the requests of participating school districts, the Executive recommendation for supplemental out-of-state tuition distributions (*line 28*) maintains current funding levels at \$370.0. These funds provide out-of-state tuition to Lordsburg and Alamogordo as a cost-savings measure; students in these two districts are allowed to attend school in Arizona and Texas, rather than be bussed long distances to attend an in-district school.

Emergency Supplemental - \$2,000.0. (line 29); Emergency Supplemental - \$6,300.0 nonrecurring (line 67). The Executive recommendation for supplemental emergency distributions is to fund this program at its current General Fund level of \$2,000.0. This funding provides for districts that experience a shortfall

in their budgets. The \$2,000.0 recurring funding for this program has been combined with the \$6,300.0 in nonrecurring funds on line 67. For FY09, PED projects a need for total supplemental distributions for FY08 at \$11,551.2 to fulfill provisions of Section 22-8-30, NMSA 1978. PED reports that 26 school districts have applied for distributions from the \$8,300.0 emergency supplemental funding. The districts that have requested supplemental distributions include Cimarron, Cloudcroft, Cobre, Corona, Des Moines, Dora, Elida, Ft. Sumner, Grady, Hatch, Hondo, House, Lake Arthur, Logan, Maxwell, Moriarty, Mosquero, Pojoaque, Questa, Reserve, Roy, Socorro, Springer, Vaughn, Wagon Mound, and West Las Vegas.

The Executive recommends an increase of \$4,227.2 over the FY08 level for Instructional Material (line 30) to fund the adoption of instructional materials for career prep, driver education materials and adult basic education (ABE).

The Executive recommends maintaining funding for the Educational Technology Fund (line 31) at \$6,000.0, the same as for FY08.

The Executive recommendation is to fund the Schools In Need of Improvement Fund (line 34) at \$2,500.0. More detail on this recommendation is included later in the *Making Schools Work* section.

The Indian Education (line 32), School Library Material (line 33) and Teacher Professional Development (line 35) funds are each recommended at the same level as FY08.

Other Public Education. The Executive recommendations for the Public Education Department (line 38) are discussed in another section of this document.

Public School Compensation

The Executive's State Equalization Guarantee compensation recommendation is \$58,768.0, a minimum 3% salary increase for all public school teachers and all other school employees. For transportation compensation, the Executive recommendation includes \$1,362.0 to fund a 3% increase for transportation employees. The 3% salary increase for public school teachers, all other school employees, and transportation employees includes a 0.75% increase in employers' ERB contribution.

Making Schools Work Policy Framework

Ensure that All Young Children are Ready for School

Pre-Kindergarten - \$11,659.4 (line 54). The Executive recommendations for school readiness focus primarily on its Pre-Kindergarten initiative; a total of \$23.3 million is recommended, \$11.66 million to the Public Education Department and \$11.66 million to the Children, Youth and Families Department. The Executive's FY09 recommendation will serve 6,234 children, 2,664 more than in FY08. The total annual cost when fully implemented is estimated at \$77.8 million a year, based on an estimated 70% participation rate of four-year-old children that is modeled on experience in other states. The planned distribution of the funds is as follows:

Estimated per child reimbursement rate, \$2,744.65, 73.36%	\$17,106,840
Technical assistance and professional development, 13.2%	3,079,231
Evaluation, 1.3%	310,000
Pre-Kindergarten instructional material, 2.6%	598,739
Transportation, 4.4%	1,026,410
Administration, 5.1%	<u>1,197,479</u>
Subtotal	\$23,318,700

Pre-Kindergarten Startup and Safety - \$3,994.2 nonrecurring (line 74). PreK start-up costs include written curriculum materials, hands-on manipulative materials for pre-literacy and numeric activities, equipment for science experiments, furniture, visual displays and any safety improvements in the classroom. The funding to support the PreK program start-up and safety costs will be directed to a total of approximately 130 new classrooms.

Keep Students Ready to Learn By Providing Access to Health Care, Healthy Food and Physical Fitness Activities

Elementary Physical Education - \$5,000.0 (line 14). This recommendation provides funding for the second year of a five-year phase-in of the School Physical Education Program passed by the Legislature and signed by Governor Richardson in 2007. The physical education program is part of Governor Richardson's anti-obesity initiative begun in 2004. The Executive recommendation increases the Elementary Physical Education Program by \$5.0 million in FY09, which combined with the first year's funding, brings the total program to \$13 million. The focus of the obesity prevention is to reduce obesity in school-aged children through a multi-faceted approach, including offering elementary school children access to nutrition and physical education. Elementary school-based physical education programs are required to have an elementary physical education curriculum aligned to the New Mexico Physical Education Content Standards with Benchmark and Performance Standards. Programs must be taught by PED-licensed elementary physical education instructors who provide physical education three days a week for 30 minutes per day to all students served. Elementary physical education programs are required to have available space and must include an evaluation plan. In FY08, the elementary physical education program served an estimated 37,163 students in 110 schools statewide. The recommended \$5,000.0 expands the program in school year 2008-2009 by an additional 23,499 students at 79 schools.

Anti-Obesity Programs - \$1,000.0 (line 42). The obesity prevention program is a priority initiative of Governor Richardson to provide programs in elementary schools that are targeted at increasing physical activity and providing nutrition education. Recent national surveys indicate that 19% of children aged 6-11, and 17% of adolescents aged 16-19 are overweight. The Centers for Disease Control reports 23% of New Mexico high school students are overweight or at risk of being overweight. Overweight children are more likely to become overweight adults. The Department of Health estimated that New Mexico spends an estimated \$324 million on direct adult medical expenditures related to adult obesity, compared to \$117 billion spent annually. The Executive recommendation to increase anti-obesity programs by \$350.0 provides additional resources to support the obesity prevention program begun in 2004 in order to: (1) decrease obesity in children; (2) increase the amount of time school-aged children spend on physical activities; (3) provide students with healthy food choices in schools; and (4) provide nutrition education to students.

Program components include before- and after-school programs that include both physical activities and nutrition components; First Serve New Mexico, a tennis/tutoring after-school program; the Coordinated Approach to Children's Health (CATCH) Program, a summer enrichment program; and support for local school districts to implement wellness policies. Research has established a positive correlation between physical activity and improved academic improvement.

Breakfast for Elementary Students - \$5,771.8 (line 44). Children who are hungry cannot learn. Hunger in childhood can lead to irreversible mental stunting, lower intelligence quotients (IQs) and reduced capacities to learn. Providing meals at school can serve as a counter to poor enrollment and attendance and reduced attention span caused by hunger. New Mexico ranks first in the nation for the school breakfast scorecard for 2007 released by the Food Research and Action Center. The Executive recommendation is to fund Breakfast for Elementary Students at \$5,771.8 for FY09, an increase in recurring funding of \$3,321.8: \$400.0 to make up a nonrecurring appropriation last year and keep the program operating at the current level, and \$2.9 million to fund the next phase of the program. According to PED, since FY06 when the elementary breakfast program was begun, the number of children served has more than doubled from approximately 29,000 to over 64,000 in 176 schools during FY08. With full phase-in, the program is estimated to cost the state \$11.6 million. The federal match for this appropriation is projected to be \$26.1 million. To reach 100% participation, \$2.9 million must be added to the base each year for four years. The state receives \$2.25 in federal funding for every dollar it invests.

Food to Schools - \$500.0 (line 51). The Food to Schools Program was started five years ago to address the impact of hunger on school aged-children. A part of Governor Richardson's initiative to provide access to health care, healthy food and physical fitness activities, the Executive recommends continued funding of \$500.0. Through the Human Services Department's (HSD) Income Support Division, Food and Nutrition Services Bureau, U.S. Department of Agriculture commodities make up about 20% of the food that 89 of the state's school districts, 32 private schools and 34 Bureau of Indian Affairs (BIA) schools use to help provide breakfast and lunches. Students served are at least 185% of poverty or below. An average of 8 million pounds of commodities is provided to schools each year, with a value of \$6.5 to \$7.0 million.

GRADS-Teen Pregnancy Prevention - \$1,000.0 (line 52). The Executive recommends the Graduation, Reality and Dual-Role Skills (GRADS) program for continued funding at \$1.0 million, the same as the FY08 level. The GRADS program strengthens teenage families and reduces risk-taking among all youth; improves outcome of high-risk pregnancies, reduces out-of-wedlock births, and strengthens two-parent families. In 32 schools in 23 districts, GRADS provides on-site child care and allows teen parents the opportunity to earn college credit in childcare. Professional courses include a career exploration component to enhance student employability. The child care component in 2006-2007 hosted licensed child care centers at 26 sites which provided child care to 492 children. Since 1989, 10,835 teenage parents have participated. Repeat pregnancies of GRAD students have been reduced to 3.3% compared to 21% nationwide. New Mexico has the third highest teen birth rate in the nation (per 1,000 girls age 15-19). Research verifies that teen pregnancy contributes to poverty and other social problems.

Increase Parents' Involvement in Their Children's Education

Family and Youth Resource Act - \$1,500.0 (line 50). The funding for the Family and Youth Resource Act (FYRA) will support a continuation of the program begun in 2004. The Executive recommendation is to fund the Family and Youth Resource Act program at the same level as FY08. The FYRA funded sites provide an intermediary for students and their families at public schools so that they can access social and health care services. The goal is to forge mutual long-term relationships with public and private agencies and community-based, civic and corporate organizations so that certain non-academic needs of students and their families are met and students are helped to attain high academic achievement. For FY08, \$1.5 million has been allocated as follows: \$1.43 million to fund 72 public, charter and or alternative schools, one family school and three community centers (15 districts and approximately 35 sites); \$40.0 for training to support sites and the FYRA steering committee; and \$30.0 for evaluation.

Parental Training and Involvement - \$1,000.0 nonrecurring (line 73). The funding for the Parental Training and Involvement initiative provides a statewide coordinated effort to educate parents and school personnel on the importance of effective school/parent partnerships in New Mexico. This is accomplished in a variety of ways, including direct training opportunities, media campaigns, production of training materials such as the Parent Toolkit for New Mexico School Communities "Working Together: School-Family-Community Partnerships", and statewide partnerships between the PED and parent interest groups. This initiative provides educators and education partners with information, resources and strategies to strengthen parent and community involvement. PED will expand trainings to include all 89 school districts (26 districts have received training) and expand the media campaign statewide in order to reach more parents. The PED will expand its resources to include middle and high school parents and adolescent issues.

Increase the Level of Educational Excellence for All Students

Advanced Placement - \$2,000.0 (line 39). Advanced Placement (AP) increases the success rate of students graduating from postsecondary institutions. In the 2006-2007 school year, the total number of students in 9th-12th grades enrolled in advanced placement (AP) classes from 53 school districts was 14,101, an increase of nearly 22%. AP courses provide college preparatory curriculum and classes to high and middle school students, respectively. The initiative delivers AP to rural areas, particularly those with Native American and Hispanic students, as these students continue to experience significant achievement and opportunity gaps and often do not successfully make the high school-college transition. To address this problem, the initiative provides AP professional development, outreach to rural school districts and the southern region of the state, and increases enrollment of under-represented minorities in AP programs.

Rural Education and Community Revitalization - \$500.0 (line 55). This initiative is being piloted by 11 of 46 rural districts and two districts with small isolated schools. The projected expansion will include an additional 35 rural districts thus reaching all 46 rural districts. The New Mexico Rural Revitalization Initiative is part of an international school-led rural revitalization movement with proven success in New Mexico. This initiative develops an awareness of the school as a catalyst for economic development in the community, focuses on the interdependency of the community and school and establishes a vehicle for improvements in both. The initiative also develops a culture and

climate that is receptive to new opportunities within school and community and develops leadership qualities in youths by involving them in meaningful service opportunities. This initiative will assist rural school districts in New Mexico to establish partnerships that enable the school and community to work together to stimulate the economy, revitalize the community socially and economically and provide educational improvement opportunities for all students.

New Mexico School for the Arts - \$500.0 nonrecurring (line 72). The New Mexico School for the Arts (NMSA) will be a public, statewide, residential charter high school teaching mastery in the performing and visual arts. The NMSA will be a four-year high school for 300 students with a target beginning date of fall 2009. The school will be combined with a strong outreach to 1,200 middle school students statewide and an arts education program for 300 New Mexico teachers annually. The school follows 31 states with over 75 public art mastery schools with audition requirements for admission. Residential costs will be paid for entirely by the private sector through a combination of scholarships and student payments based on a sliding scale ability to pay. The school provides a place for students with artistic passion to move into film, music, painting, dance or other art fields.

Statewide Language Arts and Science Voluntary Curriculum - \$750.0 nonrecurring (line 78). In 2007, the legislature passed HB 911 Uniform Curricula in Each School District that requires each school district to align its curricula to the state standards for each grade level and subject area so that students who transfer between public schools within the district receive that same educational opportunities. Each school district's aligned grade level and subject area curriculum is to be in place as follows: (1) for mathematics, by the 2008-2009 school year, and (2) for language arts and science by the 2009-2010 school year. In addition, the bill requires professional development relating to curricula for classroom teachers and educational assistants to be aligned by each school district with state standards. PED is utilizing various federal and state resources to produce the voluntary math curriculum, but does not have the resources to address the development of a voluntary state curriculum for language arts or science.

Close the Student Achievement Gap by Supporting the Children and Schools who Need the Most Assistance

Kindergarten-Three Plus - \$7,163.4 (line 53). The Executive recommendation for the Kindergarten-Three Plus (K-3 Plus) program is for the appropriation to be held constant at \$7,163.4. \$163.4 of this appropriation will be used by the Office of Education Accountability to evaluate program effectiveness. For FY08, the PED approved 62 proposals and funded only 54; eight of the approved programs were unable to retain teachers for the program or found that they lacked sufficient time to plan for the program. At the beginning of school year 2006-2007, the agency approved a total of \$4,192.8 and allocated \$3,630.5. Of the \$7,163.4 the Legislature appropriated to the K-3 Plus program, a total of \$3,532.9 or 49% was still available at the middle of FY08. The agency has issued a request for proposals (RFP) to sites interested in establishing K-3 Plus programs. PED estimates that it will fully distribute FY08 funds by June 30, 2008.

Schools in Need of Improvement Fund - \$2,500.0 (line 34). The Schools In Need of Improvement (SINOI) initiative provides for systemic reform for New Mexico's schools that have not meet academic and other performance targets set by the No Child Left Behind (NCLB) Act. Included in this process are supports for the districts that are in the school improvement process under NCLB. This funding is required to meet the overall needs of alignment between the district and schools in the reform

process. Districts will receive support in the development of a Response to Intervention (RTI) model that details research-based interventions that the district uses to meet the needs of students at various levels of performance. These funds support the technical assistance required to write and evaluate plans, review the data, monitor the plans on a quarterly basis and provide the necessary support.

School Improvement Framework - \$3,000.0 (line 56); School Improvement Framework - \$10,000.0 nonrecurring (Line 80). This funding provides for systemic reform for New Mexico's Schools In Need of Improvement (SINOI). Funding supports targeted assistance, intensive classroom assistance and implementation of systems for increasing achievement in schools and districts not meeting proficiency. The framework strengthens New Mexico capacity to meet No Child Left Behind requirements, and engage in using school data and multi-year strategic planning. The funding supports New Mexico's efforts to meet the rising expectations outlined in NCLB that 100% of students will be proficient in reading and in mathematics by school year 2013-2014.

Incentives For School Improvement Fund - \$1,598.0 nonrecurring (line 69). This fund was created by the 2003 Public School Reforms and is intended to provide supplemental incentive funding for the adequate yearly progress (AYP) program and the state improving schools program. No General Fund was appropriated for this line last year; instead, the Public Education Department used undesignated cash balances to fund the program during FY08.

After School Enrichment Program - \$3,500.0 (line 40). This initiative provides after-school programs including the following: (1) academic enrichment tutoring activities, (2) physical activity programs, (3) nutrition education, and (4) transportation for students where needed to participate in the programs. In addition, the After School Enrichment Program promotes and supports critical thinking and collaborative techniques that allow students to successfully develop academic skills, pursue useful knowledge and help prevent obesity. After-school enrichment programs provide safe, structured environments for students outside the regular school day. They are housed in schools and typically staffed with both school and community-based personnel.

Truancy Prevention/Dropout Prevention - \$1,000.0 (line 58). Truancy has been identified as one of the early warning signs of students headed for potential delinquent activity, social isolation or educational failure via suspension, expulsion or dropping out. Truancy is considered to be one of the top 10 problems facing schools. Eighty percent of dropouts were chronically truant before dropping out. Ninety percent of youths in detention for delinquent acts were chronically truant. Program outcomes for Truancy Prevention/Dropout Prevention Program are: (1) decreased truancy rates, (2) decreased dropout rates and (3) increased attendance rates.

Indian Education Fund - \$2,500.0 (line 32). The Indian Education Act of 2003 was implemented to provide culturally and linguistically appropriate curricula and instruction to New Mexico's diverse Native American students. Although assessment scores have improved, Native American students are the lowest academically performing group when data are disaggregated by ethnicity. The purpose of this initiative is to extend the state's commitment to providing Native American students with resources required to excel in the classroom. Recent accomplishments of Indian Education Division include:

- Increased Joint Powers Agreements with tribes for revitalization and preservation of native languages from 9 to 12 in 2007;

- Increased Memoranda of Agreements with tribes to develop tribal standards and criteria for licensing Native American Language teachers from 10 to 13 in 2007;
- Inducted 92 Native Americans into programs for advanced degrees or administrative certificates in 2007 for a total of 184 over the past two years;
- Increased the number of certified Native American language teachers from 69 in 2006 to 115 in 2007;
- Distributed up to \$50.0 per district in seven school districts to help establish tribal departments of education;
- Developed a Memoranda of Understanding with the University of New Mexico and Indian Affairs Department to implement provisions of Indian Education Act for professional development of Native American teachers; and
- Developed a Joint Powers Agreement with Museum of Indian Arts and Culture for development of culturally relevant New Mexico history curriculum with implementation scheduled for fall of 2008.

Ensure that All Students are Taught by Qualified Teachers

Beginning Teacher Mentorship - \$2,000.0 (line 43). The Executive recommendation for teacher quality includes providing mentoring support for beginning teachers. Beginning teacher mentorship funding is distributed on a per teacher basis to districts based on fortieth day data as required by High School Reforms Act of 2007.

Summer Reading, Math and Science Institutes - \$3,000.0 (line 57). The Executive recommends increasing funding by \$500.0 to reach additional geographic areas in the state. This initiative provides hands-on training for staff in the areas of math, reading and science, including best practices, effective instruction, content knowledge, assessment practices, and differentiation to impact student achievement.

Teacher Professional Development Fund - \$2,500.0 (line 35). This initiative supports the systematic framework for professional development as provided for in state statute. The goal is to ensure that New Mexico has quality teachers, school administrators and instructional support providers who will improve and enhance student achievements. For FY08, the Teacher Professional Development Fund allocated funds to the following educational associates or initiatives: RE:Learning, Regional Education Technology Assistance (RETA), Strengthening Quality in Schools (SQS), Service Learning, Golden Apple, Center for Relational Learning – Sun Moon, Center for Border and Indigenous Educational Leadership, and the Wellness Resource Group.

Data Utilization Campaign - \$450.0 nonrecurring (line 66). The Executive recommends \$450.0 to implement a district outreach program that is targeted to develop and deliver additional tools, processes, and training to assist districts better understand and utilize the data resident in STARS to improve student and staff achievement. Funding will be used to train users on the effective use of existing systems and for the implementation of the eScholar Data Audit tool to assure data quality against key business rules and benchmarks.

Ensure Students Graduate from High School Better Prepared to Succeed in Higher Education

Apprenticeship Assistance - \$650.0 (line 41). In the 2007-2008 school year there are 22 qualified apprentice programs currently providing classroom instruction to 1,417 apprentices in programs that are recognized by the New Mexico State Apprenticeship Council and the Federal Bureau of Apprenticeship and Training. The Apprenticeship Assistance program is not a K-12 school initiative, but rather a workforce development effort. Participating businesses and companies provide apprenticeships to adults in skilled occupations and in some instances provide credits toward the completion of two or four year degrees. The program is a continuation of the Apprenticeship Assistance Act of 1992.

Cyber Academy for Rio Rancho High School - \$50.0 (line 47). The Executive recommends \$50.0 in recurring funds to provide operational expenses to the Rio Rancho Cyber Academy as part of the New Mexico Cyber Academy.

New Mexico Cyber Academy - \$1,380.0 (line 48). The Cyber Academy Act of 2007 created a statewide cyber academy. This academy concept is a collaborative program between PED, HED telecommunications networks and other state agencies that provide distance education to school districts. In addition, the 2007 High School Reforms Act mandated that in order to graduate, students must take at least one advanced placement, dual enrollment or online course. The statewide cyber academy will continue to support the development of a statewide eLearning system.

Regional Education Cooperatives' Distance Learning Networks (for RECs 3, 8 and 9) - \$240.0 (line 49). Three RECs (3, 8, and 9) act as regional training and support centers providing phone and online and technical support for teachers, as well as outreach to promote online learning. In FY08, the REC's received \$120.0 in recurring dollars to begin this work. The Executive recommends increasing the current level of funding to \$240.0 to expand service.

Assessment and Test Development - \$5,000.0 nonrecurring (line 64). The Executive recommendation for the assessment and test development funding provides compliance for the PED with federal and state statutory requirements to develop and implement grade specific and exit exams that align with college level courses. Funds will also be used to develop the college and workplace readiness assessments outlined in the 2007 high school redesign legislation. In addition these funds will be used to meet the continuing requirements of New Mexico's Standards-based Assessments, Alternate Assessments and English Language Proficiency Exam.

High School Redesign - \$2,000.0 nonrecurring (line 68). High school redesign legislation, a high priority initiative for Governor Richardson, was enacted in 2007. Among other things, this legislation created the New Mexico Diploma of Excellence, required the design and development of a College and Workplace Readiness Assessment in grades 9, 10 and 11, eliminated the requirement for the existing grade nine assessment and the high school competency exam, required that all students must take four years of mathematics, including Algebra II, requires three years of laboratory based science, social studies and the completion of one Advanced Placement, dual enrollment or online course in order to graduate. The legislation raised the dropout age to 18, and provided for the creation of comprehensive, coordinated middle and high school literacy initiatives. The Executive recommends \$2,000.0 in nonrecurring funds for the design and implementation of professional

development for teachers to utilize the results of the College and Workplace Readiness Assessment in grade nine and for implementing other important initiatives in high school redesign.

Information Technology Appropriations

PED Data Warehouse, Phase 3 - \$4,747.1 nonrecurring (line 83). The Executive recommends funding to implement Phase 3 of STARS (Student Teacher Accountability Reporting System). Phase 3 will provide districts and schools with web-based access to disaggregated data so that principals and teachers can use data to identify best practices that will assist with student instruction and site management. This funding continues the Executive's efforts to ensure that New Mexico has a strong data collection and reporting system. The recommendation also includes \$1,754.0 to fund salaries of four FTE supporting the project as well as maintenance costs of the system. Once the STARS project is complete, recurring costs associated with operating and maintaining the system should be built into PED's operating budget.

School Finance Support

Regional Education Cooperatives Operations - \$1,000.0 nonrecurring (line 75). This funding is to replace federal operational funding that has been historically available to Regional Education Cooperatives (RECs). The reauthorization of the Individuals with Disabilities Education Act (IDEA) changed the ways in which IDEA funding could be used, meaning that the RECs could no longer utilize a portion of that funding for operations.

Westside School District Feasibility Study - \$95.0 nonrecurring (line 81). The Westside of Albuquerque, which encompasses the area of Bernalillo County west of the Rio Grande River, has experienced rapid population growth over the last several years. The Executive recommends \$95.0 in non-recurring funds to study the feasibility of creating a separate Westside school district and whether or not a separate school district could more effectively address the issue of rapid student growth.

Performance Report

The Public Education Department (PED) is charged with dual regulatory and support roles in the implementation of Public School Support (PSS) statewide, and as the responsible agency, reports its progress against both agency (PED) performance targets (described in this document under PED 924 section) and PSS performance targets as a means of assessing effectiveness of education statewide. To accomplish this charge, PED must comply with the requirements of the performance-based budgeting (PBB) framework set forth in Section K of the General Appropriation Act of 2007 as well as the Public School Support and the *Making Schools Work* performance and accountability contract that was established by the Executive for implementation in FY08.

The bold effort to improve New Mexico's schools that began in 2003 has continued to evolve under Governor Richardson's leadership. The governor's *Making Schools Work* policy framework has moved New Mexico forward in the development and implementation of a PreK – 20 educational system that spans from preschool to graduate school. The PSS performance measures included in this section focus on how students, teachers, schools, and school districts are measuring up to expectations. In addition, the PSS performance measures include information on how parents and stakeholders rate their involvement with the public schools.

The section in this document relating to the PED includes detailed and specific information on the progress New Mexico is making in education reform. That information will not be repeated here, but it is important to note that New Mexico is receiving national recognition for its efforts and hard-won gains are being made in the areas of PreK programs, breakfast for elementary students, academic standards and assessment, student achievement, and teacher quality.

The Executive is committed to ensuring that the PSS measures provide New Mexicans with the most accurate and comprehensive picture of how public schools are performing. To reach that goal, the PSS measures are reviewed annually and revised when necessary to ensure the highest level of accountability to the people of New Mexico for the state's public school dollars.

Recommended Language for the General Appropriation Act

The rate of distribution of the state equalization guarantee distribution shall be based on a program unit value determined by the secretary of the public education department. The secretary of the public education department shall establish a preliminary unit value to establish budgets for the 2008-09 school year and then, upon verification of the number of units statewide for fiscal year 2009 but no later than January 31, 2009, the secretary of the public education department may adjust the program unit value.

The general fund appropriation to the state equalization guarantee includes \$58,768.0 for a 3% salary increase for all public school teachers, and a 3% increase for instructional staff, and other certified and non-certified school employees. The general fund appropriation also includes \$1,362.0 for a 3% salary increase for transportation staff. The 3% salary increase for all public school teachers, instructional staff, other certified and non-certified school employees, and transportation staff contains sufficient funding to provide a three-quarter percent increase in the employer contribution to the educational retirement fund.

For the 2008-09 school year, the state equalization guarantee distribution contains sufficient funding for school districts implementing a formula-based program for the first time. Those districts shall use current year membership in the calculation of program units for the new formula-based program.

The general fund appropriation to the state equalization guarantee distribution reflects the deduction of federal revenues pursuant to Paragraph (2) of Subsection C of Section 22-8-25 NMSA 1978 that includes payments commonly known as "impact aid funds" pursuant to 20 USCA 7701 et seq., and formerly known as "PL874 funds".

The general fund appropriation to the public school fund shall be reduced by the amounts transferred to the public school fund from the current school fund and from the federal Mineral Lands Leasing Act receipts otherwise unappropriated.

Any unexpended or unencumbered balance in the distributions authorized remaining at the end of fiscal year 2009 from appropriations made from the general fund shall revert to the general fund.

Budget Summary Tables

**Public School Support Budget Summary
(Dollars in Thousands)**

	FY08 Operating Budget	FY09 Recom- mendation	FY09 Budget to Recommendation	
			Dollar Change	Percent Change
STATE EQUALIZATION GUARANTEE				
1 PROGRAM COST	2,175,399.2	2,328,883.9		
2 ENROLLMENT GROWTH	9,488.5	10,530.1		
3 FIXED COSTS	6,796.0	3,758.8		
4 INSURANCE COSTS	10,324.8	19,000.0		
5 COMPENSATION FOR PUBLIC SCHOOL EMPLOYEES:				
6 Teachers (3% - Includes .75% Increase in Employer's ERB Contribution)	58,040.0	37,313.2		
7 Instructional Staff (3% - Includes .75% Increase in Employer's ERB Contribution)	9,240.6	5,939.2		
8 Other Certified and Non-certified (3% - Includes .75% Increase in Employer's ERB Contribution)	23,315.7	15,515.6		
9 Additional average 2% (professional instruction support staff/salaries less than \$60,000.	3,159.3			
10 Additional average 2% (principals & assistant principals based on responsibility)	1,732.3			
11 Minimum Salaries – Three-tiered Licensure Structure				
12 Level 3 to \$50,000 in FY 08	9,118.6			
13 Increase in Employer's ERB Contribution (.75 percent)	14,268.9			
14 Elementary Physical Education – Second Yr. of 5-year Phase-in	8,000.0	5,000.0		
15 Assessment & Test Development - School District Costs		464.8		
	-	-	-	-
16 PROGRAM COST	2,328,883.9	2,426,405.6	97,521.7	4.2%
17 LESS PROJECTED CREDITS	(55,600.0)	(55,400.0)	200.0	
18 LESS OTHER STATE FUNDS (from driver's license fees)	(750.0)	(750.0)		
	-	-	-	-
19 STATE EQUALIZATION GUARANTEE	2,272,533.9	2,370,255.6	97,721.7	4.3%
CATEGORICAL				
20 TRANSPORTATION				
21 Operational	93,809.5	97,039.4	3,229.9	
22 School-owned Bus Replacements	420.4	468.8	48.4	
23 Rental Fees (Contractor-owned Buses)	11,000.4	11,974.1	973.7	
24 Kindergarten Plus Transportation	336.6		(336.6)	
25 Compensation (3% - Includes .75% Increase in Employer's ERB Contribution)		1,362.0	1,362.0	
	-	-	-	-
26 TOTAL TRANSPORTATION	105,566.9	110,844.3	5,277.4	5.0%
27 SUPPLEMENTAL DISTRIBUTIONS				
28 Out-of-state Tuition	370.0	370.0		
29 Emergency Supplemental	2,000.0	2,000.0		
30 INSTRUCTIONAL MATERIAL FUND (Career Prep, Driver Ed, ABE)	37,224.9	41,452.1	4,227.2	
31 EDUCATIONAL TECHNOLOGY FUND	6,000.0	6,000.0		
32 INDIAN EDUCATION FUND	2,500.0	2,500.0		
33 SCHOOL LIBRARY MATERIAL FUND	2,000.0	2,000.0		
34 SCHOOLS IN NEED OF IMPROVEMENT FUND	2,500.0	2,500.0		

Public School Support Budget Summary
(Dollars in Thousands)

	FY08 Operating Budget	FY09 Recom- mendation	FY09 Budget to Recommendation	
			Dollar Change	Percent Change
35 TEACHER PROFESSIONAL DEVELOPMENT FUND	2,500.0	2,500.0		
36 TOTAL CATEGORICAL	<u>160,661.8</u>	<u>170,166.4</u>	<u>9,504.6</u>	<u>5.9%</u>
37 TOTAL PUBLIC SCHOOL SUPPORT	2,433,195.7	2,540,422.0	107,226.3	4.4%

OTHER PUBLIC EDUCATION RECURRING

38 Public Education Department	14,956.3	17,166.5	2,210.2	
39 Advanced Placement	2,000.0	2,000.0		
40 After School Enrichment Program	3,500.0	3,500.0		
41 Apprenticeship Assistance	650.0	650.0		
42 Anti-obesity programs	650.0	1,000.0	350.0	
43 Beginning Teacher Mentorship	2,000.0	2,000.0		
44 Breakfast for Elementary Students	2,450.0	5,771.8	3,321.8	
45 College and High School Redesign Initiatives in the Los Lunas Public Schools	210.0		(210.0)	
46 Distance Learning:				
47 Cyber Academy for Rio Rancho High School	50.0	50.0		
48 New Mexico Cyber Academy	500.0	1,380.0	880.0	
49 REC Distance Learning Networks (For REC's 3, 8, 9)	120.0	240.0	120.0	
50 Family and Youth Resource Act	1,500.0	1,500.0		
51 Food to Schools	500.0	500.0		
52 GRADS – Teen Pregnancy Prevention	1,000.0	1,000.0		
53 Kindergarten-Three Plus	7,163.4	7,163.4		
54 Pre-kindergarten Program (5-year phase in)	7,000.0	11,659.4	4,659.4	
55 Rural Education/Community Revitalization		500.0	500.0	
56 School Improvement Framework	3,000.0	3,000.0		
57 Summer Reading, Math and Science Institutes	2,500.0	3,000.0	500.0	
58 Truancy Prevention/Dropout Prevention	1,000.0	1,000.0		
59 School Safety Crime Stoppers program statewide	230.0	200.0	(30.0)	
60 Senate Bill CS/SB 611 Recurring in FY08 Only	502.5		(502.5)	
61 TOTAL OTHER PUBLIC EDUCATION RECURRING	<u>51,482.2</u>	<u>63,281.1</u>	<u>11,798.9</u>	<u>22.9%</u>
62 TOTAL PUBLIC EDUCATION RECURRING	2,484,677.9	2,603,703.1	119,025.2	4.8%

PUBLIC EDUCATION NONRECURRING

63 American Diploma Project (to LESC)	50.0			
64 Assessment and Test Development	2,000.0	5,000.0		
65 Breakfast for Elementary Students	400.0			
66 Data Utilization Campaign		450.0		
67 Emergency Supplemental	6,300.0	6,300.0		
68 High School Redesign		2,000.0		
69 INCENTIVES FOR SCHOOL IMPROVEMENT FUND		1,598.0		
70 New Mexico Executive Educator Turnaround Specialists	150.0			
71 New Mexico Outdoor Classroom Initiative	250.0			
72 New Mexico School For The Arts		500.0		
73 Parental Training and Involvement		1,000.0		

**Public School Support Budget Summary
(Dollars in Thousands)**

	FY08 Operating Budget	FY09 Recom- mendation	FY09 Budget to Recommendation	
			Dollar Change	Percent Change
74 Pre-kindergarten Start-up and Safety		3,994.2		
75 Regional Education Cooperatives Operations	1,050.0	1,000.0		
76 STATE EQUALIZATION GUARANTEE (to offset reductions in Impact Aid Credit	1,000.0			
77 STATE SUPPORT RESERVE FUND	1,000.0			
78 Statewide Language Arts and Science Voluntary Curriculum Development		750.0		
79 Summer Camp Program in Santa Fe	175.0	250.0		
80 School Improvement Framework		10,000.0		
81 Westside School District Feasibility Study		95.0		
82 TOTAL PUBLIC EDUCATION NONRECURRING	12,375.0	32,937.		
INFORMATION TECHNOLOGY APPROPRIATIONS				
83 Data Warehouse at PED (Phase 3)		4,747.1		
84 TOTAL DATA PROCESSING		4,747.1		

Performance Measures

		FY07 Target	FY07 Result	FY08 Target	FY09 Recomm
Public School Support					
The purpose of public school support is to carry out the mandate to establish and maintain a uniform system of free public schools sufficient for the education of, and open to, all the children of school age in the state.					
Quality	Annual percent of core academic subjects taught by highly qualified teachers, kindergarten through twelfth grade	95%	94%	95%	97%
Quality	Percent of stakeholders who rate their involvement with public elementary schools as positive	76%		80%	91%
Quality	Percent of stakeholders who rate their involvement with public middle schools as positive	76%		80%	88%
Quality	Percent of stakeholders who rate their involvement with public high schools as positive	65%		80%	85%
Explanatory	Percent of American Indian language classes being taught in public schools that serve American Indian students	100%	Not Rept	100%	100%
Quality	Annual percent of classes in core academic subjects taught by highly qualified teachers in high-poverty schools, kindergarten through twelfth grade	95%	Not Rept	95%	97%
Outcome	Percent of students in full-day kindergarten meeting benchmark for nonsense words	60%	Not Rept	74%	80%
Explanatory	Number of public school students receiving school breakfasts	89,873	Not Rept		
Outcome	Annual percent of stakeholders positively rating their involvement with public elementary, middle and high schools	80%	78.7%	80%	85%
Explanatory	Number of schools in need of improvement schools making significant academic gains	35	Not Rept		
Outcome	Percent of school districts and charter schools participating in the national center for education statistics chart of accounts	100%	100%		
Explanatory	Annual cohort graduation rate for school year 2004-2005 ninth graders	90%	Not Rept	80%	
Outcome	Percent of recent New Mexico high school graduates who	55%	49.3%	43%	40%

		<u>FY07 Target</u>	<u>FY07 Result</u>	<u>FY08 Target</u>	<u>FY09 Recomm</u>
	take remedial courses in higher education at two-year and four-year schools				
Outcome	Percent of elementary school students who achieve the No Child Left Behind Act annual measurable objective for proficiency or above on standards-based assessments in reading and language arts	49%	56%	59%	65%
Outcome	Percent of middle school students who achieve the No Child Left Behind Act annual measurable objective for proficiency or above on standards-based assessments in reading and language arts	42%	47.8%	53%	57%
Outcome	Percent of elementary school students who achieve the No Child Left Behind Act annual measurable objective for proficiency or above on standards-based assessments in mathematics	33%	41.9%	44%	47%
Outcome	Percent of middle school students who achieve the No Child Left Behind Act annual measurable objective for proficiency or above on standards-based assessments in mathematics	20%	27.3%	35%	41%
Outcome	Percent of fourth grade students who achieve proficient or above on the state assessment in mathematics	33%	Not Rept	44%	50%
Outcome	Percent of public school students habitually truant	10%	Not Rept	10%	10%
Outcome	Percent of fourth grade students who achieve proficient or above on the state assessment in reading	49%	Not Rept	59%	65%
Outcome	Number of schools identified as needing improvement			400	390
Outcome	Percent of eighth grade students who achieve proficient or above on the state assessment in reading	65%	Not Rept	53%	60%
Explanatory	Percent of elementary students receiving school breakfasts			51%	56%
Explanatory	Number of schools making annual yearly progress			325	350
Outcome	Percent of eighth grade students who achieve proficient or above on the state assessment in mathematics	62%	Not Rept	35%	40%
Outcome	Percent of kindergarten through third grade students in reading first schools scoring on grade level on reading first assessments			60%	65%
Explanatory	Current year's cohort graduation rate using 4-year cumulative method				80%

Governor's Fiscal Year 2009 Exempt Salary Plan

Introduction

Pursuant to the provisions of *NMSA 1978 section 10-9-5 (A), Public officers and public employees; executive branch; annual exempt salaries plan*, the Department of Finance and Administration shall prepare, by December 1 of each year, an exempt salaries plan for the Governor's approval. The plan shall specify salary ranges for the following public officer and public employee positions of the executive branch of government:

1. Members of boards and commissions appointed by the Governor;
2. Heads of agencies or departments appointed by the Governor;
3. Heads of agencies or departments appointed by the respective boards and commissions of the agencies;
4. Directors of department divisions;
5. Employees of the Governor's office;
6. Positions in the state militia and the commissioned officers of the New Mexico state police division of the department of public safety;
7. Assistants and secretaries in the offices of each official covered by Paragraphs (2), (3), and (10) of this subsection;
8. Positions of a professional or scientific nature which are temporary in nature;
9. State employees whose positions the personnel board has classified as policy-making positions and exempt employees of elected public officials; and
10. Secretaries of departments appointed by the Governor.

The exempt salaries plan for the ensuing fiscal year, as prepared by the Department of Finance and Administration and approved by the Governor, shall be published as a part of the executive budget document presented to the legislature at its next regular session following the preparation of the plan.

Upon the Governor's approval, the plan shall take effect at the beginning of the subsequent fiscal year.

Universal Titles for Governor Exempt Positions		
Use of the universal titles listed below is encouraged.		
Universal Title	Specification Number	Salary Range
Administrative Assistant I	7020	18
Administrative Assistant II	7021	20
Administrative Assistant III	7022	24
Agency Director	7030	32
Assistant Attorney General I	7045	20
Assistant Attorney General II	7046	22
Assistant Attorney General III	7047	26
Attorney	7085	30
Bureau Chief I	7115	24
Bureau Chief II	7116	28
Cabinet Secretary	7120	46
Chief Information Officer	7140	36
Chief Legal Counsel	7150	34

Governor's Fiscal Year 2009 Exempt Salary Plan

Universal Titles for Governor Exempt Positions Use of the universal titles listed below is encouraged.		
Universal Title	Specification Number	Salary Range
Deputy Agency Director I	7225	28
Deputy Agency Director II	7226	30
Deputy Cabinet Secretary	7235	38
Deputy Director	7250	32
Director of Communications	7315	30
Director of Finance & Adm.	7320	30
Division Director I	7345	30
Division Director II	7346	32
Executive Assistant	7365	24
Executive Director	7385	36
Executive Secretary	7400	26
Fellowship Intern	7410	8
Financial Auditor I	7415	22
Financial Auditor II	7416	24
General Counsel	7455	34
Investigator	7525	22
Legal Assistant I	7545	14
Legal Assistant II	7546	18
Policy Analyst	7625	26
Public Information Officer I	7655	24
Public Information Officer II	7656	26
Secretary I	7700	14
Secretary II	7701	18
Senior Litigation Attorney	7715	26
Special Agent	7730	22
Special Assistant I	7740	22
Special Assistant II	7741	24
Special Assistant III	7742	26
Special Projects Coordinator I	7745	24
Special Projects Coordinator II	7746	26
Special Projects Coordinator III	7747	28
Student Intern	7785	10
Systems Software Engineer	7805	24

Governor's Fiscal Year 2009 Exempt Salary Plan

Governor's Exempt Salary Schedule Fiscal Year 2009 (Based on 2080 hours)				
Pay Range	Hourly		Annual	
	Minimum	Maximum	Minimum	Maximum
4	.001	8.600	20.800	17,887.58
6	7.819	19.352	16,263.52	40,252.78
8	8.572	21.216	17,829.76	44,128.66
10	9.394	23.250	19,539.52	48,359.17
12	10.296	25.482	21,415.68	53,001.52
14	11.285	27.930	23,472.80	58,094.61
16	12.367	30.609	25,723.36	63,665.89
18	13.555	33.549	28,194.40	69,781.71
20	14.856	36.770	30,900.48	76,480.98
22	16.283	40.301	33,868.64	83,825.46
24	17.846	44.168	37,119.68	91,870.06
26	19.559	48.408	40,682.72	100,688.02
28	21.437	53.056	44,588.96	110,357.10
30	23.495	58.152	48,869.60	120,955.12
32	25.749	63.730	53,557.92	132,557.57
34	27.038	66.919	56,239.04	139,190.48
36	28.390	70.265	59,051.20	146,150.58
38	29.808	73.775	62,000.64	153,451.58
40	31.298	77.463	65,099.84	161,123.25
42	32.863	81.336	68,355.04	169,179.30
44	34.519	85.435	71,799.52	177,704.38
46	36.259	89.742	75,418.72	186,664.19
48	38.088	94.267	79,223.04	196,074.74
50	40.008	99.020	83,216.64	205,961.18
52	42.025	104.013	87,412.00	216,346.42
54	44.144	109.999	91,819.52	228,797.71
70	100.00	220.000	208,000.00	457,600.00

Governor's Fiscal Year 2009 Exempt Salary Plan

Statutory Salaries of Elected Officials.	
Governor	\$110,000
Attorney General	\$95,000
Commissioner of Public Lands	\$90,000
Lieutenant Governor	\$85,000
Secretary of State	\$85,000
State Auditor	\$85,000
State Treasurer	\$85,000
Public Regulation Commission Commissioner	\$90,000

Attorney General (305)

	<u>FTE</u>	<u>Pay</u> <u>Range</u>		<u>FTE</u>	<u>Pay</u> <u>Range</u>
Administrative Assistant I	10	18	Administrative Assistant II	24	20
Administrative Assistant III	1	24	Administrator II	1	24
Assistant Attorney General I	5	20	Assistant Attorney General II	22	22
Assistant Attorney General III	31	26	Attorney General	1	52
Deputy Attorney General	2	36	Deputy Director	2	32
Director of Communication	1	30	Division Director II	2	32
Division Director III	8	34	Evidence Technician	1	20
Financial Auditor I	6	22	Financial Auditor II	2	24
Financial Auditor Supervisor	1	22	General Counsel	3	34
Human Resource Administrator II	1	22	Human Resource Manager	1	26
Information Systems Manager	1	28	Investigator	4	22
Legal Assistant I	3	14	Legal Assistant II	10	18
Medical Care Investigator	3	22	Public Information Officer I	1	24
Special Agent	11	22	Special Agent Supervisor	2	24
Special Assistant III	1	26	Special Projects Coordinator I	1	24
Special Projects Coordinator II	7	26	Systems Analyst	1	24
Systems Software Engineer	6	24	Victim Advocate Ombudsman	1	18

State Auditor (308)

	<u>FTE</u>	<u>Pay</u> <u>Range</u>		<u>FTE</u>	<u>Pay</u> <u>Range</u>
Administrator III	1	26	Auditor	1	30
Constituent Services Director	1	28	Deputy State Auditor	1	42
Secretary II	1	18	State Auditor	1	52

Taxation and Revenue Department (333)

	<u>FTE</u>	<u>Pay</u> <u>Range</u>		<u>FTE</u>	<u>Pay</u> <u>Range</u>
Cabinet Secretary	1	46	Chief Information Officer	1	36
Chief Legal Counsel	1	34	Deputy Cabinet Secretary	1	38
Director of Policy Administration	2	26	Division Director II	6	32
Executive Secretary	1	26			

Governor's Fiscal Year 2009 Exempt Salary Plan

State Investment Council (337)

	<u>FTE</u>	<u>Pay Range</u>		<u>FTE</u>	<u>Pay Range</u>
Deputy State Investment Officer	1	34	General Counsel	1	34
Public Information Officer II	1	26	Senior Investment Officer	1	70

Department of Finance and Administration (341)

	<u>FTE</u>	<u>Pay Range</u>		<u>FTE</u>	<u>Pay Range</u>
Administrative Assistant II	1	20	Cabinet Secretary	1	46
Capital Projects Director	1	24	Deputy Cabinet Secretary	2	38
Deputy Director	1	32	Division Director II	5	32
General Counsel	1	34	Grant Manager	1	24
Policy Analyst	1	26	Research & Policy Analyst	1	24

Public School Insurance Authority (342)

	<u>FTE</u>	<u>Pay Range</u>		<u>FTE</u>	<u>Pay Range</u>
Administrative Assistant I	1	18	Controller	1	28
Deputy Director	1	32	Executive Director	1	36

Retiree Health Care Authority (343)

	<u>FTE</u>	<u>Pay Range</u>		<u>FTE</u>	<u>Pay Range</u>
Administrative Assistant I	2	18	Controller Analyst	1	26
Deputy Director	1	32	Executive Director	1	36

General Services Department (350)

	<u>FTE</u>	<u>Pay Range</u>		<u>FTE</u>	<u>Pay Range</u>
Administrative Assistant II	2	20	Administrative Assistant III	1	24
Administrator III	1	26	Cabinet Secretary	1	46
Deputy Cabinet Secretary	1	38	Division Director II	7	32
Governor's Residence Chef	1	28	Governor's Residence Manager	1	28
Litigation Bureau Chief	1	32	Secretary II	1	18
Senior Litigation Attorney	5	26	Special Projects Coordinator I	1	24

Educational Retirement Board (352)

	<u>FTE</u>	<u>Pay Range</u>		<u>FTE</u>	<u>Pay Range</u>
Agency Director	1	32	Chief Investment Officer	1	50
Deputy Director	1	32	General Counsel	1	34

Public Defender Department (355)

	<u>FTE</u>	<u>Pay Range</u>		<u>FTE</u>	<u>Pay Range</u>
Administrative Assistant I	1	18	Appellate Defender	1	32
Assistant Chief Public Defender	1	32	Chief Public Defender	1	46
District Public Defender I	1	30	District Public Defender II	2	32
District Public Defender III	4	34			

Governor's Fiscal Year 2009 Exempt Salary Plan

Governor (356)

	<u>FTE</u>	<u>Pay</u> <u>Range</u>		<u>FTE</u>	<u>Pay</u> <u>Range</u>
Administrative Assistant I	1	18	Administrator II	1	24
Agency Dir. of Victim Advocate	1	26	Associate General Counsel	1	24
Chief Legal Counsel	1	34	Chief of Staff	1	46
Chief Scheduler	1	34	Communications Officer	1	28
Constituent Services Director	1	28	Constituent Service Representative	3	18
Deputy Director of Legis. Affairs	1	28	Deputy Chief Legal Counsel	1	30
Deputy Chief of Staff	1	38	Deputy Director of Communications	1	28
Director of Boards & Commissions	1	26	Director of Legislative Affairs	1	34
Director of Cabinet Affairs	1	28	Director of Communications	1	30
Director of Media Coordination	1	34	Executive Assistant	1	24
Executive Assistant to the Governor	1	22	First Lady	1	04
First Lady's Assistant	1	30	Governor	1	52
Legal Assistant II	1	18	Legal Assistant III	1	22
Nuclear Occup. Illness Liaison	1	28	Policy Advisor	1	24
Policy Analyst	1	26	Press Assistant	1	20
Receptionist I	1	10	Sen. Energy & Enviro. Policy Adv.	1	26
Senior Manager	1	26	Southern New Mexico Rep.	1	24
Special Assistant I	5	22	Special Assistant II	1	24
Special Director	2	32	Systems Analyst	1	24

Lieutenant Governor (360)

	<u>FTE</u>	<u>Pay</u> <u>Range</u>		<u>FTE</u>	<u>Pay</u> <u>Range</u>
Chief of Staff	1	46	Deputy Chief of Staff	1	30
Lieutenant Governor	1	52	Ombudsman I	1	22
Scheduler	1	18	Second Gentlemen	1	04
Senior Policy Analyst	1	24	Special Projects Coordinator II	1	26
Staff Assistant	1	12			

Department of Information Technology (361)

	<u>FTE</u>	<u>Pay</u> <u>Range</u>		<u>FTE</u>	<u>Pay</u> <u>Range</u>
Bureau Chief II	1	28	Chief Information Officer	1	36
Deputy Cabinet Secretary	2	38	Division Director II	7	32
General Counsel	1	34	Public Information Officer II	1	26

Public Employees Retirement Association (366)

	<u>FTE</u>	<u>Pay</u> <u>Range</u>		<u>FTE</u>	<u>Pay</u> <u>Range</u>
Administrative Assistant III	1	24	Chief Investment Officer	1	50
Chief Legal Counsel	1	34	Director of Finance & Adm.	1	30
Executive Deputy Director	2	28	Executive Secretary	1	36
Litigation Attorney	1	30			

Governor's Fiscal Year 2009 Exempt Salary Plan

State Commission of Public Records (369)

	<u>FTE</u>	<u>Pay Range</u>
Agency Director	1	32

Secretary of State (370)

	<u>FTE</u>	<u>Pay Range</u>		<u>FTE</u>	<u>Pay Range</u>
Assistant Secretary of State	1	30	Director of Bureau Elections	1	30
Executive Assistant	1	24	Public Information Officer II	1	26
Secretary of State	1	52	Special Projects Coordinator I	1	24
Voting Machine Supervisor	2	18			

State Personnel Office (378)

	<u>FTE</u>	<u>Pay Range</u>		<u>FTE</u>	<u>Pay Range</u>
Agency Director	1	32	Deputy Agency Director II	2	30
Executive Secretary	1	26			

Public Employee Labor Relations Board (379)

	<u>FTE</u>	<u>Pay Range</u>		<u>FTE</u>	<u>Pay Range</u>
Administrative Assistant II	1	20	Agency Director	1	32
Deputy Director	1	32			

State Treasurer (394)

	<u>FTE</u>	<u>Pay Range</u>		<u>FTE</u>	<u>Pay Range</u>
Administrator I	1	18	Attorney	1	30
Deputy Treasurer	1	40	Division Director I	3	30
Secretary I	1	14	State Cash Manager	1	28
State Treasurer	1	52			

Board of Examiners for Architects (404)

	<u>FTE</u>	<u>Pay Range</u>		<u>FTE</u>	<u>Pay Range</u>
Administrative Assistant I	1	18	Agency Director	1	32

Border Authority (417)

	<u>FTE</u>	<u>Pay Range</u>		<u>FTE</u>	<u>Pay Range</u>
Agency Director	1	32	Deputy Agency Director I	1	30

Governor's Fiscal Year 2009 Exempt Salary Plan

Tourism Department (418)

	<u>FTE</u>	<u>Pay</u> <u>Range</u>		<u>FTE</u>	<u>Pay</u> <u>Range</u>
Administrative Assistant I	1	18	Agency Director	1	32
Art Director	1	24	Cabinet Secretary	1	46
Deputy Cabinet Secretary	2	38	Deputy Director	1	32
Division Director I	4	30	Division Director II	1	32
Editor in Chief	1	22	Secretary II	1	18

Economic Development Department (419)

	<u>FTE</u>	<u>Pay</u> <u>Range</u>		<u>FTE</u>	<u>Pay</u> <u>Range</u>
Cabinet Secretary	1	46	Deputy Cabinet Secretary	1	38
Division Director II	6	32	Executive Secretary	1	26
Public Information Officer I	1	24			

Regulation and Licensing Department (420)

	<u>FTE</u>	<u>Pay</u> <u>Range</u>		<u>FTE</u>	<u>Pay</u> <u>Range</u>
Administrative Assistant I	1	18	Administrator II	1	24
Chief Legal Counsel	1	34	Deputy Superintendent	1	32

Regulation and Licensing Department (420)

	<u>FTE</u>	<u>Pay</u> <u>Range</u>		<u>FTE</u>	<u>Pay</u> <u>Range</u>
Director of Security	1	30	Division Director I	1	30
Division Director II	5	32	Secretary II	1	18
Senior Litigation Attorney	1	26	Superintendent	1	46

Public Regulation Commission (430)

	<u>FTE</u>	<u>Pay</u> <u>Range</u>		<u>FTE</u>	<u>Pay</u> <u>Range</u>
Actuary	2	38	Bureau Chief I	2	24
Bureau Chief II	3	28	Chief Clerk	1	30
Chief Legal Counsel	2	34	Chief of Staff	1	46
Compliance Director	1	30	Deputy Superintendent of Insurance	3	32
Division Director I	2	30	Division Director II	2	32
Executive Assistant	5	24	Fire Marshal	1	28
PRC Commissioner	5	52	Public Information Officer I	1	24
Special Projects Coordinator I	1	24	Superintendent of Insurance	1	32

New Mexico Board of Medical Examiners (446)

	<u>FTE</u>	<u>Pay</u> <u>Range</u>		<u>FTE</u>	<u>Pay</u> <u>Range</u>
Chief Legal Counsel	1	34	Executive Director	1	36

Board of Nursing (449)

	<u>FTE</u>	<u>Pay</u> <u>Range</u>
Agency Director	1	32

Governor's Fiscal Year 2009 Exempt Salary Plan

State Fair Commission (460)

	<u>FTE</u>	<u>Pay Range</u>		<u>FTE</u>	<u>Pay Range</u>
Agency Director	1	32	Associate Director	1	24
Attorney	1	30	Community Legislative Liaison	1	24
Deputy Agency Director II	1	30	Division Director I	2	30
Executive Assistant	1	24	Market Manager – Security	1	24
Office Assistant	1	16	Special Projects Coordinator I	1	24

State Board of Registration for Professional Engineers and Surveyors (464)

	<u>FTE</u>	<u>Pay Range</u>
Agency Director	1	32

Gaming Control Board (465)

	<u>FTE</u>	<u>Pay Range</u>		<u>FTE</u>	<u>Pay Range</u>
Administrative Assistant III	1	24	Deputy Director	1	32
Division Director III	1	34	Executive Director	1	36
Gaming Control Commissioner	3	46	General Counsel	1	34

State Racing Commission (469)

	<u>FTE</u>	<u>Pay Range</u>		<u>FTE</u>	<u>Pay Range</u>
Agency Director	1	32	Deputy Agency Director I	1	30
Racing Clerk	1	18	Racing Steward	7	20

Board of Veterinary Examiners (479)

	<u>FTE</u>	<u>Pay Range</u>
Agency Director	1	32

Military Homebase Planning (491)

	<u>FTE</u>	<u>Pay Range</u>
Division Director II	1	32

SpacePort Authority (495)

	<u>FTE</u>	<u>Pay Range</u>
Division Director II	1	32

Cultural Affairs Department (505)

	<u>FTE</u>	<u>Pay Range</u>		<u>FTE</u>	<u>Pay Range</u>
Administrative Assistant II	1	20	Agency Director	1	32
Cabinet Secretary	1	46	Deputy Cabinet Secretary	2	38
Division Director I	7	30	Division Director II	8	32
Executive Assistant	1	24	General Counsel	1	34

Governor's Fiscal Year 2009 Exempt Salary Plan

Cultural Affairs Department (505)					
Liaison Officer I	0.5	22	Public Information Officer I	1	24
New Mexico Livestock Board (508)					
<u>Pay</u>					
<u>FTE</u> <u>Range</u>					
Agency Director	1	32			
Department of Game and Fish (516)					
<u>Pay</u>					
<u>FTE</u> <u>Range</u>					
Agency Director	1	32	Attorney	1	30
Deputy Director	1	32			
Energy, Minerals and Natural Resources Department (521)					
<u>Pay</u>					
<u>FTE</u> <u>Range</u>					
Cabinet Secretary	1	46	Deputy Cabinet Secretary	1	38
Division Director I	1	30	Division Director II	5	32
Policy Analyst	1	26			
Inter Tribal Ceremonial Office (538)					
<u>Pay</u>					
<u>FTE</u> <u>Range</u>					
Senior Regional Manager	1	28			
Commissioner of Public Lands(539)					
<u>Pay</u>					
<u>FTE</u> <u>Range</u>					
Administrative Assistant III	1	24	Assistant Commissioner I	2	26
Assistant Commissioner II	2	28	Chief Legal Counsel	1	34
Deputy Land Commissioner	1	34	Division Director II	1	32
Land Commissioner	1	52	Policy Analyst	1	26
Secretary II	1	18			
State Engineer (550)					
<u>Pay</u>					
<u>FTE</u> <u>Range</u>					
Administrator III	1	26	Assistant State Engineer	1	38
Division Director II	3	32	General Counsel	1	34
Liaison Officer III	1	26	Pecos Compact Commissioner	1	4
Special Assistant III	1	26	State Engineer	1	46
Organic Commodity Commission (569)					
<u>Pay</u>					
<u>FTE</u> <u>Range</u>					
Agency Director	1	32			

Governor's Fiscal Year 2009 Exempt Salary Plan

Commission on the Status of Women (601)

	<u>FTE</u>	<u>Pay Range</u>		<u>FTE</u>	<u>Pay Range</u>
Administrative Assistant I	1	18	Executive Director	1	36

Office of African American Affairs (603)

	<u>FTE</u>	<u>Pay Range</u>
Agency Director	1	32

Commission for the Deaf and Hard-of-Hearing Persons (604)

	<u>FTE</u>	<u>Pay Range</u>
Executive Director	1	36

Martin Luther King, Jr. Commission (605)

	<u>FTE</u>	<u>Pay Range</u>		<u>FTE</u>	<u>Pay Range</u>
Administrative Assistant I	1	18	Executive Director	1	36
Secretary I	1	14			

Commission for the Blind (606)

	<u>FTE</u>	<u>Pay Range</u>		<u>FTE</u>	<u>Pay Range</u>
Administrative Assistant I	1	18	Agency Director	1	32
Deputy Agency Director II	2	30			

Indian Affairs Department (609)

	<u>FTE</u>	<u>Pay Range</u>		<u>FTE</u>	<u>Pay Range</u>
Cabinet Secretary	1	46	Deputy Cabinet Secretary	1	38
Division Director II	1	32	General Counsel	1	34
Public Information Officer I	1	24	Senior Policy Analyst	1	26

Aging and Long-Term Services Department (624)

	<u>FTE</u>	<u>Pay Range</u>		<u>FTE</u>	<u>Pay Range</u>
Agency Director	1	32	Cabinet Secretary	1	46
Chief Legal Counsel	1	34	Deputy Cabinet Secretary	2	38

Human Services Department (630)

	<u>FTE</u>	<u>Pay Range</u>		<u>FTE</u>	<u>Pay Range</u>
Administrative Assistant II	1	20	Cabinet Secretary	1	46
Chief Information Officer	1	36	Chief Legal Counsel	1	34
Deputy Cabinet Secretary	2	38	Director of Communication	1	30
Division Director II	4	32	Division Director III	1	34
Insurance Program Manager	1	28	Liaison Officer III	1	26

Governor's Fiscal Year 2009 Exempt Salary Plan

Department of Workforce Solutions (631)

	<u>FTE</u>	<u>Pay Range</u>		<u>FTE</u>	<u>Pay Range</u>
Administrative Assistant I	1	18	Administrative Assistant II	1	20
Cabinet Secretary	1	46	Chief Information Officer	1	36
Deputy Agency Director II	1	30	Deputy Cabinet Secretary	2	38
Division Director II	5	32	Executive Director	1	36
General Counsel	1	34	Policy Analyst	1	26
Secretary II	1	18			

Workers' Compensation Administration (632)

	<u>FTE</u>	<u>Pay Range</u>		<u>FTE</u>	<u>Pay Range</u>
Administrative Assistant III	1	24	Attorney	1	30
Executive Deputy Director	1	28	General Counsel	1	34
Special Assistant III	1	26	Workers Comp. Adm. Director	1	46
Workers Compensation Judge	4	44			

Division of Vocational Rehabilitation (644)

	<u>FTE</u>	<u>Pay Range</u>
Division Director II	1	32

Governor's Disabilities Commission (645)

	<u>FTE</u>	<u>Pay Range</u>
Agency Director	1	32

Developmental Disabilities Planning Council (647)

	<u>FTE</u>	<u>Pay Range</u>
Executive Director	1	36

Miners' Hospital (662)

	<u>FTE</u>	<u>Pay Range</u>		<u>FTE</u>	<u>Pay Range</u>
Deputy Hospital Administrator	1	46	Hospital Administrator	1	50
Physician	1	52			

Department of Health (665)

	<u>FTE</u>	<u>Pay Range</u>		<u>FTE</u>	<u>Pay Range</u>
Assistant to Cabinet Secretary	1	26	Cabinet Secretary	1	46
Chief Information Officer	1	36	Deputy Cabinet Secretary	3	38
Division Director I	1	30	Division Director II	4	32
General Counsel	1	34	Public Information Officer II	1	26
Special Projects Coordinator II	1	26			

Governor's Fiscal Year 2009 Exempt Salary Plan

Department of Environment (667)

	<u>FTE</u>	<u>Pay Range</u>		<u>FTE</u>	<u>Pay Range</u>
Administrative Assistant II	1	20	Cabinet Secretary	1	46
Chief Information Officer	1	36	Chief Legal Counsel	1	34
Deputy Cabinet Secretary	1	38	Division Director II	4	32
Public Information Officer I	1	24			

Office of the Natural Resources Trustee (668)

	<u>FTE</u>	<u>Pay Range</u>
Natural Resource Trustee	1	28

Health Policy Commission (669)

	<u>FTE</u>	<u>Pay Range</u>		<u>FTE</u>	<u>Pay Range</u>
Agency Director	1	32	Deputy Agency Director I	1	30
Special Assistant I	1	22			

Veterans' Services Department (670)

	<u>FTE</u>	<u>Pay Range</u>		<u>FTE</u>	<u>Pay Range</u>
Administrative Assistant III	1	24	Cabinet Secretary	1	46
Deputy Cabinet Secretary	1	38	Veterans Approval Officer	1	22

Children, Youth and Families Department (690)

	<u>FTE</u>	<u>Pay Range</u>		<u>FTE</u>	<u>Pay Range</u>
Cabinet Secretary	1	46	Chief Legal Counsel	1	34
Deputy Cabinet Secretary	2	38	Division Director II	5	32
Domestic Violence Coordinator	2	28	Legal Assistant II	1	18
Public Information Officer II	1	26	Special Assistant II	1	24

Department of Military Affairs (705)

	<u>FTE</u>	<u>Pay Range</u>		<u>FTE</u>	<u>Pay Range</u>
Adjutant General	1	36	Administrative Assistant II	1	20
Administrative Assistant III	1	24	Deputy Adjutant General	1	32
General Counsel	1	34			

Parole Board (760)

	<u>FTE</u>	<u>Pay Range</u>
Agency Director	1	32

Juvenile Parole Board (765)

	<u>FTE</u>	<u>Pay Range</u>

Governor's Fiscal Year 2009 Exempt Salary Plan

Consumer Specialist Supervisor 1 24

Corrections Department (770)

	<u>FTE</u>	<u>Pay</u> <u>Range</u>		<u>FTE</u>	<u>Pay</u> <u>Range</u>
Cabinet Secretary	1	46	Chief Information Officer	1	36
Deputy Cabinet Secretary	2	38	Division Director II	5	32
Public Information Officer II	1	26	Secretary II	1	18

Crime Victims Reparation Commission (780)

	<u>FTE</u>	<u>Pay</u> <u>Range</u>
Agency Director	1	32

Department of Public Safety (790)

	<u>FTE</u>	<u>Pay</u> <u>Range</u>		<u>FTE</u>	<u>Pay</u> <u>Range</u>
Administrative Assistant III	2	24	Administrator II	1	24
Cabinet Secretary	1	46	Chief Information Officer	1	36
Deputy Cabinet Secretary	1	38	Division Director II	5	32
Drug Coordinator	1	28	DWI Statewide Coordinator	1	28
Public Information Officer II	1	26	State Police Chief	1	34

Homeland Security & Emergency Management (795)

	<u>FTE</u>	<u>Pay</u> <u>Range</u>		<u>FTE</u>	<u>Pay</u> <u>Range</u>
Administrative Assistant III	1	24	Border Liaison	1	24
Division Director II	2	32	Executive Dir of Homeland Sec	1	34

Department of Transportation (805)

	<u>FTE</u>	<u>Pay</u> <u>Range</u>		<u>FTE</u>	<u>Pay</u> <u>Range</u>
Adjutant Secretary	1	30	Cabinet Secretary	1	46
Chief Information Officer	1	36	Deputy Cabinet Secretary	3	38
Division Director I	2	30	Division Director II	2	32
General Counsel	1	34	Ombudsman III	1	26
Public Information Officer II	1	26			

Public Education Department (924)

	<u>FTE</u>	<u>Pay</u> <u>Range</u>		<u>FTE</u>	<u>Pay</u> <u>Range</u>
Cabinet Secretary	1	46	Deputy Cabinet Secretary	2	38
Division Director II	10	32	Executive Secretary	1	26
Public Information Officer I	1	24	Public Information Officer II	1	26

Governor's Fiscal Year 2009 Exempt Salary Plan

Public School Facilities Authority (940)

	<u>FTE</u>	<u>Pay Range</u>		<u>FTE</u>	<u>Pay Range</u>
Administrative Assistant I	2	18	Administrative Assistant II	1	20
Administrator II	1	24	Building Standards Specialist	1	24
CIMS Trainer	3	18	Communications Specialist	1	18
Deputy Director	1	32	Dir. of Finance & Administration	1	30
Executive Director	1	36	Facility Analyst	2	22
Financial Specialist	2	18	Human Resource Administrator I	1	20
Information Systems Manager	2	28	Information Systems Specialist	1	24
Maintenance Manager	1	24	Maintenance Specialist	3	22
Planning & Design Manager	1	24	Project Technician	2	12
Regional Manager I	3	18	Regional Manager II	15	20
Regional Manager III	2	22	Secretary I	1	14
Secretary II	1	18	Senior Regional Manager	1	28
Special Projects Coordinator II	2	26	Staff Assistant	1	12
Technical Coordinator	1	18	Value Engineer	1	24

Higher Education Department (950)

	<u>FTE</u>	<u>Pay Range</u>		<u>FTE</u>	<u>Pay Range</u>
Cabinet Secretary	1	46	Chief Information Officer	1	36
Deputy Cabinet Secretary	1	38	Division Director II	8	32
Executive Assistant	1	24	Public Information Officer II	1	26

INDEX

Administrative Office of the Courts (21800)	10
Administrative Office of the District Attorneys (26400)	44
Aging and Long-Term Services Department (62400).....	307
Attorney General (30500)	46
Bernalillo County Metropolitan Court (24400).....	28
Board of Examiners for Architects (40400).....	154
Board of Nursing (44900).....	202
Board of Veterinary Medicine (47900).....	215
Border Authority (41700).....	156
Children, Youth and Families Department (69000).....	416
Commission for Deaf and Hard-of-Hearing Persons (60400)	295
Commission for the Blind (60600)	300
Commission on the Status of Women (60100).....	288
Commissioner of Public Lands (53900).....	269
Corrections Department (77000).....	438
Cultural Affairs Department (50500)	227
Crime Victims Reparation Commission (78000).....	452
Cumbres and Toltec Scenic Railroad Commission (49000).....	218
Department of Environment (66700)	393
Department of Finance and Administration (34100)	68
Department of Game and Fish (51600).....	243
Department of Health (66500).....	375
Department of Information Technology	122
Department of Military Affairs (70500).....	427
Department of Public Safety (79000).....	456
Department of Transportation (80500)	464
Developmental Disabilities Planning Council (647000)	365
District Attorneys (25100 –26300 & 26500)	31
District Courts (23100-24300).....	16
Division of Vocational Rehabilitation (64400)	356

Economic Development Department (41900)	168
Educational Retirement Board (35200)	105
Energy, Minerals, and Natural Resources Department (52100).....	252
Gaming Control Board (46500)	209
General Services Department (35000)	93
Governor (35600).....	116
Governor’s Commission on Disability (64500).....	562
Governor’s Exempt Salary Plan.....	539
Higher Education Department (95000).....	487
Higher Education Summary (95200-97800).....	495
Homeland Security and Emergency Management (79500)	462
Human Services Department (63000).....	320
Indian Affairs Department (60900).....	303
Intertribal Ceremonial Office (53800).....	267
Juvenile Parole Board (76500).....	435
Legislative Branch (11100-13100)	1
Lieutenant Governor (36000)	119
Martin Luther King, Jr. Commission (60500).....	298
Medical Board (44600)	199
Miners’ Hospital of New Mexico (66200)	371
New Mexico Health Policy Commission (66900)	410
New Mexico Livestock Board (508).....	237
New Mexico School for the Blind and Visually Impaired (97900)	512
New Mexico School for the Deaf (98000)	515
New Mexico Sentencing Commission (35400)	109
New Mexico State Fair (46000).....	204
Office of African American Affairs (60300)	292
Office of Military Base Planning (49100)	221
Office of the Natural Resources Trustee (66800)	407
Organic Commodity Commission (56900)	285
Parole Board (76000)	432

Personnel Board (37800).....	140
Public Defender Department (35500)	112
Public Education Department (92400)	472
Public Employees Labor Relations Board (37900).....	145
Public Employees Retirement Association (36600)	129
Public Regulation Commission (43000).....	190
Public School Facilities Authority (94000)	483
Public School Insurance Authority (34200)	80
Public School Support (99300).....	519
Regional Education Cooperatives (93000)	480
Regulation and Licensing Department (42000)	177
Retiree Health Care Authority (34300)	87
Secretary of State (37000).....	137
Spaceport Authority (49500)	224
State Auditor (30800)	51
State Board of Licensure for Engineers and Land Surveyors (46400)	207
State Commission of Public Records (36900).....	133
State Courts and Other Judicial Agencies (20500-21600 and 21900)	2
State Engineer (55000)	272
State Ethics Commission (39900).....	152
State Investment Council (33700)	64
State Racing Commission (46900)	212
State Treasurer (39400).....	148
Taxation and Revenue Department (33300)	54
Tourism Department (41800).....	160
Veterans' Service Department (67000)	413
Workforce Solutions Department (63100)	340
Workers' Compensation Administration (63200).....	350
Youth Conservation Corps (52200)	264