

STATE OF NEW MEXICO

**EXECUTIVE BUDGET
Fiscal Year 2008
(July 1, 2007- June 30, 2008)**

Governor Bill Richardson

January 2007

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Printed by
State Printing Bureau
General Services Department
Santa Fe, New Mexico

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FY08 Budget Request Introduction

January 2007 marks the beginning of the Richardson Administration's second term and the opportunity to build on the successes of the last four years. Policy decisions made by Governor Richardson and the Legislature over the last four 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 8th highest ranking in the nation in personal income growth. New Mexico's public education system continues to improve, receiving recognition as 2nd in the country for education reform and 7th in teacher quality. The Governor's and Legislature's policies against DWI are also providing results for a safer New Mexico with DWI related crashes down by 25% and alcohol related fatalities down by 12%. 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; but there is more to be done. In FY08, the Executive Recommendation reflects priorities that continue moving New Mexico in the right direction by building on our successes and *Expanding Opportunities* for every New Mexico community to thrive.

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

Fiscal Responsibility Achieves Results

During the 2006-2007 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
- Services for New Mexicans
- Managing State Resources

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 FY08 Executive Budget Recommendation supports the priorities emphasized by the administration and are 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.

Based on an analysis of the challenges facing new Mexico and the unprecedented financial resources that are anticipated in FY08, Governor Richardson declared 2007 the "Year of Water". The Executive budget recommendation reflects this priority for the 2007 legislative session as well as continues the "Year of the Child" initiatives begun last year. Finally the Executive recommendation reflects the Administration's commitment to ensure more New Mexicans have access to health care.

Protecting and Promoting New Mexico's Environment

New Mexico has both finite water and oil and gas energy supplies that must be actively managed for a sustainable future. To responsibly manage New Mexico's resources the Executive recommendation includes the creation of an Office of Water Infrastructure Development, river ecosystem restoration projects, water conservation initiatives and expansion of the Strategic Water Reserve.

The recommendation also provides incentives for the development of alternative and renewable energy resources in New Mexico in the areas of biofuel production, innovative energy technologies and low-carbon electricity generation. Funding for climate change and green building initiatives and expansion of opportunities for hunting and fishing emphasize the focus on protecting and promoting New Mexico's environment.

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 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;
- Continue to provide free 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 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.

The recommendation includes initiatives aimed at closing the achievement gap by providing increased funding for Advanced Placement (AP) courses and teacher training to better prepare students for post secondary education and careers and expand AP professional development and outreach to rural school districts and the southern region of the state to ensure all students have access to AP courses and highly qualified teachers.

The success of New Mexico's children in the public education system depends heavily on the quality of the teachers and principals within the system. To that end, the Governor spent his first term providing opportunities and incentives for attracting and keeping the most qualified educators. On that point, the next term will be no different as the FY08 recommendation includes the provision of a 7.4% salary increase for teachers in addition to continued funding for the three tiered licensure initiative, summer reading, math and science institutes, principal training for low performing schools and continuation of the school improvement framework initiative.

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. To this end, the Higher Education Department has also developed a model for performance funding that rewards institutions for keeping students in school and ensuring that they complete their studies. In the long run, the goal is to develop a funding mechanism that ensures student success rather than simply enrollment.

A significant barrier to student success can be the financial cost of attending postsecondary education. To make college more affordable, the College Affordability Act was created to provide need-based aid for students' tuition and other costs of attending college. For FY07, approximately 650 students will receive scholarships based on available funding. The Governor is proposing to increase funding for the endowment and make several adjustments to the authorizing statute so that more scholarships will be available and other costs of attendance may be covered.

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

Governor Richardson is committed to improving the health of New Mexico citizens by expanding access to medical insurance, including increasing the adult Medicaid eligibility to 100% of the federal poverty level and expanding State Insurance Coverage (SCI) from 200% to 300% of the federal poverty level.

In addition, Administration priorities include keeping children healthy, by enhanced screening, evaluation and diagnosis of children suspected of having Autism Spectrum Disorder (ASD), providing early intervention services for additional infants and toddlers with, or at risk of, developmental delays, improving access to pediatric specialty care in rural New Mexico and providing vision, hearing, oral health and other clinical healthcare for additional uninsured special needs children.

The Executive recommendation also includes funds for fighting substance abuse, compulsive gambling treatment and improving access to telehealth and trauma care.

State Government Reorganization

This year, the Executive is proposing to reorganize several areas:

- Information Technology
- Health Policy
- Homeland Security and Emergency Management
- Sports Authority
- Media Arts and Industries
- Water Infrastructure Development
- Behavioral Health

The objective of these proposals is to consolidate and streamline state government services to better coordinate efforts and eliminate duplication in the areas listed above.

Information Technology

The Executive will propose legislation to create the Department of Information Technology, a new cabinet agency and transfer the functions of the General Services Department's Information Systems and Communications divisions and the Office of the Chief Information Officer into one agency. The purpose of the plan is to consolidate the control over information technology services. The Executive believes this reorganization will provide a more (1) practical approach to managing unused capacity, (2) uniform statewide information systems planning, and (3) responsive mechanism to deal with changing needs.

Health Policy

The Executive will propose legislation to transfer Health Policy Commission functions to the Department of Health. The Executive believes it can best accomplish health policy development by consolidating this function into one agency. Next interim, the Executive will study the feasibility of transferring long-term care services and facilities from the Department of Health to the Aging and Long-Term Services Department to:

- Better equalize the span and scope of functions among the health and human services agencies,
- Consolidate long-term care services and facilities into a single agency, and
- Focus Department of Health's efforts on public health.

The Executive will present the Legislature a full reorganization proposal that addresses long-term care services and public health policy in 2008.

Homeland Security and Emergency Management

The Executive will propose to create a new non-cabinet-level stand-alone agency that is responsible for administering homeland security and emergency management in New Mexico. This proposal will consolidate functions currently existing in the Governor's Office of Homeland Security and the Department of Public Safety.

Sports Authority

The Executive will propose to transfer the operations of the Sports Authority to a division within the Tourism Department. The Executive intends this effort to consolidate the promotion of sports events into a single agency.

Media Arts and Industries

The Executive proposes to create the Media Arts and Industries Department and consolidate all film and media initiatives into one department. Currently, film- and media-related functions reside in the Film Office of the Economic Development Department, the Film Museum and the Music Office of the Cultural Affairs Department, and through appropriations made to the Department of Finance and Administration.

Water Infrastructure Development

The Executive proposes to create the Water Infrastructure Development Office and attach it administratively to the Department of Finance and Administration. The objective of this proposal is to consolidate and streamline water infrastructure development functions that currently reside in the Department of Finance and Administration, Department of Environment, New Mexico Finance Authority, Water Trust Board and State Engineer. The proposal retains legislative oversight committees, such as the legislative Water and Natural Resources Committee and the legislative New Mexico Finance Authority Oversight Committee. The proposal also retains the Water Trust Board.

Behavioral Health

The Executive proposes to transfer the Behavioral Health Services Division and the programs it administers from the Department of Health to the Human Services Department, which is increasingly playing a leadership role in behavioral health services through the maximization of Medicaid revenue and the Behavioral Health Purchasing Collaborative.

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 FY08 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.

Legislative Branch (Dollars in Thousands)					
	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u>	
				<u>Dollar</u>	<u>Percent</u>
				<u>Change</u>	<u>Change</u>
SOURCES					
General Fund Transfers	13,645.7	17,333.5	17,935.9	602.4	3.5
Fund Balances	1,550.5	0.0	0.0	0.0	0.0
TOTAL SOURCES	15,196.2	17,333.5	17,935.9	602.4	3.5
USES					
Legislative Council Service	4,191.9	4,956.0	5,320.4	364.4	7.4
Legislative Finance Committee	3,428.4	3,807.3	3,876.4	69.1	1.8
Senate Chief Clerk	689.0	1,030.5	1,031.0	0.5	0.0
House Chief Clerk	748.3	1,009.5	1,018.8	9.3	0.9
Legislative Education Study Committee	900.6	1,195.6	1,195.6	0.0	0.0
Legislative Building Services	2,993.9	3,647.7	3,806.8	159.1	4.4
Pre-Session Expenses	406.0	552.3	552.3	0.0	0.0
Interim Committee Expenses	653.9	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	3.9	21.6	21.6	0.0	0.0
Energy Council Dues	32.0	32.0	32.0	0.0	0.0
Legislative Internship Program	5.0	45.0	45.0	0.0	0.0
TOTAL USES	14,052.9	17,333.5	17,935.9	602.4	3.5
FTE					
Permanent	163.4	255.4	255.4	0.00	0.0
Term	0.0	0.0	0.0	0.00	0.0
Temporary	4.0	2.0	2.0	0.00	0.0
TOTAL FTE POSITIONS	167.4	257.4	257.4	0.00	0.0

Executive Summary

The State Courts and other judicial agencies are comprised of the following agencies: 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.

	FY07	FY08	% Change
	Operating	Recommendation	
	<u>Budget</u>	<u>Recommendation</u>	<u>% Change</u>
General Fund	11,036.4	11,289.1	2.3
Total Sources	12,459.5	12,730.4	2.2
Program			
Supreme Court Law Library	1,711.3	1,720.1	0.5
New Mexico Compilation Commission	1,559.7	1,593.1	2.1
Judicial Standards Commission	686.8	784.6	14.2
Court of Appeals	5,141.7	5,254.2	2.2
Supreme Court	2,630.2	2,644.8	0.6
Supreme Court Building Commission	729.8	733.6	0.5
Total Uses	12,459.5	12,730.4	2.2
FTE	126.00	126.00	0.0

- The Executive recommendation provides a position for the Court of Appeals for a staff attorney and supports this position with \$94.9 in General Fund.

Agency Mission and Program Purpose

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.

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 for 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 the 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 the district courts, certain administrative agencies and the New Mexico Supreme Court. The Court's goal is to decide cases fairly and expeditiously, maintaining archived copies of 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.

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 programs such as: 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 Library. The Executive recommendation maintains funding at approximately the FY07 operating level. Personal services and employee benefits include a 1.2% increase to accommodate increased employee benefit rates.

New Mexico Compilation Commission. The Compilation Commission receives funding through the sale of legal documents. The Executive recommendation increases the Commission's enterprise revenue by 3.4%, while the General Fund contribution is decreased by 8.0%. The Executive encourages the Commission to continue to monitor revenues and to cut expenditures if revenue does not materialize at projected levels.

The recommendation increases professional services contracts to \$1,073.6, a 3.2% increase. The term FTE authorized for FY07 is not incorporated into the FY08 Executive recommendation at the agency's request.

Judicial Standards Commission. The Executive recommendation supports an increase of \$50.0 in General Fund for the agency to administer additional disciplinary hearings across the state, and to address added case load growth. The Executive continues to support the agency mission and efforts to assure the public of accountability in the judiciary. Increases in General Fund are provided for additional costs associated with personal services and employee benefits, projected increases in GSD rates and minimal revenue replacement for funds no longer transferred by the New Mexico Supreme Court.

Court of Appeals. The Executive recommendation is a 2.2% increase over the FY07 operating level. This is driven primarily by a necessary increase in contractual services for imaging of closed files to alleviate a severe space shortage. The recommendation provides \$94.9 in General Fund for an additional staff attorney to assist in caseload growth. The Executive recommendation also incorporates a vacancy factor of 1.6%.

Supreme Court. The Executive recommendation provides for increases of \$14.6 in General Fund for FY08. The increases are associated with higher GSD rates and personal services and employee benefits.

Supreme Court Building Commission. The Executive recommendation provides for an increase of \$3.8 in General Fund over FY07 operating levels. This increase of 0.5% covers personal services and employee benefits, while decreasing slightly contracts and the other costs categories.

Performance Report

The Supreme Court Law Library did not meet its performance measure of percent of staff time spent on shelving and updating library materials in FY06. The agency reports that 28% of staff time

was allocated to this task, while its measure calls for under 20%. The agency will continue to work towards achieving its goal in FY08. The agency exceeded its goal for number of website hits by 53% during FY06, and exceeds its measure for number of research requests by 5,492.

The New Mexico Compilation Commission failed to meet its measure for amount of revenue collected by \$138.4 in FY06. The agency has received General Fund in its FY07 and FY08 budget to compensate for the loss of revenues historically generated by the agency.

The Judicial Standards Commission failed to meet its goal of average case duration rate FY06. This measure will no longer be reported on by agreement of the agency, the Department of Finance and Administration, and the Legislative Finance Committee. Several new measures have been established for the agency which will be reported on in the FY09 budget.

The Court of Appeals did not report on its FY06 result for its measure of cases disposed as a percent of cases filed. The agency has historically met or exceeded this goal in the past.

The Supreme Court did not report its FY06 results for cases disposed as a percent of cases filed. The agency has not reported its results for this measure for the last two fiscal years.

The Supreme Court Building Commission did not report its FY06 results for accuracy of fixed-assets inventory records

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY06 <u>Actuals</u>	FY07 Operating <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	10,268.4	11,036.4	11,289.1	252.7	2.3
Other Transfers	86.9	0.0	0.0	0.0	***
Other Revenues	1,167.2	1,423.1	1,441.3	18.2	1.3
TOTAL SOURCES	11,522.5	12,459.5	12,730.4	270.9	2.2
USES					
Personal Services and Employee Benefits	8,184.1	9,195.8	9,277.9	82.1	0.9
Contractual Services	1,798.3	1,513.0	1,716.9	203.9	13.5
Other	1,812.3	1,750.7	1,735.6	-15.1	-0.9
TOTAL USES	11,794.7	12,459.5	12,730.4	270.9	2.2
FTE					
Permanent	120.25	125.00	126.00	1.00	0.8
Term	0.00	1.00	0.00	-1.00	-100.0
TOTAL FTE POSITIONS	120.25	126.00	126.00	0.00	0.0

Supreme Court Law Library
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	1,647.2	1,711.3	1,718.7	7.4	0.4
Other Revenues	0.0	0.0	1.4	1.4	***
TOTAL SOURCES	1,647.2	1,711.3	1,720.1	8.8	0.5
USES					
Personal Services and Employee Benefits	566.2	663.6	671.6	8.0	1.2
Contractual Services	264.5	364.6	365.7	1.1	0.3
Other	808.5	683.1	682.8	-0.3	0.0
TOTAL USES	1,639.2	1,711.3	1,720.1	8.8	0.5
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)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation Dollar Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	0.0	167.6	154.2	-13.4	-8.0
Other Revenues	1,152.9	1,392.1	1,438.9	46.8	3.4
TOTAL SOURCES	1,152.9	1,559.7	1,593.1	33.4	2.1
USES					
Personal Services and Employee Benefits	203.8	333.9	348.8	14.9	4.5
Contractual Services	1,147.8	1,040.5	1,073.6	33.1	3.2
Other	132.5	185.3	170.7	-14.6	-7.9
TOTAL USES	1,484.1	1,559.7	1,593.1	33.4	2.1
FTE					
Permanent	4.00	5.00	5.00	0.00	0.0
Term	0.00	1.00	0.00	-1.00	-100.0
TOTAL FTE POSITIONS	4.00	6.00	5.00	-1.00	-16.7

Judicial Standards Commission
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation Dollar Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	580.1	656.8	784.6	127.8	19.5
Other Transfers	57.3	0.0	0.0	0.0	***
Other Revenues	13.3	30.0	0.0	-30.0	-100.0
TOTAL SOURCES	650.7	686.8	784.6	97.8	14.2
USES					
Personal Services and Employee Benefits	461.2	531.3	554.4	23.1	4.3
Contractual Services	49.2	30.0	93.9	63.9	213.0
Other	139.6	125.5	136.3	10.8	8.6
TOTAL USES	650.0	686.8	784.6	97.8	14.2

State Courts and Other Judicial Agencies

20000

Judicial Standards Commission
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar Change	Percent Change
FTE					
Permanent	6.50	7.00	7.00	0.00	0.0
TOTAL FTE POSITIONS	6.50	7.00	7.00	0.00	0.0

Court of Appeals
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar Change	Percent Change
SOURCES					
General Fund Transfers	4,908.5	5,140.7	5,253.2	112.5	2.2
Other Revenues	1.0	1.0	1.0	0.0	0.0
TOTAL SOURCES	4,909.5	5,141.7	5,254.2	112.5	2.2
USES					
Personal Services and Employee Benefits	4,306.6	4,697.7	4,705.4	7.7	0.2
Contractual Services	147.8	23.7	129.8	106.1	447.7
Other	417.7	420.3	419.0	-1.3	-0.3
TOTAL USES	4,872.1	5,141.7	5,254.2	112.5	2.2
FTE					
Permanent	58.00	58.00	59.00	1.00	1.7
TOTAL FTE POSITIONS	58.00	58.00	59.00	1.00	1.7

Supreme Court
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar Change	Percent Change
SOURCES					
General Fund Transfers	2,429.0	2,630.2	2,644.8	14.6	0.6
Other Transfers	5.6	0.0	0.0	0.0	***
TOTAL SOURCES	2,434.6	2,630.2	2,644.8	14.6	0.6
USES					
Personal Services and Employee Benefits	2,154.0	2,381.6	2,398.1	16.5	0.7
Contractual Services	100.8	47.3	47.2	-0.1	-0.2
Other	177.3	201.3	199.5	-1.8	-0.9
TOTAL USES	2,432.1	2,630.2	2,644.8	14.6	0.6
FTE					
Permanent	30.00	31.00	31.00	0.00	0.0
TOTAL FTE POSITIONS	30.00	31.00	31.00	0.00	0.0

Supreme Court Building Commission
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Dollar Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	703.6	729.8	733.6	3.8	0.5
Other Transfers	24.0	0.0	0.0	0.0	***
TOTAL SOURCES	727.6	729.8	733.6	3.8	0.5
USES					
Personal Services and Employee Benefits	492.3	587.7	599.6	11.9	2.0
Contractual Services	88.2	6.9	6.7	-0.2	-2.9
Other	136.7	135.2	127.3	-7.9	-5.8
TOTAL USES	717.2	729.8	733.6	3.8	0.5
FTE					
Permanent	12.75	15.00	15.00	0.00	0.0
TOTAL FTE POSITIONS	12.75	15.00	15.00	0.00	0.0

Performance Measures

		<u>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 Recomm</u>
Supreme Court Law Library					
The mission of the Supreme Court Law Library is to provide and produce legal information for the judicial, legislative, and executive branches of state government, the legal community; and the public at large so they may have equal access to the law, effectively address the courts, make laws and write regulations, better understand the legal system, and conduct their affairs in accordance with the principles of law.					
Output	Percent of updated titles	80%	77.4%	80%	80%
Quality	Percent of staff time spent on shelving and updating library materials	<20%	28%	<20%	<20%
Output	Number of website hits	5,000	76,977	50,000	50,000
Output	Number of research requests	500	5,992	5,000	5,000

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	\$1,152.9	\$1,291.3	\$1,291.3
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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.

Efficiency	Average time for complaint requiring investigation to reach disposition, in months	4.3	4.3		
Efficiency	Average case duration rate, by meeting cycle	5	2.3		
Explanatory	Number of complaints received regarding judicial misconduct		2441		
Explanatory	Percent of complaints requiring research investigation		95		
Efficiency	Upon knowledge of cause for emergency interim suspension, time for commission to file petition for temporary suspension, in days			2	2
Output	Time for release of annual report to the public, from the end of the fiscal year, in months			2	2
Efficiency	For cases in which formal charges are filed, average time for formal hearings to be reached, in meeting cycles			3	3

State Courts and Other Judicial Agencies

20000

		<u>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 Recomm</u>
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%	N/A	95%	95%
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%	N/A	95%	95%
Explanatory	Number of opinions, decisions and dispositional orders written		N/A		
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%	N/A	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.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	36,044.0	40,606.1	12.7
Total Sources	47,085.3	51,016.3	8.3
Program			
Administrative Support	8,647.2	9,302.8	7.6
Statewide Judiciary Automation	7,154.7	8,882.5	24.1
Magistrate Court	24,338.5	25,679.1	5.5
Special Court Services	6,944.9	7,151.9	3.0
Total Uses	47,085.3	51,016.3	8.3
FTE	419.55	421.25	0.4

- The Executive recommendation provides for \$1,111.9 in a revenue shift from the Supreme Court Automation Fund (SCAF) to the General Fund to allow certain salaries and benefits and rent to be funded through the General Fund.
- The Executive recommends a total General Fund increase of \$4,562.1, or 12.7%.
- An overall vacancy factor of 3% has been applied agency wide.

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 supports 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 FTEs, 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 programs such as 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 increases the General Fund by \$1,369.4 over the FY07 operating level, to support additional contractual costs for a revised staff study, judicial performance evaluation, jury and witness reporting and recording, and jury and witness fees.

Statewide Judiciary Automation Program. The Executive recommends a total increase in General Fund of \$1,727.8 over the FY07 operating level. The recommendation is in response to and

in support of an identified need by JID to shift costs from SCAF to the General Fund in order to allow SCAF funding to maintain its original purpose of developing and implementing information technology projects. The recommendation includes shifting certain personal services and benefits costs, and increases to contractual services and other costs, including JID rental costs, to the General Fund.

Magistrate Court Program. The Executive recommendation increases the General Fund by 6.0% over the FY07 operating level and supports the program's need for additional funding for personal services and benefits and other costs including increased rental and inventory exempt costs.

Special Court Services Program. The Executive recommendation increases the General Fund by 3.1% over the FY07 operating level. This is due primarily to increased professional services costs associated with statewide magistrate court DWI Courts and increased costs to the Court Appointed Special Attorneys and Children's Court Mediation programs.

Performance Report

The Executive appreciates the judicial participation in the performance-based budgeting process. In addition, the Executive is encouraged to see that the Administrative Office of the Courts continues to gather and report data, and set targets for performance measures in FY08. The Executive would like to see the AOC continue to strive to meet its targets for FY07 and FY08.

Budget Summary Tables

	Agency Budget Summary (Dollars in Thousands)					
	FY06 Actuals	FY07 Operating Budget	Recom- mendation	FY08		
				Budget to Recommendation Dollar/FTE Change	Percent Change	
SOURCES						
General Fund Transfers	33,255.8	36,044.0	40,606.1	4,562.1	12.7	
Other Transfers	8,244.2	1,034.5	7,641.7	6,607.2	638.7	
Federal Revenues	205.4	1,208.2	539.9	-668.3	-55.3	
Other Revenues	544.7	7,834.5	525.0	-7,309.5	-93.3	
Fund Balance	618.1	964.1	1,703.6	739.5	76.7	
TOTAL SOURCES	42,868.2	47,085.3	51,016.3	3,931.0	8.3	
USES						
Personal Services and Employee Benefits	21,837.9	24,246.2	24,977.6	731.4	3.0	
Contractual Services	5,843.7	7,229.8	8,760.2	1,530.4	21.2	
Other	12,698.3	13,390.8	15,965.9	2,575.1	19.2	
Other Financing Uses	2,485.7	2,218.5	1,312.6	-905.9	-40.8	
TOTAL USES	42,865.6	47,085.3	51,016.3	3,931.0	8.3	
FTE						
Permanent	338.50	351.25	355.25	4.00	1.1	
Term	68.50	68.30	66.00	-2.30	-3.4	
TOTAL FTE POSITIONS	407.00	419.55	421.25	1.70	0.4	

Administrative Support
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	6,628.5	6,748.5	8,117.9	1,369.4	20.3
Other Transfers	1,206.3	165.5	120.0	-45.5	-27.5
Federal Revenues	205.4	1,208.2	539.9	-668.3	-55.3
Other Revenues	544.7	525.0	525.0	0.0	0.0
TOTAL SOURCES	8,584.9	8,647.2	9,302.8	655.6	7.6
USES					
Personal Services and Employee Benefits	2,380.4	2,672.5	2,542.9	-129.6	-4.8
Contractual Services	721.6	730.0	1,206.8	476.8	65.3
Other	4,679.2	4,698.2	5,553.1	854.9	18.2
Other Financing Uses	803.8	546.5	0.0	-546.5	-100.0
TOTAL USES	8,585.0	8,647.2	9,302.8	655.6	7.6
FTE					
Permanent	34.00	34.25	32.75	-1.50	-4.4
Term	8.00	2.80	0.50	-2.30	-82.1
TOTAL FTE POSITIONS	42.00	37.05	33.25	-3.80	-10.3

Statewide Judiciary Automation
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	1,704.1	1,881.1	3,608.9	1,727.8	91.9
Other Transfers	4,427.7	0.0	4,486.7	4,486.7	***
Other Revenues	0.0	5,273.6	0.0	-5,273.6	-100.0
Fund Balance	318.0	0.0	786.9	786.9	***
TOTAL SOURCES	6,449.8	7,154.7	8,882.5	1,727.8	24.1
USES					
Personal Services and Employee Benefits	3,633.4	3,768.1	4,384.0	615.9	16.3
Contractual Services	453.1	627.3	914.6	287.3	45.8
Other	2,360.6	2,759.3	3,583.9	824.6	29.9
TOTAL USES	6,447.1	7,154.7	8,882.5	1,727.8	24.1
FTE					
Permanent	37.50	38.50	44.00	5.50	14.3
Term	9.00	9.00	9.00	0.00	0.0
TOTAL FTE POSITIONS	46.50	47.50	53.00	5.50	11.6

Magistrate Court
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	18,989.0	20,819.5	22,077.4	1,257.9	6.0
Other Transfers	2,610.2	519.0	2,685.0	2,166.0	417.3
Other Revenues	0.0	2,035.9	0.0	-2,035.9	-100.0
Fund Balance	300.1	964.1	916.7	-47.4	-4.9
TOTAL SOURCES	21,899.3	24,338.5	25,679.1	1,340.6	5.5

		Magistrate Court (Dollars in Thousands)			FY08	
		FY06	FY07	Recom-	Budget to Recommendation	
		Actuals	Budget	mendation	Dollar	Percent
					Change	Change
USES						
	Personal Services and					
	Employee Benefits	15,824.1	17,805.6	18,050.7	245.1	1.4
	Contractual Services	425.6	612.0	811.9	199.9	32.7
	Other	5,641.5	5,920.9	6,816.5	895.6	15.1
	Other Financing Uses	8.1	0.0	0.0	0.0	***
	TOTAL USES	21,899.3	24,338.5	25,679.1	1,340.6	5.5
FTE						
	Permanent	267.00	278.50	278.50	0.00	0.0
	Term	51.50	56.50	56.50	0.00	0.0
	TOTAL FTE POSITIONS	318.50	335.00	335.00	0.00	0.0

		Special Court Services (Dollars in Thousands)			FY08	
		FY06	FY07	Recom-	Budget to Recommendation	
		Actuals	Budget	mendation	Dollar	Percent
					Change	Change
SOURCES						
	General Fund Transfers	5,934.2	6,594.9	6,801.9	207.0	3.1
	Other Transfers	0.0	350.0	350.0	0.0	0.0
	TOTAL SOURCES	5,934.2	6,944.9	7,151.9	207.0	3.0
USES						
	Personal Services and					
	Employee Benefits	0.0	0.0	0.0	0.0	***
	Contractual Services	4,243.4	5,260.5	5,826.9	566.4	10.8
	Other	17.0	12.4	12.4	0.0	0.0
	Other Financing Uses	1,673.8	1,672.0	1,312.6	-359.4	-21.5
	TOTAL USES	5,934.2	6,944.9	7,151.9	207.0	3.0
FTE						
	Permanent	0.00	0.00	0.00	0.00	***
	TOTAL FTE POSITIONS	0.00	0.00	0.00	0.00	***

Performance Measures

		FY06	FY06	FY07	FY08
		Target	Result	Target	Recomm
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%	80.5%	92%	92%
Output	Average cost per juror	\$55		\$41	\$50
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%		98%	98%
Quality	Percent reduction in number of calls for assistance from judicial agencies regarding the case management database and network	10%	-20.7%	10%	10%
Quality	Average time to respond to automation calls for assistance, in minutes	25	957	25	25
Output	Number of help desk calls for assistance	4,010	5,175		
Quality	Average time to resolve automation calls for assistance, in hours			8	8

		<u>FY06</u> <u>Target</u>	<u>FY06</u> <u>Result</u>	<u>FY07</u> <u>Target</u>	<u>FY08</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	2.28	\$2.3	\$2.3
Explanatory	Percent of cases disposed as a percent of cases filed	90%	102.3%	95%	95%
Explanatory	Dollar amount of criminal case fees and fines collected, in millions		\$15.15		
Efficiency	Percent of magistrate courts financial reports submitted to fiscal services division and reconciled on a monthly basis	85%	99%	96%	100%
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	7,000	8,841	8,000	8,000
Output	Number of monthly supervised child visitations conducted	500	497	500	500
Output	Number of cases to which court appointed special advocates volunteers are assigned	1,400	1,674	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.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	61,952.3	63,285.4	2.2
Total Sources	69,975.9	69,968.2	0.0
Program			
First Judicial District Court	6,788.7	6,830.4	0.6
Second Judicial District Court	22,520.1	22,211.7	-1.4
Third Judicial District Court	6,772.5	6,788.1	0.2
Fourth Judicial District Court	1,773.0	1,784.9	0.7
Fifth Judicial District Court	6,028.3	6,065.0	0.6
Sixth Judicial District Court	2,708.3	2,708.3	0.0
Seventh Judicial District Court Summary	2,290.5	2,355.1	2.8
Eighth Judicial District Court	2,536.0	2,473.4	-2.5
Ninth Judicial District Court	3,567.4	3,617.0	1.4
Tenth Judicial District Court	724.6	724.6	0.0
Eleventh Judicial District Court	5,707.0	5,707.0	0.0
Twelfth Judicial District Court	2,912.7	2,912.7	0.0
Thirteenth Judicial District Court	5,646.8	5,790.0	2.5
Total Uses	69,975.9	69,968.2	0.0
FTE	938.0	957.5	2.1

- The Executive recommends \$90.0 from the General Fund to continue efforts to curb drug use and crimes related to drug use, particularly methamphetamine use.
- The Executive recommends \$160.0 from the General Fund to continue judicial efforts related to domestic violence and crimes against children.
- Vacancy factors of up to 2% are applied to all judicial district courts.
- The Executive recommends \$598.5 be shifted from the local DWI Grant Fund to the General Fund.

Agency Mission and Program Purpose

The District Courts have jurisdiction over all matters not specifically excepted in 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.

<i>First Judicial District Court</i>	Santa Fe, Rio Arriba and Los Alamos Counties
<i>Second Judicial District Court</i>	Bernalillo County
<i>Third Judicial District Court</i>	Dona Ana County
<i>Fourth Judicial District Court</i>	Mora, San Miguel and Guadalupe Counties
<i>Fifth Judicial District Court</i>	Chaves, Eddy and Lea Counties
<i>Sixth Judicial District Court</i>	Grant, Luna and Hidalgo Counties
<i>Seventh Judicial District Court</i>	Catron, Sierra, Socorro and Torrance Counties
<i>Eighth Judicial District Court</i>	Taos, Colfax and Union Counties
<i>Ninth Judicial District Court</i>	Curry and Roosevelt Counties
<i>Tenth Judicial District Court</i>	Harding, Quay and De Baca Counties
<i>Eleventh Judicial District Court</i>	San Juan and McKinley Counties
<i>Twelfth Judicial District Court</i>	Lincoln and Otero Counties
<i>Thirteenth Judicial District Court</i>	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 programs such as: 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 \$63,285.4 in General Funds for FY08 for the District Courts. While the recommendation supports the districts' efforts in securing federal grants, some forethought needs to take place when entering into grants and setting up new programs. Planning in advance for replacement funds is critical, because General Fund may not always be available to support those programs created through the use of grant funding.

As part of the First Lady's initiative to reduce domestic violence, the recommendation provides General Funds of \$19.9 to the First District Court to adjust a part-time domestic violence court monitor to a full time position.

The Executive recommends shifting \$598.5 previously transferred from the Local DWI Grant Fund to the General Fund. The shift will impact District Courts in the Second (\$42.4), Third (\$73.1), Fourth (\$107.3), Fifth (\$63.9), Sixth (\$26.0), Eleventh (\$68.5), Twelfth (\$83.5) and Thirteenth (\$133.8) Judicial Districts.

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.

Performance Report

The Executive is encouraged to see that District Courts provided FY06 year end results for its performance measures. The Executive continues to support the Courts' desire to develop other measures that should be reported in the judiciary-wide annual report due out in December, 2006.

It is promising to see that many judicial districts set targets for FY08. Setting targets is an important step for the Courts to continue to work towards full participation in performance based budgeting. The Executive would like to see the judiciary take its FY06 results to challenge itself in setting future targets. The Executive encourages the judiciary to examine its results in order to set appropriate targets that continue to challenge the courts to increase performance and accountability.

Budget Summary Tables

	Agency Budget Summary (Dollars in Thousands)			FY08	
	FY06	FY07	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	54,183.8	61,952.3	63,285.4	1,333.1	2.2
Other Transfers	5,231.5	4,619.9	4,594.3	-25.6	-0.6
Federal Revenues	1,971.4	1,390.4	0.0	-1,390.4	-100.0
Other Revenues	1,550.6	1,573.9	1,713.2	139.3	8.9
Fund Balance	440.2	439.4	375.3	-64.1	-14.6
TOTAL SOURCES	63,377.5	69,975.9	69,968.2	-7.7	0.0
USES					
Personal Services and Employee Benefits	50,226.6	57,803.8	58,656.0	852.2	1.5
Contractual Services	5,886.0	7,364.2	6,627.1	-737.1	-10.0
Other	6,124.2	4,792.9	4,670.1	-122.8	-2.6
Other Financing Uses	26.5	15.0	15.0	0.0	0.0
TOTAL USES	62,263.3	69,975.9	69,968.2	-7.7	0.0
FTE					
Permanent	804.64	874.94	892.40	17.46	2.0
Term	79.75	63.00	65.50	2.50	4.0
Temporary	3.00	0.00	0.00	0.00	***
TOTAL FTE POSITIONS	887.39	937.94	957.90	19.96	2.1

First Judicial District Court
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	5,446.2	5,971.6	5,981.1	9.5	0.2
Other Transfers	431.4	452.3	418.1	-34.2	-7.6
Other Revenues	355.6	364.8	431.2	66.4	18.2
TOTAL SOURCES	6,233.2	6,788.7	6,830.4	41.7	0.6
USES					
Personal Services and Employee Benefits	5,104.7	5,378.6	5,599.1	220.5	4.1
Contractual Services	667.9	952.6	774.1	-178.5	-18.7
Other	421.3	457.5	457.2	-0.3	-0.1
TOTAL USES	6,193.9	6,788.7	6,830.4	41.7	0.6
FTE					
Permanent	75.50	76.50	84.00	7.50	9.8
Term	6.50	6.50	7.50	1.00	15.4
TOTAL FTE POSITIONS	82.00	83.00	91.50	8.50	10.2

Second Judicial District Court
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation Dollar Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	18,457.8	19,961.4	19,891.7	-69.7	-0.3
Other Transfers	358.3	517.4	1,440.2	922.8	178.4
Federal Revenues	1,309.2	1,228.4	0.0	-1,228.4	-100.0
Other Revenues	617.8	652.1	719.0	66.9	10.3
Fund Balance	136.9	160.8	160.8	0.0	0.0
TOTAL SOURCES	20,880.0	22,520.1	22,211.7	-308.4	-1.4
USES					
Personal Services and Employee Benefits	18,436.7	20,606.8	20,544.4	-62.4	-0.3
Contractual Services	592.2	721.2	495.9	-225.3	-31.2
Other	1,355.9	1,192.1	1,171.4	-20.7	-1.7
Other Financing Uses	3.2	0.0	0.0	0.0	***
TOTAL USES	20,388.0	22,520.1	22,211.7	-308.4	-1.4
FTE					
Permanent	295.00	312.50	312.50	0.00	0.0
Term	36.00	28.50	28.50	0.00	0.0
TOTAL FTE POSITIONS	331.00	341.00	341.00	0.00	0.0

Third Judicial District Court
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation Dollar Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	4,752.1	5,899.0	6,059.4	160.4	2.7
Other Transfers	1,260.5	733.7	588.9	-144.8	-19.7
Other Revenues	130.3	109.8	109.8	0.0	0.0
Fund Balance	0.0	30.0	30.0	0.0	0.0
TOTAL SOURCES	6,142.9	6,772.5	6,788.1	15.6	0.2

Third Judicial District Court
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u>	
				<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>
USES					
Personal Services and					
Employee Benefits	4,510.8	5,254.9	5,287.7	32.8	0.6
Contractual Services	1,004.7	1,073.6	1,020.2	-53.4	-5.0
Other	524.4	444.0	480.2	36.2	8.2
TOTAL USES	6,039.9	6,772.5	6,788.1	15.6	0.2
FTE					
Permanent	70.75	79.25	79.25	0.00	0.0
Term	12.25	8.50	8.00	-0.50	-5.9
TOTAL FTE POSITIONS	83.00	87.75	87.25	-0.50	-0.6

Fourth Judicial District Court
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u>	
				<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	1,449.0	1,599.7	1,743.0	143.3	9.0
Other Transfers	126.6	142.3	14.9	-127.4	-89.5
Other Revenues	20.7	25.0	25.0	0.0	0.0
Fund Balance	30.1	6.0	2.0	-4.0	-66.7
TOTAL SOURCES	1,626.4	1,773.0	1,784.9	11.9	0.7
USES					
Personal Services and					
Employee Benefits	1,159.5	1,427.9	1,426.7	-1.2	-0.1
Contractual Services	197.2	241.6	222.0	-19.6	-8.1
Other	260.1	103.5	136.2	32.7	31.6
TOTAL USES	1,616.8	1,773.0	1,784.9	11.9	0.7
FTE					
Permanent	22.50	23.50	23.50	0.00	0.0
TOTAL FTE POSITIONS	22.50	23.50	23.50	0.00	0.0

Fifth Judicial District Court
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u>	
				<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	4,262.3	5,513.6	5,655.0	141.4	2.6
Other Transfers	709.5	419.7	295.0	-124.7	-29.7
Other Revenues	96.4	95.0	95.0	0.0	0.0
Fund Balance	9.4	0.0	20.0	20.0	***
TOTAL SOURCES	5,077.6	6,028.3	6,065.0	36.7	0.6
USES					
Personal Services and					
Employee Benefits	3,971.9	4,857.8	5,007.1	149.3	3.1
Contractual Services	624.6	787.7	667.8	-119.9	-15.2
Other	406.9	382.8	390.1	7.3	1.9
TOTAL USES	5,003.4	6,028.3	6,065.0	36.7	0.6
FTE					
Permanent	66.00	76.00	77.00	1.00	1.3
Term	1.00	1.00	1.00	0.00	0.0
TOTAL FTE POSITIONS	67.00	77.00	78.00	1.00	1.3

Sixth Judicial District Court
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u>	
				<u>Dollar</u>	<u>Percent</u>
				<u>Change</u>	<u>Change</u>
SOURCES					
General Fund Transfers	2,267.1	2,498.2	2,588.2	90.0	3.6
Other Transfers	122.9	166.2	84.2	-82.0	-49.3
Other Revenues	8.6	10.5	10.5	0.0	0.0
Fund Balance	16.4	33.4	25.4	-8.0	-24.0
TOTAL SOURCES	2,415.0	2,708.3	2,708.3	0.0	0.0
USES					
Personal Services and Employee Benefits	1,584.9	1,758.8	1,803.0	44.2	2.5
Contractual Services	595.7	760.0	708.9	-51.1	-6.7
Other	234.4	189.5	196.4	6.9	3.6
TOTAL USES	2,415.0	2,708.3	2,708.3	0.0	0.0
FTE					
Permanent	27.50	28.50	29.50	1.00	3.5
Term	0.00	0.50	0.50	0.00	0.0
TOTAL FTE POSITIONS	27.50	29.00	30.00	1.00	3.4

Seventh Judicial District Court
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u>	
				<u>Dollar</u>	<u>Percent</u>
				<u>Change</u>	<u>Change</u>
SOURCES					
General Fund Transfers	1,511.2	1,918.3	1,958.8	40.5	2.1
Other Transfers	322.7	336.2	368.3	32.1	9.5
Other Revenues	24.0	25.5	22.0	-3.5	-13.7
Fund Balance	30.0	10.5	6.0	-4.5	-42.9
TOTAL SOURCES	1,887.9	2,290.5	2,355.1	64.6	2.8
USES					
Personal Services and Employee Benefits	1,540.2	1,972.5	1,935.9	-36.6	-1.9
Contractual Services	96.4	117.8	214.3	96.5	81.9
Other	211.3	200.2	204.9	4.7	2.3
TOTAL USES	1,847.9	2,290.5	2,355.1	64.6	2.8
FTE					
Permanent	23.50	26.50	28.00	1.50	5.7
Term	4.00	4.00	4.00	0.00	0.0
TOTAL FTE POSITIONS	27.50	30.50	32.00	1.50	4.9

Eighth Judicial District Court
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u>	
				<u>Dollar</u>	<u>Percent</u>
				<u>Change</u>	<u>Change</u>
SOURCES					
General Fund Transfers	2,137.5	2,317.4	2,324.8	7.4	0.3
Other Transfers	75.6	75.6	75.6	0.0	0.0
Other Revenues	49.1	75.0	73.0	-2.0	-2.7
Fund Balance	52.5	68.0	0.0	-68.0	-100.0
TOTAL SOURCES	2,314.7	2,536.0	2,473.4	-62.6	-2.5

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

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Dollar Change</u>	<u>Percent Change</u>
USES					
Personal Services and Employee Benefits	1,428.3	1,625.7	1,608.3	-17.4	-1.1
Contractual Services	553.0	753.7	702.4	-51.3	-6.8
Other	248.3	156.6	162.7	6.1	3.9
TOTAL USES	2,229.6	2,536.0	2,473.4	-62.6	-2.5
FTE					
Permanent	24.25	25.25	25.75	0.50	2.0
TOTAL FTE POSITIONS	24.25	25.25	25.75	0.50	2.0

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

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Dollar Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	2,426.3	3,030.8	3,078.8	48.0	1.6
Other Transfers	468.0	470.1	465.6	-4.5	-1.0
Other Revenues	72.2	66.5	72.6	6.1	9.2
TOTAL SOURCES	2,966.5	3,567.4	3,617.0	49.6	1.4
USES					
Personal Services and Employee Benefits	2,305.5	2,998.4	3,105.6	107.2	3.6
Contractual Services	193.5	233.5	216.7	-16.8	-7.2
Other	459.6	335.5	294.7	-40.8	-12.2
Other Financing Uses	5.1	0.0	0.0	0.0	***
TOTAL USES	2,963.7	3,567.4	3,617.0	49.6	1.4
FTE					
Permanent	34.50	42.80	43.80	1.00	2.3
Term	4.00	4.00	4.00	0.00	0.0
TOTAL FTE POSITIONS	38.50	46.80	47.80	1.00	2.1

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

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Dollar Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	616.9	707.3	707.5	0.2	0.0
Other Revenues	4.0	5.7	5.1	-0.6	-10.5
Fund Balance	10.7	11.6	12.0	0.4	3.4
TOTAL SOURCES	631.6	724.6	724.6	0.0	0.0
USES					
Personal Services and Employee Benefits	509.2	619.1	618.1	-1.0	-0.2
Contractual Services	6.9	27.6	30.4	2.8	10.1
Other	86.5	62.9	61.1	-1.8	-2.9
Other Financing Uses	15.0	15.0	15.0	0.0	0.0
TOTAL USES	617.6	724.6	724.6	0.0	0.0
FTE					
Permanent	9.14	10.14	10.10	-0.04	-0.4
TOTAL FTE POSITIONS	9.14	10.14	10.10	-0.04	-0.4

Eleventh Judicial District Court
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u>	
				<u>Dollar</u>	<u>Percent</u>
				<u>Change</u>	<u>Change</u>
SOURCES					
General Fund Transfers	4,309.0	5,025.6	5,106.9	81.3	1.6
Other Transfers	559.5	538.3	478.0	-60.3	-11.2
Federal Revenues	163.5	27.0	0.0	-27.0	-100.0
Other Revenues	134.9	104.0	110.0	6.0	5.8
Fund Balance	50.9	12.1	12.1	0.0	0.0
TOTAL SOURCES	5,217.8	5,707.0	5,707.0	0.0	0.0
USES					
Personal Services and Employee Benefits	3,981.2	4,679.5	4,828.4	148.9	3.2
Contractual Services	393.3	468.7	447.2	-21.5	-4.6
Other	769.9	558.8	431.4	-127.4	-22.8
Other Financing Uses	3.2	0.0	0.0	0.0	***
TOTAL USES	5,147.6	5,707.0	5,707.0	0.0	0.0
FTE					
Permanent	68.00	73.00	73.00	0.00	0.0
Term	7.00	5.00	8.00	3.00	60.0
TOTAL FTE POSITIONS	75.00	78.00	81.00	3.00	3.8

Twelfth Judicial District Court
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u>	
				<u>Dollar</u>	<u>Percent</u>
				<u>Change</u>	<u>Change</u>
SOURCES					
General Fund Transfers	2,331.6	2,519.5	2,776.6	257.1	10.2
Other Transfers	291.0	208.2	86.1	-122.1	-58.6
Federal Revenues	247.3	135.0	0.0	-135.0	-100.0
Other Revenues	37.0	40.0	40.0	0.0	0.0
Fund Balance	17.3	10.0	10.0	0.0	0.0
TOTAL SOURCES	2,924.2	2,912.7	2,912.7	0.0	0.0
USES					
Personal Services and Employee Benefits	2,053.1	2,153.5	2,297.2	143.7	6.7
Contractual Services	340.6	542.3	439.9	-102.4	-18.9
Other	346.5	216.9	175.6	-41.3	-19.0
TOTAL USES	2,740.2	2,912.7	2,912.7	0.0	0.0
FTE					
Permanent	32.50	35.50	37.50	2.00	5.6
Term	2.00	1.00	0.00	-1.00	-100.0
Temporary	3.00	0.00	0.00	0.00	***
TOTAL FTE POSITIONS	37.50	36.50	37.50	1.00	2.7

Thirteenth Judicial District Court (Dollars in Thousands)					
	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Dollar Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	4,216.8	4,989.9	5,413.6	423.7	8.5
Other Transfers	505.5	559.9	279.4	-280.5	-50.1
Federal Revenues	251.4	0.0	0.0	0.0	***
Fund Balance	86.0	97.0	97.0	0.0	0.0
TOTAL SOURCES	5,059.7	5,646.8	5,790.0	143.2	2.5
USES					
Personal Services and Employee Benefits	3,640.6	4,470.3	4,594.5	124.2	2.8
Contractual Services	620.0	683.9	687.3	3.4	0.5
Other	799.1	492.6	508.2	15.6	3.2
TOTAL USES	5,059.7	5,646.8	5,790.0	143.2	2.5
FTE					
Permanent	55.50	65.50	68.50	3.00	4.6
Term	7.00	4.00	4.00	0.00	0.0
TOTAL FTE POSITIONS	62.50	69.50	72.50	3.00	4.3

Performance Measures

		<u>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 Recomm</u>
First Judicial District Court					
The mission of the First 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%	98.1%	90%	90%
Explanatory	Percent change in case filings by case type		2.3%		
Quality	Recidivism of adult drug-court graduates	9.3%	13.73%	9.3%	9.3
Explanatory	Cost per client per day for adult drug-court participants		\$37.49		
Quality	Recidivism of juvenile drug-court graduates	36.3%	20.41%	36.3%	36.3%
Explanatory	Cost per client per day for juvenile drug-court participants		\$34.68		
Output	Number of adult drug-court graduates	16	16	16	16
Output	Number of juvenile drug-court graduates	16	19	16	16
Output	Median number of days to process vendor payment vouchers	5	3.3		
Output	Number of days to process juror payment vouchers	14	3.1	14	14
Explanatory	Graduation rate, juvenile drug-court	46%	43.18%	46%	46%
Explanatory	Graduation rate, adult drug-court	31%	40.00%	31%	31%
Second Judicial District Court					
The mission of the Second 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%	98.4%	90%	90%
Explanatory	Percent change in case filings by case type		0.3%		
Quality	Recidivism of adult drug-court graduates	11%	10.98%	11%	11%
Explanatory	Cost per client per day for adult drug-court participants		\$9.97		
Quality	Recidivism of juvenile drug-court graduates	10%	23.68%	10%	10%
Explanatory	Cost per client per day for juvenile drug-court participants		\$38.23		
Output	Number of adult drug-court graduates	185	98	185	185
Output	Number of juvenile drug-court graduates	17	17	17	17
Output	Median number of days to process vendor payment vouchers	5	1	5	5
Output	Number of days to process juror payment vouchers	14	13	14	14
Explanatory	Graduation rate, adult drug-court	55%	50.52%	55%	55%
Explanatory	Graduation rate, juvenile drug-court	52%	58.62%	52%	52%

		<u>FY06</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>
		<u>Target</u>	<u>Result</u>	<u>Target</u>	<u>Recomm</u>
Third Judicial District Court					
The mission of the Third 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%		90%	90%
Explanatory	Percent change in case filings by case type		-9.1%		
Quality	Recidivism of adult drug-court graduates	29.3%	9.23%	29%	29%
Explanatory	Cost per client per day for adult drug-court participants		\$34.05	\$37	
Quality	Recidivism of juvenile drug-court graduates	24%	21.31%	24%	24%
Explanatory	Cost per client per day for juvenile drug-court participants		\$72.61		
Output	Number of adult drug-court graduates	15	23	15	
Output	Number of juvenile drug-court graduates	18	19	18	
Output	Median number of days to process vendor payment vouchers	5	3.58		
Output	Number of days to process juror payment vouchers	14	8.75	14	14
Explanatory	Graduation rate, adult drug-court	58.5%	63.89%	58%	58%
Explanatory	Graduation rate, juvenile drug-court	70%	67.86%	70%	70%

Fourth Judicial District Court					
The mission of the Fourth 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%	90.3%	90%	90%
Explanatory	Percent change in case filings by case type		7.8%		
Output	Median number of days to process vendor payment vouchers	5	.916		
Output	Number of days to process juror payment vouchers	14	12.16	14	14
Explanatory	Graduation rate, juvenile drug-court	50%	50.00%	50%	50%
Quality	Recidivism of juvenile drug-court graduates	30%	11.11%	30%	30%
Explanatory	Cost per client per day for juvenile drug-court participants		\$31.57		
Output	Number of juvenile drug-court graduates	9	3	9	9

Fifth Judicial District Court					
The mission of the Fifth 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%	97.5%	90%	90%
Explanatory	Percent change in case filings by case type		1.4%		
Output	Median number of days to process vendor payment vouchers	5	1.9	5	5
Output	Number of days to process juror payment vouchers	14	4.8	14	14
Explanatory	Graduation rate, family drug-court	80%	70%	80%	80%
Quality	Recidivism of family drug-court graduates	15%	24%	15%	15%
Output	Number of family drug-court graduates	4	14	4	

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%	103.5%	90%	90%
Explanatory	Percent change in case filings by case type		6.9%		
Quality	Recidivism of juvenile drug-court graduates	15%	16.67%	15%	15%
Explanatory	Cost per client per day for juvenile drug-court participants		\$41.71		
Output	Number of juvenile drug-court graduates	4	6	4	
Output	Median number of days to process vendor payment vouchers	5	8	5	5
Output	Number of days to process juror payment vouchers	14	12	14	14
Explanatory	Graduation rate, juvenile drug-court	40%	85.71%	40%	40%

Seventh Judicial District Court					
The mission of the Seventh 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%	106.7%	90%	90%
Explanatory	Percent change in case filings by case type		-1.1%		
Output	Median number of days to process vendor payment vouchers	5	2.4	5	5
Output	Number of days to process juror payment vouchers	14	1.9	14	14

		<u>FY06</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>
		<u>Target</u>	<u>Result</u>	<u>Target</u>	<u>Recomm</u>
Eighth Judicial District Court					
The mission of the Eighth 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%	96.3%	90%	90%
Explanatory	Percent change in case filings by case type		6.5%		
Quality	Recidivism of adult drug-court graduates	23%	11.43%	23%	23%
Explanatory	Cost per client per day for adult drug-court participants		\$25.72		
Quality	Recidivism of juvenile drug-court graduates	11%	11.76%	11%	11%
Explanatory	Cost per client per day for juvenile drug-court participants		\$28.64		
Output	Number of adult drug-court graduates	18	13	18	18
Output	Number of juvenile drug-court graduates	8	7	8	8
Output	Median number of days to process vendor payment vouchers	5	<1	5	5
Output	Number of days to process juror payment vouchers	14	4.7	14	14
Explanatory	Graduation rate, juvenile drug-court	60%	52%	60%	60%
Explanatory	Graduation rate, adult drug-court	75%	53.85%	75%	75%
Ninth Judicial District Court					
The mission of the Ninth 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%	100.7%	90%	90%
Explanatory	Percent change in case filings by case type		-2.3%		
Output	Median number of days to process vendor payment vouchers	5			5
Output	Number of days to process juror payment vouchers	14	38.2	14	14
Tenth Judicial District Court					
The mission of the Tenth 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%	101.1%	90%	90%
Explanatory	Percent change in case filings by case type		-15.1%		
Output	Median number of days to process vendor payment vouchers	5	1.2		5
Output	Number of days to process juror payment vouchers	14	8.5	14	14
Eleventh Judicial District Court					
The mission of the Eleventh 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%	97.7%	90%	90%
Explanatory	Percent change in case filings by case type		-8.4%		
Quality	Recidivism of adult drug-court graduates	15%	9.46%	15%	15%
Explanatory	Cost per client per day for adult drug-court participants		\$9.93		
Quality	Recidivism of juvenile drug-court graduates		16.13%		
Explanatory	Cost per client per day for juvenile drug-court participants		\$20.34		
Output	Number of adult drug-court graduates		30		
Output	Number of juvenile drug-court graduates		16		
Output	Median number of days to process vendor payment vouchers	5	1.9		5
Output	Number of days to process juror payment vouchers	14	3.4	14	14
Explanatory	Graduation rate, juvenile drug-court		66.67%		
Explanatory	Graduation rate, adult drug-court		62.50%		
Twelfth Judicial District Court					
The mission of the Twelfth 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%	91.6%	90%	90%
Explanatory	Percent change in case filings by case type		3.1%		
Quality	Recidivism of juvenile drug-court participants	20%	11.54%	20%	20%
Explanatory	Cost per client per day for juvenile drug-court participants		\$43.65		
Output	Number of juvenile drug-court graduates	14	17	14	14
Output	Median number of days to process vendor payment vouchers	5	1.6		5
Output	Number of days to process juror payment vouchers	14	6	14	14
Explanatory	Graduation rate, juvenile drug-court	67.1%	73.91%	65%	

		<u>FY06</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>
		<u>Target</u>	<u>Result</u>	<u>Target</u>	<u>Recomm</u>
Thirteenth Judicial District Court					
The mission of the Thirteenth Judicial District Court is to provide access to justice; resolve disputes justly and in a 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%	86.2%	90%	90%
Explanatory	Percent change in case filings by case type		-1.5%		
Quality	Recidivism of juvenile drug-court graduates	20%	10.61%	20%	20%
Explanatory	Cost per client per day for juvenile drug-court participants		\$27.58		
Output	Number of juvenile drug-court graduates	44	37	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	7.2	14	14
Explanatory	Graduation rate, juvenile drug-court	65%	68.52%	65%	65%

Executive Summary

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

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	20,416.3	21,696.4	6.3
Total Sources	24,582.6	25,298.2	2.9
Program			
Bernalillo County Metropolitan Court	24,582.6	25,298.2	2.9
Total Uses	24,582.6	25,298.2	2.9
FTE	338.00	341.50	1.0

- The Executive recommendation provides a total \$715.6 increase over the FY07 operating level.
- The recommendation includes a 6.3% General Fund increase of \$1,280.1.
- The recommendation supports a decrease of 0.8% in contractual services and 5.2% in other costs.
- A vacancy factor of 0.5% was applied to personal services and employee 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 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 18 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 programs such as: 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 \$715.6, or 2.9% over the FY07 operating level. The increase includes a \$1,280.1 in General Fund to fund the 5.2% \$917.0 increases in personal services and employee benefits. The recommendation includes a 0.5% vacancy factor. The Executive takes into account an 85.6% decrease in other transfers as well as a 51.1% decrease to other revenues. The revenue decreases are primarily due to the loss of the Ignition Interlock funds previously transferred from the Department of Transportation's Traffic Safety Bureau and the reduction of a UNM Mental Health grant.

The Executive recommendation shifts \$823.6 previously transferred from the Local DWI Grant Fund to the General Fund.

Performance Report

The Executive commends Metro Court for the success it has reported for the DWI/Drug Court program. The Executive is pleased to see the reduction in cost per client as well the 9% reduction in recidivism of DWI/Drug Court graduates. Metro Court is also commended for its increase in bench warrant revenues collected. The Executive continues to encourage Metro Court to challenge its own performance and level of achievement.

Budget Summary Tables

SOURCES	Agency Budget Summary (Dollars in Thousands)				
	FY06 Actuals	FY07 Operating Budget	Recom- mendation	FY08	
				Budget to Recommendation Dollar/FTE Change	Percent Change
General Fund Transfers	18,653.8	20,416.3	21,696.4	1,280.1	6.3
Other Transfers	171.8	185.0	26.6	-158.4	-85.6
Federal Revenues	271.7	437.7	766.0	328.3	75.0
Other Revenues	1,658.6	1,577.7	771.3	-806.4	-51.1
Fund Balance	1,954.3	1,965.9	2,037.9	72.0	3.7
TOTAL SOURCES	22,710.2	24,582.6	25,298.2	715.6	2.9

Agency Budget Summary
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent Change</u>
USES					
Personal Services and Employee Benefits	16,018.3	17,799.9	18,716.9	917.0	5.2
Contractual Services	2,640.6	3,275.1	3,248.9	-26.2	-0.8
Other	3,459.8	3,380.3	3,205.0	-175.3	-5.2
Other Financing Uses	133.8	127.3	127.4	0.1	0.1
TOTAL USES	22,252.5	24,582.6	25,298.2	715.6	2.9
FTE					
Permanent	275.00	285.00	288.00	3.00	1.1
Term	53.00	53.00	53.50	0.50	0.9
TOTAL FTE POSITIONS	328.00	338.00	341.50	3.50	1.0

Performance Measures

		<u>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 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 maintains 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		\$1,199,285		
Explanatory	Cases disposed as a percent of cases filed	90%	106.7%	95%	95%
Output	Amount of criminal case fees and fines collected, in millions		\$6.6		
Efficiency	Cost per client per day for adult drug-court participants	\$15	\$11.72	\$14	\$12.3
Quality	Recidivism of DWI/drug-court graduates	11%	3.0%	7%	6%
Outcome	Number of active cases pending	12,453	12,055		
Output	Number of DWI/drug-court graduates	214	243	230	230
Explanatory	Graduation rate of drug-court participants	68%	67%	70%	70%
Outcome	Fees and fines collected as a percent of fees and fines assessed	90%		90%	90%

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.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	50,018.8	52,971.9	5.9
Total Sources	55,473.1	56,555.4	2.0
Program			
First Judicial District Attorney	4,781.8	4,775.6	-0.1
Second Judicial District Attorney	16,586.9	16,880.4	1.8
Third Judicial District Attorney	4,427.7	4,593.7	3.7
Fourth Judicial District Attorney	2,754.3	2,980.9	8.2
Fifth Judicial District Attorney	3,974.8	4,005.4	0.8
Sixth Judicial District Attorney	2,663.3	2,657.4	-0.2
Seventh Judicial District Attorney	2,130.8	2,182.8	2.4
Eighth Judicial District Attorney	2,368.7	2,439.9	3.0
Ninth Judicial District Attorney	2,524.0	2,526.1	0.1
Tenth Judicial District Attorney	872.8	929.6	6.5
Eleventh Judicial District Attorney, Div I	3,515.9	3,443.6	-2.1
Twelfth Judicial District Attorney	2,954.8	2,998.2	1.5
Thirteenth Judicial District Attorney	3,886.5	4,146.8	6.7
Eleventh Judicial District Attorney, Division II	2,030.8	1,995.0	-1.8
Total Uses	55,473.1	56,555.4	2.0
FTE	908.25	913.75	0.6

- The Executive recommends \$2,953.1 in General Fund increases for the state's District Attorneys.
- The Executive recommends \$359.0 to support the First Lady's domestic violence initiatives in the Second, Third and Eighth districts.
- The Executive recommends an increase of \$689.4 in General Fund to support drug prosecution, and DWI prosecution and rehabilitation programming in the First, Second and Third districts.
- The Executive recommends an increase of \$154.9 in General Fund to support the retention of victim advocates in the First, Eighth and Eleventh districts.
- The Executive recommends a \$133.8 General Fund increase to the Third District Attorney for the formation of a Child Abuse Prosecution 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 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 13 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 receive transfers from the Department of Public Safety (DPS) and the New Mexico Crime Victims Reparation Commission. District Attorneys also receive funds from local entities and tribes.

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

<i>First Judicial District Attorney</i>	Santa Fe, Rio Arriba and Los Alamos Counties
<i>Second Judicial District Attorney</i>	Bernalillo County
<i>Third Judicial District Attorney</i>	Dona Ana County
<i>Fourth Judicial District Attorney</i>	Mora, San Miguel and Guadalupe Counties
<i>Fifth Judicial District Attorney</i>	Chaves, Eddy and Lea Counties
<i>Sixth Judicial District Attorney</i>	Grant, Hidalgo and Luna Counties
<i>Seventh Judicial District Attorney</i>	Catron, Torrance, Socorro and Sierra Counties
<i>Eighth Judicial District Attorney</i>	Taos, Colfax and Union Counties
<i>Ninth Judicial District Attorney</i>	Curry and Roosevelt Counties
<i>Tenth Judicial District Attorney</i>	Harding, Quay and De Baca Counties
<i>Eleventh Judicial District Attorney, Division I</i>	San Juan County
<i>Twelfth Judicial District Attorney</i>	Lincoln and Otero Counties
<i>Thirteenth Judicial District Attorney</i>	Cibola, Valencia and Sandoval Counties
<i>Eleventh Judicial District Attorney, Division II</i>	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 prosecution of these crimes with maximum sentences being sought for repeat offenders.

Key Elements of Recommendation

The Executive recommends \$52,971.9 in General Fund for all District Attorneys in FY08. The recommendation also supports the district attorneys' initiatives to generate other state funds, federal funds and the use of fund balance. While the recommendation supports the district attorneys efforts to secure federal funds, some forethought needs to take place when entering into grants and setting up new programs. Planning in advance for replacement funds is critical, as General Fund may not always be available to support those programs created through the use of grant funding.

The Executive recommends \$689.4 from the General Fund to support drug and DWI prosecutions and rehabilitation programming in three judicial districts. The recommendation includes \$69.0 in the First District for drug prosecution; \$318.1 for a methamphetamine initiative and \$111.2 for DWI prosecution and rehabilitation programming in the Second District; and \$191.1 for DWI prosecution and rehabilitative programming in the Third District.

The Executive recommends \$154.9 from the General Fund for victim advocates. Several district attorneys have reported that they will lose federal funding in FY07 or FY08. In order to retain this invaluable service to the communities involved, the Executive recommends \$41.9 in the First District, \$32.4 for the Eighth District and \$42.3 for the Eleventh District's Division One (San Juan County). In addition, the Executive recommends \$38.3 for the Eleventh District's Division Two (McKinley County).

The Executive also recommends \$133.8 for the formation of a Child Abuse prosecution unit in the Third District.

First Lady Initiatives. In her ongoing efforts to support domestic violence (DV) issues, the first Lady has included three expansion items for the district attorneys in her initiatives for FY08. The recommendation supports \$359.0 General Fund and six FTE for the First, Third and Eighth district attorneys.

Out-of-Cycle-Increases. The District Attorney's 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 a 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. This recommendation does not fund

out-of-cycle increases for those agencies that have given increases unless there were sufficient budget resources to fund the increase without having a negative impact on the succeeding year budget. The Executive strongly encourages the District Attorneys to use caution when granting out-of-cycle increases when it is apparent that the increases will affect future funding requests.

Performance Report

The Executive commends those districts that met or exceeded their performance targets in FY06. 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)					
	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	45,059.3	50,018.8	52,971.9	2,953.1	5.9
Other Transfers	1,939.2	2,158.8	1,496.5	-662.3	-30.7
Federal Revenues	2,589.0	1,953.2	1,442.3	-510.9	-26.2
Other Revenues	378.4	193.7	193.7	0.0	0.0
Fund Balance	3,135.7	1,148.6	451.0	-697.6	-60.7
TOTAL SOURCES	53,101.6	55,473.1	56,555.4	1,082.3	2.0
USES					
Personal Services and Employee Benefits	43,115.4	50,680.7	51,371.4	690.7	1.4
Contractual Services	977.3	913.3	907.4	-5.9	-0.6
Other	4,686.9	3,879.1	4,276.6	397.5	10.2
TOTAL USES	48,779.6	55,473.1	56,555.4	1,082.3	2.0
FTE					
Permanent	754.00	807.50	843.75	36.25	4.5
Term	100.75	100.75	67.00	-33.75	-33.5
Temporary	0.00	0.00	3.00	3.00	***
TOTAL FTE POSITIONS	854.75	908.25	913.75	5.50	0.6

First Judicial District Attorney (Dollars in Thousands)					
	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	3,737.2	4,103.0	4,404.1	301.1	7.3
Other Transfers	238.6	170.4	163.4	-7.0	-4.1
Federal Revenues	360.8	508.4	208.1	-300.3	-59.1
TOTAL SOURCES	4,336.6	4,781.8	4,775.6	-6.2	-0.1

First Judicial District Attorney
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 Operating <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent</u> <u>Change</u>
USES					
Personal Services and Employee Benefits	3,742.6	4,373.7	4,240.0	-133.7	-3.1
Contractual Services	129.6	29.6	59.9	30.3	102.4
Other	434.2	378.5	475.7	97.2	25.7
TOTAL USES	4,306.4	4,781.8	4,775.6	-6.2	-0.1
FTE					
Permanent	59.00	63.00	65.00	2.00	3.2
Term	13.50	13.50	5.00	-8.50	-63.0
TOTAL FTE POSITIONS	72.50	76.50	70.00	-6.50	-8.5

Second Judicial District Attorney
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	14,274.5	15,144.4	15,958.4	814.0	5.4
Other Transfers	775.6	1,222.0	729.5	-492.5	-40.3
Federal Revenues	201.8	174.5	146.5	-28.0	-16.0
Other Revenues	53.7	46.0	46.0	0.0	0.0
TOTAL SOURCES	15,305.6	16,586.9	16,880.4	293.5	1.8
USES					
Personal Services and Employee Benefits	14,183.9	15,428.1	15,733.5	305.4	2.0
Contractual Services	100.7	256.8	271.3	14.5	5.6
Other	1,007.5	902.0	875.6	-26.4	-2.9
TOTAL USES	15,292.1	16,586.9	16,880.4	293.5	1.8
FTE					
Permanent	244.50	261.50	270.25	8.75	3.3
Term	17.00	17.75	22.00	4.25	23.9
TOTAL FTE POSITIONS	261.50	279.25	292.25	13.00	4.7

Third Judicial District Attorney
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	3,058.8	3,427.0	4,108.1	681.1	19.9
Other Transfers	88.8	116.2	47.6	-68.6	-59.0
Federal Revenues	925.5	470.8	438.0	-32.8	-7.0
Fund Balance	764.8	413.7	0.0	-413.7	-100.0
TOTAL SOURCES	4,837.9	4,427.7	4,593.7	166.0	3.7
USES					
Personal Services and Employee Benefits	3,948.2	4,151.3	4,279.3	128.0	3.1
Contractual Services	213.3	28.6	36.5	7.9	27.6
Other	676.4	247.8	277.9	30.1	12.1
TOTAL USES	4,837.9	4,427.7	4,593.7	166.0	3.7

Third Judicial District Attorney
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u>	
				<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>
FTE					
Permanent	51.00	53.00	63.00	10.00	18.9
Term	19.00	19.00	8.00	-11.00	-57.9
TOTAL FTE POSITIONS	70.00	72.00	71.00	-1.00	-1.4

Fourth Judicial District Attorney
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u>	
				<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	2,514.6	2,684.6	2,911.2	226.6	8.4
Other Transfers	68.7	69.7	69.7	0.0	0.0
TOTAL SOURCES	2,583.3	2,754.3	2,980.9	226.6	8.2
USES					
Personal Services and Employee Benefits	2,195.0	2,474.6	2,693.8	219.2	8.9
Contractual Services	70.6	65.7	65.9	0.2	0.3
Other	317.7	214.0	221.2	7.2	3.4
TOTAL USES	2,583.3	2,754.3	2,980.9	226.6	8.2
FTE					
Permanent	35.50	35.50	35.50	0.00	0.0
Term	2.50	2.50	2.50	0.00	0.0
TOTAL FTE POSITIONS	38.00	38.00	38.00	0.00	0.0

Fifth Judicial District Attorney
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u>	
				<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	3,125.4	3,834.0	3,874.9	40.9	1.1
Other Transfers	119.1	43.6	33.3	-10.3	-23.6
Federal Revenues	89.0	97.2	97.2	0.0	0.0
TOTAL SOURCES	3,333.5	3,974.8	4,005.4	30.6	0.8
USES					
Personal Services and Employee Benefits	2,980.8	3,549.8	3,597.7	47.9	1.3
Contractual Services	113.7	115.7	119.6	3.9	3.4
Other	225.7	309.3	288.1	-21.2	-6.9
TOTAL USES	3,320.2	3,974.8	4,005.4	30.6	0.8
FTE					
Permanent	55.50	55.50	56.00	0.50	0.9
Term	3.00	3.00	3.00	0.00	0.0
TOTAL FTE POSITIONS	58.50	58.50	59.00	0.50	0.9

Sixth Judicial District Attorney
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	1,759.5	2,066.4	2,165.5	99.1	4.8
Other Transfers	188.9	207.2	214.6	7.4	3.6
Federal Revenues	533.7	389.7	277.3	-112.4	-28.8
TOTAL SOURCES	2,482.1	2,663.3	2,657.4	-5.9	-0.2
USES					
Personal Services and Employee Benefits	2,217.2	2,356.0	2,359.4	3.4	0.1
Contractual Services	33.0	58.9	16.6	-42.3	-71.8
Other	229.9	248.4	281.4	33.0	13.3
TOTAL USES	2,480.1	2,663.3	2,657.4	-5.9	-0.2
FTE					
Permanent	30.00	30.00	33.00	3.00	10.0
Term	14.00	11.00	6.00	-5.00	-45.5
TOTAL FTE POSITIONS	44.00	41.00	39.00	-2.00	-4.9

Seventh Judicial District Attorney
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	1,866.8	2,103.8	2,153.6	49.8	2.4
Other Transfers	36.1	27.0	29.2	2.2	8.1
TOTAL SOURCES	1,902.9	2,130.8	2,182.8	52.0	2.4
USES					
Personal Services and Employee Benefits	1,697.7	1,918.6	1,959.0	40.4	2.1
Contractual Services	48.4	49.7	50.2	0.5	1.0
Other	156.8	162.5	173.6	11.1	6.8
TOTAL USES	1,902.9	2,130.8	2,182.8	52.0	2.4
FTE					
Permanent	31.00	33.00	34.00	1.00	3.0
Term	1.00	1.00	1.00	0.00	0.0
TOTAL FTE POSITIONS	32.00	34.00	35.00	1.00	2.9

Eighth Judicial District Attorney
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	2,080.4	2,256.3	2,439.9	183.6	8.1
Other Transfers	108.2	75.0	0.0	-75.0	-100.0
Federal Revenues	44.0	37.4	0.0	-37.4	-100.0
TOTAL SOURCES	2,232.6	2,368.7	2,439.9	71.2	3.0

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

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Dollar Change</u>	<u>Percent Change</u>
USES					
Personal Services and Employee Benefits	1,919.1	2,029.8	2,101.8	72.0	3.5
Contractual Services	143.7	100.1	65.4	-34.7	-34.7
Other	252.4	238.8	272.7	33.9	14.2
TOTAL USES	2,315.2	2,368.7	2,439.9	71.2	3.0
FTE					
Permanent	30.00	30.00	32.00	2.00	6.7
Term	3.00	3.00	1.00	-2.00	-66.7
Temporary	0.00	0.00	3.00	3.00	***
TOTAL FTE POSITIONS	33.00	33.00	36.00	3.00	9.1

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

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Dollar Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	2,106.0	2,524.0	2,526.1	2.1	0.1
TOTAL SOURCES	2,106.0	2,524.0	2,526.1	2.1	0.1
USES					
Personal Services and Employee Benefits	0.0	2,370.2	2,363.3	-6.9	-0.3
Contractual Services	0.0	8.6	8.5	-0.1	-1.2
Other	0.0	145.2	154.3	9.1	6.3
TOTAL USES	0.0	2,524.0	2,526.1	2.1	0.1
FTE					
Permanent	36.00	38.00	39.00	1.00	2.6
Term	1.00	1.00	0.00	-1.00	-100.0
TOTAL FTE POSITIONS	37.00	39.00	39.00	0.00	0.0

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

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Dollar Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	748.1	872.8	929.6	56.8	6.5
Federal Revenues	53.3	0.0	0.0	0.0	***
TOTAL SOURCES	801.4	872.8	929.6	56.8	6.5
USES					
Personal Services and Employee Benefits	699.4	785.3	807.6	22.3	2.8
Contractual Services	7.2	6.8	10.3	3.5	51.5
Other	94.8	80.7	111.7	31.0	38.4
TOTAL USES	801.4	872.8	929.6	56.8	6.5
FTE					
Permanent	11.00	12.00	12.00	0.00	0.0
TOTAL FTE POSITIONS	11.00	12.00	12.00	0.00	0.0

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

	<u>FY06</u> <u>Actuals</u>	<u>FY07</u> <u>Budget</u>	<u>Recom-</u> <u>mendation</u>	<u>FY08</u>	
				<u>Budget to Recommendation</u>	
				<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	2,670.9	3,004.9	3,294.0	289.1	9.6
Other Transfers	84.4	100.0	90.0	-10.0	-10.0
Federal Revenues	68.6	59.6	59.6	0.0	0.0
Fund Balance	2,086.8	351.4	0.0	-351.4	-100.0
TOTAL SOURCES	4,910.7	3,515.9	3,443.6	-72.3	-2.1
USES					
Personal Services and Employee Benefits	2,817.1	3,302.5	3,219.0	-83.5	-2.5
Contractual Services	28.8	24.8	18.0	-6.8	-27.4
Other	242.2	188.6	206.6	18.0	9.5
TOTAL USES	3,088.1	3,515.9	3,443.6	-72.3	-2.1
FTE					
Permanent	49.50	63.00	67.00	4.00	6.3
Term	11.25	13.50	5.00	-8.50	-63.0
TOTAL FTE POSITIONS	60.75	76.50	72.00	-4.50	-5.9

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

	<u>FY06</u> <u>Actuals</u>	<u>FY07</u> <u>Budget</u>	<u>Recom-</u> <u>mendation</u>	<u>FY08</u>	
				<u>Budget to Recommendation</u>	
				<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	2,100.1	2,292.3	2,335.7	43.4	1.9
Other Transfers	128.4	92.7	92.7	0.0	0.0
Federal Revenues	216.4	215.6	215.6	0.0	0.0
Fund Balance	0.0	354.2	354.2	0.0	0.0
TOTAL SOURCES	2,444.9	2,954.8	2,998.2	43.4	1.5
USES					
Personal Services and Employee Benefits	2,199.3	2,539.2	2,539.2	0.0	0.0
Contractual Services	5.5	93.1	102.3	9.2	9.9
Other	238.3	322.5	356.7	34.2	10.6
TOTAL USES	2,443.1	2,954.8	2,998.2	43.4	1.5
FTE					
Permanent	35.00	37.00	37.00	0.00	0.0
Term	8.50	8.50	8.50	0.00	0.0
TOTAL FTE POSITIONS	43.50	45.50	45.50	0.00	0.0

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

	<u>FY06</u> <u>Actuals</u>	<u>FY07</u> <u>Budget</u>	<u>Recom-</u> <u>mendation</u>	<u>FY08</u>	
				<u>Budget to Recommendation</u>	
				<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	3,140.8	3,709.5	3,902.3	192.8	5.2
Federal Revenues	95.9	0.0	0.0	0.0	***
Other Revenues	324.7	147.7	147.7	0.0	0.0
Fund Balance	284.1	29.3	96.8	67.5	230.4
TOTAL SOURCES	3,845.5	3,886.5	4,146.8	260.3	6.7

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

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u>	
				<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>
USES					
Personal Services and Employee Benefits	2,968.4	3,525.9	3,695.0	169.1	4.8
Contractual Services	62.5	67.5	73.6	6.1	9.0
Other	439.0	293.1	378.2	85.1	29.0
TOTAL USES	3,469.9	3,886.5	4,146.8	260.3	6.7
FTE					
Permanent	58.00	64.00	67.00	3.00	4.7
Term	4.00	4.00	4.00	0.00	0.0
TOTAL FTE POSITIONS	62.00	68.00	71.00	3.00	4.4

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

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u>	
				<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	1,876.2	1,995.8	1,968.5	-27.3	-1.4
Other Transfers	102.4	35.0	26.5	-8.5	-24.3
TOTAL SOURCES	1,978.6	2,030.8	1,995.0	-35.8	-1.8
USES					
Personal Services and Employee Benefits	1,546.7	1,875.7	1,782.8	-92.9	-5.0
Contractual Services	20.3	7.4	9.3	1.9	25.7
Other	372.0	147.7	202.9	55.2	37.4
TOTAL USES	1,939.0	2,030.8	1,995.0	-35.8	-1.8
FTE					
Permanent	28.00	32.00	33.00	1.00	3.1
Term	3.00	3.00	1.00	-2.00	-66.7
TOTAL FTE POSITIONS	31.00	35.00	34.00	-1.00	-2.9

Performance Measures

		FY06 <u>Target</u>	FY06 <u>Result</u>	FY07 <u>Target</u>	FY08 <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	<3%	<1%	<2%	
Output	Number of cases dismissed under the six-month rule	<50	4	<50	,50
Efficiency	Average time from filing of petition to final disposition, in months	3	2	3	3
Efficiency	Average attorney caseload	130	264	150	185
Output	Number of cases prosecuted	1,700	3,662	2,600	2,600
Output	Number of cases referred for screening	2,700	6,195	2,800	4,400

		<u>FY06</u> <u>Target</u>	<u>FY06</u> <u>Result</u>	<u>FY07</u> <u>Target</u>	<u>FY08</u> <u>Recomm</u>
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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	<8%	<1%	<4%	<3%
Output	Number of cases dismissed under the six-month rule	<1,037		<1,192	<1,192
Efficiency	Average time from filing of petition to final disposition, in months	6	11.8	6	11.5
Efficiency	Average attorney caseload	580	420	600	550
Output	Number of cases prosecuted	25,300	24897	29,800	25000
Output	Number of cases referred for screening	45,000	42813	45,500	43000
Efficiency	Average number of cases per attorney		245		250

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	<.5%	.0001	<.4%	.,3%
Efficiency	Average time from filing of petition to final disposition, in months	6	6	7	7
Output	Number of cases dismissed under the six-month rule	*	1	*	6
Efficiency	Average attorney caseload	150	254	160	160
Output	Number of cases prosecuted	3,300	4,136	3,500	4,100
Output	Number of cases referred for screening	4,500	5,468	5,200	5,400

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	5,400	5,597	5,455	5,700
Outcome	Percent of cases dismissed under the six-month rule	<2.25%	1%	<1%	<1%
Efficiency	Average time from filing of petition to final disposition, in months	6	6	6	6
Efficiency	Average attorney caseload	156	248	221	250
Output	Number of cases prosecuted	1,500	1,470	1,700	1,750
Outcome	Total revenue collected from participants in the pre-prosecution diversion program, in thousands	\$5.0	\$9.4	\$5.5	\$6.0
Outcome	Total revenue collected from participants in the worthless check program, in thousands	\$70.0	\$122.1	\$75.0	\$75.0
Output	Average investigator caseload	675	677	685	690
Output	Number of cases referred for follow-up investigation	1,250	1,260	1,260	1,275
Output	Number of offenders accepted into pre-prosecution diversion program	45	34	50	40
Output	Number of drug cases prosecuted	125	123	130	135
Output	Number of worthless check cases processed	425	478	450	485
Output	Number of domestic violence cases prosecuted	370	333	375	380
Output	Number of victims assisted by the district attorney office	430	447	440	450
Output	Number of probation violations filed	230	220	240	245
Output	Number of county civil matters handled	450	450	450	440
Output	Number of cases closed		1,470		1,750

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.

Outcome	Percent of cases dismissed under the six-month rule	0%		0%	0%
Efficiency	Average time from filing of petition to final disposition, in months	3		3	3
Efficiency	Average attorney caseload	200		200	200
Output	Number of cases prosecuted	3,500		3,000	3,300
Output	Number of cases referred for screening	3,800		3,200	3,800
Output	Number of cases dismissed under the six-month rule				

		FY06	FY06	FY07	FY08
		Target	Result	Target	Recomm
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	<90	*2	<5	<5
Efficiency	Average time from filing of petition to final disposition, in months	9	4.53	8	6
Efficiency	Average attorney caseload	75	213	150	150
Output	Number of cases prosecuted	1,900	1907	1,900	1,900
Output	Number of cases referred for screening	2,200	2129	2,200	2,200
Output	Average number of cases prosecuted per attorney		191		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%	1.3%	<5%	<2%
Output	Number of cases dismissed under the six-month rule	<100	24	<100	<80
Efficiency	Average time from filing of petition to final disposition, in months		5.3	6	5
Efficiency	Average attorney caseload	130	176	130	130
Output	Number of cases prosecuted	2,280	1787	2,280	2,280
Output	Number of cases referred for screening	2,400	2065	2,400	2,450
Efficiency	Average time from filing of petition to final disposition for juvenile cases, in months	4	5.3	5	5.5
Efficiency	Average time from filing of petition to final disposition for felony cases, in months	10	9.4	10	10
Efficiency	Average time from filing of petition to final disposition for misdemeanor cases, in months	4	4	4	4

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	4040	3,600	3,500
Outcome	Percent of cases dismissed under the six-month rule	<3.5%	2%	<3.5%	<3%
Efficiency	Average time from filing of petition to final disposition, in months	8	8 mths	7	7
Efficiency	Average attorney caseload	200	171	200	200
Output	Number of cases prosecuted	1,735	1465	1,700	1,500
Output	Number of cases dismissed under the six-month rule	26		13	0
Output	Average number of cases prosecuted per attorney		203	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	2,120	1780	3,888	2,000
Output	Number of cases dismissed under the six-month rule	<30	4	<30	<15
Efficiency	Average time from filing of petition to final disposition, in months	4	9	4	4
Efficiency	Average attorney caseload	200	198	180	180
Outcome	Percent of cases dismissed under the six-month rule	<5%	.22%	<3%	<1%
Output	Number of cases referred for screening	2,038	1624	2,382	2,000

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.

Outcome	Percent of cases dismissed under the six-month rule	<1%		<1%	<1%
Efficiency	Average time from filing of petition to final disposition, in months	6		3	3
Efficiency	Average attorney caseload	500		300	
Output	Number of cases prosecuted	1,349		1,200	1,200
Output	Number of cases referred for screening	2,045		300	

		<u>FY06</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>
		<u>Target</u>	<u>Result</u>	<u>Target</u>	<u>Recomm</u>
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, Division 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%	.13	<.5%	<.5%
Efficiency	Average time from filing of petition to final disposition, in months	6	6.8	6	6
Efficiency	Average attorney caseload	209	249	209	209
Output	Number of cases prosecuted	3,590	3985	3,590	4,100
Output	Number of cases referred for screening	3,900	4362	3,900	4,500
Output	Number of cases dismissed under the six-month rule		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	4,300
Output	Number of cases referred for screening	6,000		6,000	6,000
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	<.5%	<3.5%	<.2%	<.2%
Output	Number of cases dismissed under the six-month rule	<20	23	<17	<17
Efficiency	Average time from filing of petition to final disposition, in months	9	9	9	8
Efficiency	Average attorney caseload	231	265	190	190
Output	Number of cases prosecuted	7,394	6,797	7,500	7,677
Output	Number of cases referred for screening	8,642	7,403	8,685	8,705
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	<2%	<2%	<1.5%	<1.5%
Output	Number of cases dismissed under the six-month rule	<40	<37	<40	<34
Efficiency	Average time from filing of petition to final disposition, in months	8	8	7	8
Efficiency	Average attorney caseload	500	420	450	466
Output	Number of cases prosecuted	2,200	2363	2,600	2,563
Output	Number of cases referred for screening	4,100	3358	4,100	3,726

Executive Summary

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

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	1,356.5	1,572.3	15.9
Total Sources	1,749.4	1,742.6	-0.4
Program			
Administrative Office of the District Attorneys	1,749.4	1,742.6	-0.4
Total Uses	1,749.4	1,742.6	-0.4
FTE	13.00	11.00	-15.4

- The Executive recommends a \$215.8 increase in General Fund to offset the loss of revenue associated with worthless checks.

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 IT issues aid the District Attorneys' efforts in achieving their goals.

Key Elements of Recommendation

The Executive recommendation includes a General Fund increase of \$215.8 for FY08, or 15.9%. The increase represents a revenue shift to cover losses in other revenue. The agency reports a diminishing capacity to collect fees associated with worthless checks. New technology impacts the ability of people to write worthless checks, making worthless checks practically non-existent. The total Executive recommendation reflects a decrease of \$6.8 for FY08 because of this revenue loss.

Performance Report

The Executive is encouraged to see the success in District Attorney training, as AODA exceeded its target by almost 16%. The agency is encouraged to increase its targets in future years for those targets it consistently meets or surpasses. The agency has set a target for victim notifications and escape events at 5,000 for FY08. Victim notification and advocacy is an important part of the judicial process and the Executive would like to see AODA strive to surpass its FY06 results.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY06 <u>Actuals</u>	FY07 Operating <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	1,028.4	1,356.5	1,572.3	215.8	15.9
Other Transfers	816.5	77.9	70.3	-7.6	-9.8
Other Revenues	305.8	295.0	80.0	-215.0	-72.9
Fund Balance	50.0	20.0	20.0	0.0	0.0
TOTAL SOURCES	2,200.7	1,749.4	1,742.6	-6.8	-0.4
USES					
Personal Services and Employee Benefits	746.4	830.3	821.0	-9.3	-1.1
Contractual Services	10.4	15.7	15.8	0.1	0.6
Other	739.1	903.4	905.8	2.4	0.3
Other Financing Uses	699.0	0.0	0.0	0.0	***
TOTAL USES	2,194.9	1,749.4	1,742.6	-6.8	-0.4
FTE					
Permanent	9.00	11.00	11.00	0.00	0.0
Term	2.00	2.00	0.00	-2.00	-100.0
TOTAL FTE POSITIONS	11.00	13.00	11.00	-2.00	-15.4

Performance Measures

		<u>FY06</u> <u>Target</u>	<u>FY06</u> <u>Result</u>	<u>FY07</u> <u>Target</u>	<u>FY08</u> <u>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 Safehouse 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	4320	5,000	5,000
Output	Number of district attorney employees receiving training	800	935	800	800

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.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	12,134.9	13,468.9	11.0
Total Sources	15,462.1	16,050.3	3.8
Program			
Legal Services	13,600.2	14,139.8	4.0
Medicaid Fraud	1,861.9	1,910.5	2.6
Total Uses	15,462.1	16,050.3	3.8
FTE	171.00	173.00	1.2

- The Executive recommendation includes an 11.0% increase in General Fund above the FY07 operating level.
- The recommendation replaces \$756.0 of consumer settlement revenues with General Fund to avoid inappropriate incentives for the State to settle cases.
- The recommendation increases funding for the Legal Services Program by \$539.6 to fund personal services and employee benefits of existing staff and for increases in group insurance and employee liability premiums.
- Included in this increase to the Legal Services Program is a recommended expansion of \$144.1 in General Fund for two additional special agent positions in the Internet Crimes Against Children (ICAC) unit.

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

The AG Office serves to educate New Mexico residents with regard to their rights concerning governmental access and consumer protection. 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, 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 aims to elevate public awareness of, and accessibility to, the actions of government; respond to consumers' questions and complaints; represent residential and small business consumers in cases before the Public Regulation Commission (PRC); provide legal opinions and advice to state agencies, boards, commissions, legislators, state officials and district attorneys; investigate violations of New Mexico civil and criminal laws; prosecute and defend cases involving the State of New Mexico as a party; and prosecute Medicaid provider fraud and recipient abuse.

Highlights of recent strategies intended to achieve these goals include: identifying and prosecuting Internet predators accused of crimes against children; representing the Corrections Department in federal and state habeas corpus cases; conducting consumer outreach programs targeting youth, minorities and the elderly; and analyzing petitions filed before the PRC for their potential to affect the price, reliability and quality of utility services.

In addition, the AG has entered into cooperative agreements with the State Engineer, Interstate Stream Commission and Department of Environment in preparing for potential litigation with Texas on water issues.

Key Elements of Recommendation

The Executive recommendation reflects a \$588.2 increase in total funds above the FY07 operating level. The recommendation includes \$756.0 in General Fund to partially offset some of the agency's \$1,756.0 FY07 revenue generation responsibility. The revenues are a result of consumer settlements. Generating revenues from consumer settlements to support agency required expenditures may result in an inappropriate incentive for the AG to settle cases.

The recommendation increases funding for the Legal Services Program by \$539.6, almost exclusively for personal services and employee benefits. Of this increase, approximately \$194.3 is due to increases in group insurance and employee liability premiums. A 3% vacancy rate was assumed for Legal Services' employees.

An expansion of \$144.1 is recommended to the Legal Services Program to cover funding for two additional special agent positions in the Internet Crimes Against Children unit. These special agents investigate child pornography and solicitation cases, especially those which arise from use of the Internet.

The recommendation increases funding for the Medicaid Fraud Program by \$48.6 to fully fund personal services and employee benefits for existing staff. The increase in this category of \$83.2 is partially offset by a decrease in the other category to reflect FY06 actual costs for travel-related expenses.

Performance Report

The Legal Services Program achieved 2 of 6 performance targets in FY06, while the Medicaid Fraud Program achieved 3 of 4 targets. Two measures - the number of crime victims receiving information and advocacy and the percent of inquiries resolved within 60 days of complaint or referral receipt - were not reported. Significantly, the three-year projected savings from fraud investigations in FY06 totaled \$21,106.0, far surpassing the target savings of \$4,500.0. This target is increased for FY08 to \$12,000.0 to reflect the increasing, yet uncertain, trend of savings.

Targets have been decreased to more attainable levels for the number of outreach presentations conducted throughout the state and the percent of case investigations completed within 120 days of receipt.

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.

The other state funds appropriation to the legal services program of the attorney general in the other category includes one million dollars (\$1,000,000) from settlement funds.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY08	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	11,727.8	12,134.9	13,468.9	1,334.0	11.0
Other Transfers	2,107.0	1,756.0	1,000.0	-756.0	-43.1
Federal Revenues	1,519.0	1,571.2	1,581.4	10.2	0.6
TOTAL SOURCES	15,353.8	15,462.1	16,050.3	588.2	3.8
USES					
Personal Services and Employee Benefits	11,425.6	12,785.7	13,376.2	590.5	4.6
Contractual Services	1,435.8	591.0	587.2	-3.8	-0.6
Other	2,000.9	1,981.4	1,996.9	15.5	0.8
Other Financing Uses	79.1	104.0	90.0	-14.0	-13.5
TOTAL USES	14,941.4	15,462.1	16,050.3	588.2	3.8
FTE					
Permanent	162.00	170.00	172.00	2.00	1.2
Term	1.00	1.00	1.00	0.00	0.0
TOTAL FTE POSITIONS	163.00	171.00	173.00	2.00	1.2

Legal Services
(Dollars in Thousands)

	FY06 Actuals	FY07 Operating Budget	Recom- mendation	FY08	
				Budget to Recommendation Dollar/FTE Change	Percent Change
SOURCES					
General Fund Transfers	11,282.5	11,695.8	13,035.8	1,340.0	11.5
Other Transfers	2,107.0	1,756.0	1,000.0	-756.0	-43.1
Federal Revenues	79.1	148.4	104.0	-44.4	-29.9
TOTAL SOURCES	13,468.6	13,600.2	14,139.8	539.6	4.0
USES					
Personal Services and Employee Benefits	9,985.6	11,332.9	11,840.2	507.3	4.5
Contractual Services	1,386.3	563.3	558.3	-5.0	-0.9
Other	1,799.3	1,704.0	1,741.3	37.3	2.2
TOTAL USES	13,171.2	13,600.2	14,139.8	539.6	4.0
FTE					
Permanent	141.00	149.00	151.00	2.00	1.3
Term	1.00	1.00	1.00	0.00	0.0
TOTAL FTE POSITIONS	142.00	150.00	152.00	2.00	1.3

Medicaid Fraud
(Dollars in Thousands)

	FY06 Actuals	FY07 Budget	Recom- mendation	FY08	
				Budget to Recommendation Dollar Change	Percent Change
SOURCES					
General Fund Transfers	445.3	439.1	433.1	-6.0	-1.4
Federal Revenues	1,439.9	1,422.8	1,477.4	54.6	3.8
TOTAL SOURCES	1,885.2	1,861.9	1,910.5	48.6	2.6
USES					
Personal Services and Employee Benefits	1,440.0	1,452.8	1,536.0	83.2	5.7
Contractual Services	49.5	27.7	28.9	1.2	4.3
Other	201.6	277.4	255.6	-21.8	-7.9
Other Financing Uses	79.1	104.0	90.0	-14.0	-13.5
TOTAL USES	1,770.2	1,861.9	1,910.5	48.6	2.6
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

		FY06 Target	FY06 Result	FY07 Target	FY08 Recomm
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	80%	84%	95%	90%
Output	Number of crime victims receiving information and advocacy	636	*	640	640
Outcome	Percent of mediation processes initiated within seventy-two hours of receipt of completed complaint	90%	88%	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%	90%	100%

		<u>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 Recomm</u>
Outcome	Percent of inquiries resolved within sixty days of complaint or referral receipt	90%		90%	85%
Efficiency	Number of outreach presentations conducted throughout the state	17	12	19	15

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	\$4.5	\$21.16	\$9.5	\$12.0
Output	Number of program improvement recommendations forwarded to department of health and human services department	4	6	5	5
Efficiency	Percent of case investigations completed within one hundred twenty days of receipt	75%	41%	80%	70%
Explanatory	Total medicaid recoveries, in thousands	\$1,700	\$1,950	\$1,700	\$1,900

Executive Summary

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

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	2,411.8	2,534.6	5.1
Total Sources	3,024.4	3,162.9	4.6
Program			
State Auditor	3,024.4	3,162.9	4.6
Total Uses	3,024.4	3,162.9	4.6
FTE	31.00	33.00	6.5

- Executive recommends a 5.1% in General Fund increase over the FY07 operating level to fund increasing operating costs and two FTE for the Fraud and Special Audits Division.

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 FY06, the State Auditor’s office increased quality in financial reporting and accountability of government entities and participated with federal and law enforcement agencies regarding the possible violations of criminal statutes in connection with government financial affairs. In addition, the State Auditor’s office provided technical and professional support to government entities and certified public accounting firms.

Key Elements of Recommendation

The Executive recommends a 5.1% in General Fund increase over the FY07 operating level. The recommendation reflects decreases in attorney fees and IT services to fund increasing operating costs. The recommendation fully funds agency personnel cost to allow the agency to hire and retain a high quality audit staff. In addition, the Executive recommends two FTE and \$112.0 for the Fraud and Special Audits Division to conduct fraud and special audits for state and local government agencies.

Performance Report

The State Auditor met all but three performance measures in FY06. The percent of audits completed by regulatory due date increased from 61% to 74%. The significant increase is due to increased knowledge of the agencies, the independent public accountants and the Office staff. The total audit fees generated were below target because of fraud audits that were not collected or completed by the end of FY06. An additional \$41,740 in accounts receivable was collected after June 30, 2006. The number of training sessions performed was significantly under target as training presentations are conducted by the Deputy State Auditor; however, this position has been vacant since January 2006. Once the position is filled, training sessions are expected to increase to target levels. The agency did not meet the target for the percent of statutory reviews of audit reports completed within ten days. The statutory preliminary review process prior to release of audit reports has increased, but is still below target level.

Budget Summary Tables

	Agency Budget Summary (Dollars in Thousands)			FY08	
	FY06	FY07	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	2,308.1	2,411.8	2,534.6	122.8	5.1
Other Revenues	423.8	412.6	400.0	-12.6	-3.1
Fund Balance	178.3	200.0	228.3	28.3	14.2
TOTAL SOURCES	2,910.2	3,024.4	3,162.9	138.5	4.6
USES					
Personal Services and Employee Benefits	2,074.7	2,318.9	2,495.2	176.3	7.6
Contractual Services	105.9	237.9	219.3	-18.6	-7.8
Other	394.3	467.6	448.4	-19.2	-4.1
TOTAL USES	2,574.9	3,024.4	3,162.9	138.5	4.6
FTE					
Permanent	30.00	30.00	32.00	2.00	6.7
Term	1.00	1.00	1.00	0.00	0.0
TOTAL FTE POSITIONS	31.00	31.00	33.00	2.00	6.5

Performance Measures

		<u>FY06</u> <u>Target</u>	<u>FY06</u> <u>Result</u>	<u>FY07</u> <u>Target</u>	<u>FY08</u> <u>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	\$450,000	\$425,554	\$400,000	\$400,000
Outcome	Percent of statutory reviews of audit reports completed within ten days	75%	65%	75%	75%
Outcome	Percent of audits completed by regulatory due date	70%	74%	70%	74%
Outcome	Percent of agency auditor selection requests processed within five days of receipt	90%	100%	100%	100%
Output	Number of training sessions performed	16	7	16	16
Output	Number of working paper reviews of independent public accountants	42	42	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.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	59,691.4	65,696.5	10.1
Total Sources	74,752.3	81,860.9	9.5
Program			
Program Support	18,831.3	20,475.5	8.7
Tax Administration	27,960.5	29,279.9	4.7
Motor Vehicle	22,493.6	26,412.1	17.4
Property Tax	3,151.5	3,216.9	2.1
Compliance Enforcement	2,315.4	2,476.5	7.0
Total Uses	74,752.3	81,860.9	9.5
FTE	1,124.70	1,200.70	6.8

- The Executive recommendation increases General Fund by 10.1% over FY07 and incorporates a vacancy factor of 4.93%.
- The Executive recommendation supports \$95.8 for a change in status of one DWI hearing officer from term to permanent; \$1,400.0 to increase convenience of motor vehicle services; \$934.6 for critical information technology system support; \$578.3 in other revenue for the conversion of 15 non-baseline, term, clerk positions to 11 permanent and four authorized term positions within the Motor Vehicle Division; \$50.0 to replace handicapped placards; and the conversion of four term positions within the Program Support Division to permanent status.
- The Executive recommendation increases revenues from weight distance tax identification permits to provide for four out-of-state weight distance auditors.
- The Executive recommendation supports the implementation of a DWI strike force within Motor Vehicle Division, \$1,110.0 and 12 FTE.

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 five billion dollars annually in revenue 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 mission of the Compliance Enforcement Program is to support the overall mission of TRD 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. The Internal Audit Bureau promotes efficiency, effectiveness, equity, honesty and accountability within the New Mexico 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 departmental assets and to prevent fraud, abuse of department assets and 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 State Land Office, 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), Revenue Processing Division (RPD) and Tax Fraud Investigations Division (TFID). TAP is responsible for return processing, auditing, collections, fraud investigations and taxpayer assistance functions. The mission of the Tax Administration Program 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 Act program are to administer all tax programs 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, *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 FY06, TRD processed approximately \$6.8 billion in revenues from the general public. In FY06, 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 FY06, this delinquent tax collection rate had grown to about \$149 million per year. Of this amount, about \$105 million is distributed to the General Fund (GF).

During FY06, TRD assisted the U.S. Department of Interior in finalizing a \$21.7 million royalty settlement; New Mexico received 50% of the settlement (\$10.85 million).

During FY06, the Tax Fraud Investigations Division successfully prosecuted nearly 100% of its tax fraud cases and paid for its operations with tax collections related to fraud cases. Since its creation in 2004, TFID fraud cases have resulted in \$5 million in tax collections: cash collected of \$2.4 million; disallowance of fraudulent refunds of \$1.5 million; and tax assessments of \$1.1 million.

During FY06, the Property Tax Division has increased property tax value of state assessed property by 16% to approximately \$3.8 billion and increased property tax values by \$25 million by addressing non-compliant taxpayer issues.

During FY06, the average MVD field office wait time improved more than 50% and the uninsured motorist rate improved by approximately 68% since 2003.

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 recommendation for TRD increases General Fund transfers, by \$6,005.1, or 10.1%. The Executive recommendation supports an agency-wide vacancy factor of 4.93% compared to the budgeted vacancy rate in FY07 of 12.1%. The agency base recommendation increases personal services and employee benefits by \$2,009.1 to support this vacancy rate. The Executive recommendation reflects a decrease in the other category and a corresponding increase in contractual services to appropriately classify information technology expenses.

The Executive recommendation funds seven expansion items. The Executive recommends the conversion of a DWI hearing officer in Las Cruces to permanent status funded with \$95.8 from the General Fund due to lapsing federal funds. The hearing officer is responsible for implied consent hearings in the Las Cruces area.

The Executive recommendation provides \$1,100.0 and 12 FTE for a DWI implementation team within the Motor Vehicle Division. The team will consist of five FTE responsible for imputing out-of-state driver information, 5 FTE who will act as compliance officers and 2 FTE who will act as hearing officers. Together, the team will be responsible for assuring that out-of-state drivers applying for a New Mexico driver license are held to the same high standard as those drivers currently residing in New Mexico.

The Executive recommendation provides \$1,400.0 in General Fund for eight FTE in the Las Cruces field office and the conversion of 36 currently filled non-baseline temporary MVD field office clerks across the state to authorized temporary status. The temporary positions have been filled since 2003. Clerk duties will be transitioned from implementation of New Mexico's Mandatory Financial Responsibility Act to implementation of the federal Real ID Act. Federal funds are not available for implementation of the Real ID Act, and Financial Responsibility Act dollars have been over committed and are unable to continue funding these positions.

The Executive recommendation provides \$934.6 in General Fund for enhanced maintenance of the GenTax system, the re-location of TRD servers to GSD facilities, and software maintenance (for compliance data warehouse).

The Executive recommendation provides \$228.2 for four out-of-state weight distance tax auditors funded with revenues generated by weight distance tax identification permits. Due to mandated audit requirements under the International Fuel Trade Agreement and International Registration Project, current commercial vehicle audit staff cannot devote audit time to out-of-state trucking companies owing weight distance taxes. The vast majority (99%) of the 50,000 out-of-state trucking companies using New Mexico roads currently go un-audited. The expansion would pay for itself in increased revenues and would assure revenue from other states, approximately \$7.4 million, would not be lost.

The Executive recommendation converts 15 non-baseline term clerk positions to 11 permanent and four term positions within the Motor Vehicle Division. These clerk positions support the Drive Insured program and enforcement of the Mandatory Financial Responsibility Act. The positions are currently, and will continue to be, funded with \$578.3 in other program revenue (Tax ID revenue from the issuance of permits to motor transportation couriers and the Financial Responsibility Act).

The Executive recommendation provides MVD \$50.0 to replace current handicap placards with placards that include a picture of the individual to whom the placard is assigned.

Lastly, the Executive recommends conversion of four term positions to permanent status within the Program Support Division. The positions are funded with other state funds (\$110.0 intercept fees, \$195.0 Workers Compensation premiums). The positions are in information technology services, financial distributions and human resources.

Performance Report

In FY06, TRD successfully met its targets in all but 6 of 14 performance measures:

- TRD collected 30% of its audit assessment compared with the target of 40%. TRD deleted this measure because it did not reflect meaningful data.
- The Motor Vehicle Division increased in kiosk transactions only 4.3% compared with the target of 7%. TRD believes the public is unaware of this option in MVD offices and plans to increase public relations and re-route traffic patterns to meet the target in the future.
- Wait times for the Motor Vehicle call center averaged 4.1 minutes compared with the target of 3.75 minutes, although the wait time decreased by 29 seconds from FY05. TRD believes it will meet the target in FY07.
- Wait times in q-matic equipped Motor Vehicles offices averaged 17 minutes compared with the target of 15 minutes. TRD believes it will meet the target in FY07.
- Property Tax resolved 62% of delinquent accounts compared with the target of 88%. TRD cites staff turnover, the cycle of higher value title work and the decision to increase the starting number of accounts to be resolved from 15,000 to 20,000 prevented it from meeting this target.
- Property Tax produced 504 appraisals/valuations for companies conducting business within the state that are subject to state assessment compared with the target of 510. TRD did not reach its target because four companies consolidated and 12 companies did not comply with their requirements to file property tax renditions.

Budget Summary Tables

Agency Budget Summary
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u>	
				<u>Dollar/FTE</u>	<u>Percent</u>
				<u>Change</u>	<u>Change</u>
SOURCES					
General Fund Transfers	57,241.9	59,691.4	65,696.5	6,005.1	10.1
Other Transfers	1,668.0	530.5	534.3	3.8	0.7
Federal Revenues	1,221.9	1,240.0	1,422.6	182.6	14.7
Other Revenues	14,405.2	13,290.4	14,207.5	917.1	6.9
Fund Balance	444.8	0.0	0.0	0.0	***
TOTAL SOURCES	74,981.8	74,752.3	81,860.9	7,108.6	9.5
USES					
Personal Services and Employee Benefits	46,786.6	52,145.3	57,292.0	5,146.7	9.9
Contractual Services	5,258.3	4,571.3	6,769.4	2,198.1	48.1
Other	19,576.6	18,035.7	17,799.5	-236.2	-1.3
TOTAL USES	71,621.5	74,752.3	81,860.9	7,108.6	9.5
FTE					
Permanent	1,043.00	1,053.00	1,089.00	36.00	3.4
Term	31.00	36.00	40.00	4.00	11.1
Temporary	35.70	35.70	71.70	36.00	100.8
TOTAL FTE POSITIONS	1,109.70	1,124.70	1,200.70	76.00	6.8

Compliance Enforcement
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u>	
				<u>Dollar/FTE</u>	<u>Percent</u>
				<u>Change</u>	<u>Change</u>
SOURCES					
General Fund Transfers	1,160.1	2,315.4	2,476.5	161.1	7.0
TOTAL SOURCES	1,160.1	2,315.4	2,476.5	161.1	7.0
USES					
Personal Services and Employee Benefits	899.8	1,960.9	2,064.3	103.4	5.3
Contractual Services	0.0	0.0	3.1	3.1	***
Other	172.7	354.5	409.1	54.6	15.4
TOTAL USES	1,072.5	2,315.4	2,476.5	161.1	7.0
FTE					
Permanent	16.00	33.00	33.00	0.00	0.0
TOTAL FTE POSITIONS	16.00	33.00	33.00	0.00	0.0

Program Support
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u>	
				<u>Dollar</u>	<u>Percent</u>
				<u>Change</u>	<u>Change</u>
SOURCES					
General Fund Transfers	18,351.4	18,019.6	19,636.2	1,616.6	9.0
Other Transfers	1,660.8	530.5	534.3	3.8	0.7
Other Revenues	634.9	281.2	305.0	23.8	8.5
TOTAL SOURCES	20,647.1	18,831.3	20,475.5	1,644.2	8.7

**Program Support
(Dollars in Thousands)**

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u>	
				<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>
USES					
Personal Services and Employee Benefits	12,090.0	12,997.5	13,688.3	690.8	5.3
Contractual Services	2,145.0	1,451.4	2,700.0	1,248.6	86.0
Other	5,259.6	4,382.4	4,087.2	-295.2	-6.7
TOTAL USES	19,494.6	18,831.3	20,475.5	1,644.2	8.7
FTE					
Permanent	208.00	202.00	207.00	5.00	2.5
Term	4.00	4.00	0.00	-4.00	-100.0
TOTAL FTE POSITIONS	212.00	206.00	207.00	1.00	0.5

**Tax Administration
(Dollars in Thousands)**

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u>	
				<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	25,231.8	26,030.8	26,930.9	900.1	3.5
Other Transfers	3.1	0.0	0.0	0.0	***
Federal Revenues	925.1	1,240.0	1,422.6	182.6	14.7
Other Revenues	721.8	689.7	926.4	236.7	34.3
TOTAL SOURCES	26,881.8	27,960.5	29,279.9	1,319.4	4.7
USES					
Personal Services and Employee Benefits	19,229.3	21,833.7	23,038.6	1,204.9	5.5
Contractual Services	372.5	416.1	237.2	-178.9	-43.0
Other	6,957.5	5,710.7	6,004.1	293.4	5.1
TOTAL USES	26,559.3	27,960.5	29,279.9	1,319.4	4.7
FTE					
Permanent	459.00	467.00	467.00	0.00	0.0
Term	17.00	22.00	26.00	4.00	18.2
Temporary	31.70	31.70	31.70	0.00	0.0
TOTAL FTE POSITIONS	507.70	520.70	524.70	4.00	0.8

**Motor Vehicle
(Dollars in Thousands)**

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u>	
				<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	11,914.9	12,523.9	15,842.1	3,318.2	26.5
Other Transfers	2.1	0.0	0.0	0.0	***
Federal Revenues	296.8	0.0	0.0	0.0	***
Other Revenues	10,822.7	9,969.7	10,570.0	600.3	6.0
Fund Balance	444.8	0.0	0.0	0.0	***
TOTAL SOURCES	23,481.3	22,493.6	26,412.1	3,918.5	17.4
USES					
Personal Services and Employee Benefits	12,616.2	13,024.1	16,028.5	3,004.4	23.1
Contractual Services	2,636.1	2,577.5	3,702.8	1,125.3	43.7
Other	6,635.7	6,892.0	6,680.8	-211.2	-3.1
TOTAL USES	21,888.0	22,493.6	26,412.1	3,918.5	17.4

Motor Vehicle
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u>	
				<u>Dollar</u>	<u>Percent</u>
				<u>Change</u>	<u>Change</u>
FTE					
Permanent	316.00	307.00	338.00	31.00	10.1
Term	4.00	4.00	8.00	4.00	100.0
Temporary	4.00	4.00	40.00	36.00	900.0
TOTAL FTE POSITIONS	324.00	315.00	386.00	71.00	22.5

Property Tax
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u>	
				<u>Dollar</u>	<u>Percent</u>
				<u>Change</u>	<u>Change</u>
SOURCES					
General Fund Transfers	583.7	801.7	810.8	9.1	1.1
Other Transfers	2.0	0.0	0.0	0.0	***
Other Revenues	2,225.8	2,349.8	2,406.1	56.3	2.4
TOTAL SOURCES	2,811.5	3,151.5	3,216.9	65.4	2.1
USES					
Personal Services and Employee Benefits	1,951.3	2,329.1	2,472.3	143.2	6.1
Contractual Services	104.7	126.3	126.3	0.0	0.0
Other	551.1	696.1	618.3	-77.8	-11.2
TOTAL USES	2,607.1	3,151.5	3,216.9	65.4	2.1
FTE					
Permanent	44.00	44.00	44.00	0.00	0.0
Term	6.00	6.00	6.00	0.00	0.0
TOTAL FTE POSITIONS	50.00	50.00	50.00	0.00	0.0

Performance Measures

		FY06 <u>Target</u>	FY06 <u>Result</u>	FY07 <u>Target</u>	FY08 <u>Recomm</u>
Compliance Enforcement					
Efficiency	Tax fraud convictions as a percent of cases prosecuted		100%		
Efficiency	Successful tax fraud prosecutions as a percent of total cases prosecuted		100%	80%	90%

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 revocations rescinded due to failure to hold hearings in ninety days	5%	.9%	2%	1%
Outcome	Number of tax protest cases resolved	728	730	728	735

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%	20%
Outcome	Collections as a percent of collectable audit assessments generated in the current fiscal year			40%	40%

		<u>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 Recomm</u>
Outcome	Revenue collections as a percent of audit assessments	40%	32%		
Outcome	Successful tax fraud prosecutions as a percent of total cases prosecuted			80%	
Outcome	Collections as a percent of collectable audit assessments generated in prior fiscal years		17%	10%	
Outcome	Collections as a percent of collectable outstanding balance	10%	11.9%		
Output	Percent of electronically filed returns (PIT, CRS)	30%	33.7%	45%	45%
Efficiency	Tax fraud convictions as a percent of cases prosecuted	70%			

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.

Outcome	Percent increase in kiosk transactions as a percentage of same-type transactions a field office agent could perform	7%	4.3%	7%	
Efficiency	Average call center wait time to reach an agent, in minutes	3.75	4:10	3.75	
Efficiency	Average wait time in Q-Matic equipped offices, in minutes	15	17	15	14
Outcome	Percent of registered vehicles with liability insurance	86%	87%	87%	90%
Outcome	Percent of vehicle registration renewals using alternative methods		43%		
Efficiency	Average number of days to post "court action" driving-while-intoxicated citations to drivers' records upon receipt		1	2.5	1

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%	62%	88%	88%
Output	Number of appraisals and valuations for corporations conducting business within the state		504		
Output	Number of appraisals/valuations for companies conducting business within the state that are subject to state assessment	510	504	510	510

Executive Summary

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

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	0.0	0.0	***
Total Sources	29,576.7	29,676.7	0.3
Program			
State Investment Council	29,576.7	29,676.7	0.3
Total Uses	29,576.7	29,676.7	0.3
FTE	29.00	32.00	10.3

- The Executive recommendation supports three additional positions: an attorney to analyze hedge fund/alternative investment practices; a paralegal/contract administrator; and an IT specialist to provide maintenance on the agency's servers.

Agency Mission and Program Purpose

The State Investment Council 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. It is the fiduciary responsibility of the SIO 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.

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.

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 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.

Client Funds

In addition to the specific funds above, the Council also oversees funds for clients. SIC executed joint-powers agreements with 15 clients. 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, through both direct investments and its partnerships with New Mexico private equity funds. As of March 31, 2006 and the latest data available, the New Mexico Private Equity program has invested \$110 million in 33 companies that have attracted \$595 million additional investment dollars to the state. The creation of 685 jobs with an average salary of \$82,265 has had an annual economic impact of more than \$80 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 at 60% or more of their crews. Since its inception in 2002, the program has invested in 17 film or television projects which have employed 2,256 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 provides for base funding equal to FY07 operating levels, but is reallocated from contractual services into personal services and employee benefits and other. The Executive also recommends an increase of \$100.0 in other state funds for three additional positions, a hedge fund attorney, a paralegal to support the attorney staff, and an IT specialist. These positions will strengthen the SIC's expertise in and oversight over its alternative investments which comprise over 10% of its assets.

Performance Report

Permanent Fund investment performance continued its trend of improvement. On a five-year basis, the SIC exceeded its targets for two measures, ranking 67th in its peer universe and exceeding the investment return benchmark by 27.5 basis points. On a one-year basis, SIC returns rank in the 41st percentile and 86.5 basis points above the index. The SIC target was to meet or exceed the policy benchmark by 25 basis points and to rank at or above the 49th percentile. The SIC continues to lower its standard deviation (risk) by diversifying the portfolio with investments in alternative asset classes, including funds of hedge funds and real estate.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
Other Transfers	28,988.6	29,156.7	29,226.7	70.0	0.2
Other Revenues	414.0	420.0	450.0	30.0	7.1
TOTAL SOURCES	29,402.6	29,576.7	29,676.7	100.0	0.3
USES					
Personal Services and Employee Benefits	2,816.2	3,134.6	3,325.7	191.1	6.1
Contractual Services	20,910.7	25,716.3	25,520.7	-195.6	-0.8
Other	691.8	725.8	830.3	104.5	14.4
TOTAL USES	24,418.7	29,576.7	29,676.7	100.0	0.3
FTE					
Permanent	27.00	29.00	32.00	3.00	10.3
TOTAL FTE POSITIONS	27.00	29.00	32.00	3.00	10.3

Performance Measures

		FY06 <u>Target</u>	FY06 <u>Result</u>	FY07 <u>Target</u>	FY08 <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	27.5	>25	>25
Outcome	One-year annualized percentile performance ranking in endowment investment peer universe	>49	41	>49	<49
Outcome	One-year annualized investment returns to exceed internal benchmarks, in basis points	>25	86.5	>25	>25
Outcome	Five-year annualized percentile performance ranking in endowment investment peer universe	>49	67	>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.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	19,910.6	28,196.6	41.6
Total Sources	82,468.9	85,890.3	4.1
Program			
Policy Development Fiscal Analysis and Budget Oversight	3,472.8	3,650.5	5.1
Program Support	1,543.5	1,589.2	3.0
Community Development, Local Government Assist, Fiscal	55,964.9	53,421.0	-4.5
Fiscal Management and Oversight	5,372.0	5,980.9	11.3
DFA Special Appropriations	16,115.7	21,248.7	31.9
Total Uses	82,468.9	85,890.3	4.1
FTE	167.80	176.80	5.4

- The Executive recommendation includes a General Fund increase of \$8,286.0 with approximately one-third of the increase directed to operating programs and the remaining two-thirds related to non-operating programs.
- The Executive recommendation provides \$2,000.0 in General Fund to expand youth mentoring programs to all counties in the state and at least 10% of the state's at-risk youth.
- The recommendation includes \$2,000.0 in General Fund to assist small counties with the cost of housing detainees in county jails while they await trial on felony charges.
- The Executive recommendation includes \$1,000.0 in General Fund to open an Office Of Water Infrastructure Development.
- The Executive recommendation includes \$500.0 to provide technical assistance in order to strengthen the governance, water management and infrastructure planning activities of acequias statewide.
- The recommendation provides \$1,200.0 to promote the sport of rodeo in New Mexico.
- The Executive recommends \$332.6 in General Fund and seven FTE to address the long-standing need for additional staff in the Fiscal Management and Oversight Program.
- The Executive recommendation includes \$68.1 in General Fund to expand by one FTE the number of individuals directly engaged in monitoring and managing approximately 2,400 special appropriation projects.
- The recommendation includes \$85.0 in other revenues to add one FTE to help local communities maintain databases used to track the location of 911 callers who are unable to provide a physical location or address during an emergency.
- The Executive recommendation includes \$1,000.0 in General Funds for community-based public safety action grants.

Agency Mission and Program Purpose

The Department of Finance and Administration (DFA) provides the Governor, other agencies and local entities with fiscal, 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 that 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. 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 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 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 is committed to ensuring sound fiscal management practices and accountability in the use of taxpayer dollars. In FY07, DFA implemented the Statewide Human Resource, Accounting and Management Reporting System (SHARE) to improve the financial and human resource practices throughout state government. The new system establishes accounting standards consistent with generally accepted accounting principles, improves financial reporting services, and standardizes workflow processes among state agencies to improve the efficiency and effectiveness of financial services.

DFA also strives to enhance financial management practices in an effort to raise New Mexico's bond rating from AA to AAA. To achieve this goal, DFA will continue to work with agencies to ensure the timely completion of agency audited financial statements in order to allow the preparation of the audited 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 will also oversee and manage the Executives performance and accountability project and the ongoing implementation of performance review recommendations that will increase efficiency across state agencies and continue to require planning, prioritization, and accountability for capital outlay projects.

Through budget development and fiscal monitoring, DFA will work to support the Governor's priorities for making schools work, demanding results from economic development projects, strategically investing capital funds, and ensuring the health and safety of New Mexicans.

Key Elements of Recommendation

The Executive recommendation reflects an overall General fund increase of 41.6% which includes an increase of \$2,374.4 for all operating funds and \$5,911.6 for non-operating funds. The recommendation includes as recurring base \$850.0 in General Fund for nine accountant positions originally established in Laws 2006, Chapter 109, Section 5, Item 16.

The Executive recommendation for Community Development, Local Government Assistance and Fiscal Oversight includes a reduction of \$10,444.9 in other transfers relating to an internal policy shift regarding fund management: other revenue generated by the E-911 Emergency Surcharge Tax will be posted directly to the E-911 Enhancement Program in FY08. The Executive recommendation reflects a decrease of \$1,533.6 in federal Title I housing support. The Executive recommendation also includes an increase of \$68.1 in General Fund for one FTE in the Local Government Division to maintain meaningful and effective oversight of over 2,400 special appropriation projects. Finally, the Executive recommendation includes \$2,000.0 in General Fund to provide civil legal aid to an additional 4,450 low income New Mexicans. Direct federal funding to civil legal aid organizations continues to decline.

The Executive recommendation reflects an increase of \$169.1 in General Fund and \$439.8 in other transfers to provide funds to add an additional 7 FTE to the Fiscal Management Program. The additional staff addresses the long-standing need of the program for the resources necessary to process payroll, complete vendor transactions, and monitor financial system activity in a timely, efficient and effective manner.

The Executive recommendation supports General Fund increases in non-operating budgets of \$12.7 for membership fees and \$150.1 for Board of Finance loans in the Emergency Water Fund based on recent drought conditions, local flooding and the cost of rural water infrastructure repairs and equipment replacement. In addition, the non-operating budgets maintain \$399.6 in General Fund for food banks and \$123.8 in General Fund for leasehold community assistance. The recommendation also maintains \$7,809.4 in other revenues in the Law Enforcement Enhancement Fund.

The Executive recommendation includes \$1,200.0 in General Fund to promote and develop the sport of rodeo in New Mexico. The funding will support rodeo clinics, educational outreach and rodeo events. The Executive recommends an additional \$2,000.0 in grants for youth mentoring programs targeted to at-risk children and youth. The additional funding will allow programs to be developed in every county of the state.

The Executive recommendation supports \$1,000.0 in General Fund to establish an Office of Water Infrastructure Development that will have the responsibility of developing well-planned water and wastewater project recommendations; manage implementation of funded projects, and promote water conservation and the use of innovative water and wastewater technologies. The Executive also recommends \$500.0 in General Fund to strengthen acequias as political subdivisions of the state by providing assistance to acequias in areas such as governance, water management, and infrastructure planning.

The Executive recommendation includes \$1,000.0 in General Fund for community-based public safety action grants. The grants will support a broad range of activities designed to increase public safety including the development of community coalitions and crime prevention action groups; gang

and drug prevention programs; law enforcement initiatives and public safety hot lines. Grants will also support activities designed to gather input and ideas from local citizens and resource development activities such as grant writing.

Performance Report

DFA met or exceeded most of its performance targets for FY06. The average number of working days for the State Budget Division to complete approval of a budget adjustment request was lower than the performance target and is maintained at five days for FY08. The number of state budget training sessions was triple the targeted goal. The percent of applicable contracts containing at least one performance measure was 100% for the second year in a row. Both the percent of community development block grant closeout letters issued within 45 days of final report and the percent of capital outlay projects closed by reversion date exceeded performance targets. Over 90% of local governments receiving training indicated satisfaction with the presentation.

There were several performance targets that were not reached. The error rate for the eighteen-month general fund revenue forecast was about 4%, slightly higher than the performance target of 2.75%. This result is primarily due to continued volatility in oil and gas revenues. The percent of department fund accounts reconciled within two months following the closing of each month increased from 75% to 89.25% from FY05 to FY06; however, this performance was still less than the targeted performance of 100% reconciliation of fund accounts within the specified timeframe. Similarly, the 84.5% target of monthly reconciliations completed within 15 days of receiving central accounting system reports fell short of the targeted goal of 100%. Although over 96% of all interim budgets, final budgets and budget resolutions were approved by statutory deadlines, this result was still less than the 100% compliance criteria established for this measure.

DFA adopted several new measures in FY07. The Executive recommendation supports raising performance criteria for the percent of school districts receiving performance assessments and the number of reports about educational reform that will be used to benchmark New Mexico's progress in raising student achievement. In addition, the Executive supports raising the performance expectation in FY08 for the percentage of budget adjustment requests will be approved by the state budget division within five days.

The Executive recommendation also includes a significant number of new performance measures for FY08 that reflect the agency's strategic goals in areas such as New Mexico's bond rating; educational reform; the efficient and effective fiscal administration of executive agencies; economic forecasts; the support of effective planning, budgeting and financial management of capital and community development projects by local governmental entities; and the fiscal management and oversight of state financial resources.

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 2008. 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 2008 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)					
	FY06 <u>Actuals</u>	FY07 Operating <u>Budget</u>	Recom- mendation	FY08	
				<u>Budget to Recommendation</u> Dollar/FTE Change	<u>Percent</u> Change
SOURCES					
General Fund Transfers	19,114.3	19,910.6	28,196.6	8,286.0	41.6
Other Transfers	12,024.4	11,558.9	919.8	-10,639.1	-92.0
Federal Revenues	16,457.0	15,820.6	14,287.0	-1,533.6	-9.7
Other Revenues	38,805.6	35,178.8	35,789.7	610.9	1.7
Fund Balance	2,162.5	0.0	6,697.2	6,697.2	***
TOTAL SOURCES	88,563.8	82,468.9	85,890.3	3,421.4	4.1
USES					
Personal Services and Employee Benefits	11,765.1	11,984.6	12,478.2	493.6	4.1
Contractual Services	8,951.2	6,810.8	11,729.1	4,918.3	72.2
Other	42,622.2	50,670.9	61,383.0	10,712.1	21.1
Other Financing Uses	13,991.1	13,002.6	300.0	-12,702.6	-97.7
TOTAL USES	77,329.6	82,468.9	85,890.3	3,421.4	4.1
FTE					
Permanent	138.80	147.80	155.80	8.00	5.4
Term	21.00	20.00	21.00	1.00	5.0
TOTAL FTE POSITIONS	159.80	167.80	176.80	9.00	5.4

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

	FY06 <u>Actuals</u>	FY07 Operating <u>Budget</u>	Recom- mendation	FY08	
				<u>Budget to Recommendation</u> Dollar/FTE Change	<u>Percent</u> Change
SOURCES					
General Fund Transfers	3,822.6	3,322.8	3,360.5	37.7	1.1
Other Transfers	0.0	150.0	290.0	140.0	93.3
TOTAL SOURCES	3,822.6	3,472.8	3,650.5	177.7	5.1
USES					
Personal Services and Employee Benefits	3,032.2	2,905.8	2,931.9	26.1	0.9
Contractual Services	218.7	329.0	469.2	140.2	42.6
Other	231.7	238.0	249.4	11.4	4.8
TOTAL USES	3,482.6	3,472.8	3,650.5	177.7	5.1
FTE					
Permanent	41.80	34.80	34.80	0.00	0.0
TOTAL FTE POSITIONS	41.80	34.80	34.80	0.00	0.0

		Program Support (Dollars in Thousands)			FY08	
		FY06	FY07	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	1,409.2	1,543.5	1,589.2	45.7	3.0
	TOTAL SOURCES	1,409.2	1,543.5	1,589.2	45.7	3.0
USES						
	Personal Services and Employee Benefits	1,201.4	1,433.9	1,463.8	29.9	2.1
	Contractual Services	71.4	55.9	73.9	18.0	32.2
	Other	86.2	53.7	51.5	-2.2	-4.1
	TOTAL USES	1,359.0	1,543.5	1,589.2	45.7	3.0
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)**

					FY08	
		FY06	FY07	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	1,687.9	2,334.6	4,456.5	2,121.9	90.9
	Other Transfers	10,296.4	10,444.9	0.0	-10,444.9	-100.0
	Federal Revenues	16,457.0	15,820.6	14,287.0	-1,533.6	-9.7
	Other Revenues	28,682.8	27,364.8	27,980.3	615.5	2.2
	Fund Balance	1,125.0	0.0	6,697.2	6,697.2	***
	TOTAL SOURCES	58,249.1	55,964.9	53,421.0	-2,543.9	-4.5
USES						
	Personal Services and Employee Benefits	4,519.2	3,580.0	3,637.4	57.4	1.6
	Contractual Services	2,085.9	1,743.9	4,047.6	2,303.7	132.1
	Other	33,930.3	37,638.4	45,436.0	7,797.6	20.7
	Other Financing Uses	13,991.1	13,002.6	300.0	-12,702.6	-97.7
	TOTAL USES	54,526.5	55,964.9	53,421.0	-2,543.9	-4.5
FTE						
	Permanent	26.00	33.00	34.00	1.00	3.0
	Term	21.00	20.00	21.00	1.00	5.0
	TOTAL FTE POSITIONS	47.00	53.00	55.00	2.00	3.8

**Fiscal Management and Oversight
(Dollars in Thousands)**

					FY08	
		FY06	FY07	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	4,457.6	5,372.0	5,541.1	169.1	3.1
	Other Transfers	0.0	0.0	439.8	439.8	***
	TOTAL SOURCES	4,457.6	5,372.0	5,980.9	608.9	11.3
USES						
	Personal Services and Employee Benefits	3,012.3	4,064.9	4,445.1	380.2	9.4
	Contractual Services	468.7	481.3	860.4	379.1	78.8
	Other	852.7	825.8	675.4	-150.4	-18.2
	TOTAL USES	4,333.7	5,372.0	5,980.9	608.9	11.3

Fiscal Management and Oversight
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar Change	Percent Change
FTE					
Permanent	51.00	60.00	67.00	7.00	11.7
TOTAL FTE POSITIONS	51.00	60.00	67.00	7.00	11.7

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

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY07	
				<u>Budget to Recommendation</u> Dollar Change	Percent Change
SOURCES					
General Fund Transfers	7,737.0	7,337.7	13,249.3	5,911.6	80.6%
Other Transfers	1,728.0	964.0	190.0	-774.0	-507.4%
General Revenue	11,160.3	7,814.0	7,809.4	-4.6	-.1%
TOTAL SOURCES	20,625.3	16,115.7	21,248.7	5,133.0	31.9%
USES					
Board of Finance Emergency Water Fund	85.0	99.9	250.0	150.1	250.0%
Board of Finance Fiscal Agent Contract	901.2	1,048.9	1,050.0	1.1	0.1%
Dues and Membership Fees	590.7	633.5	646.2	12.7	3.6%
Citizens Review Board	600.0	599.6	600.0	0.4	0.1%
Youth Mentoring Program	893.3	892.4	2,892.4	2,000.0	224.1%
New Mexico Acequia Commission	24.5	30.0	530.0	500.0	1,766.7%
E911 Principal and Interest	775.5	778.6	0.0	-778.6	-100.0%
Food Banks	400.0	399.6	399.6	0.0	0.0%
State Planning Districts	524.2	873.3	873.3	0.0	0.0%
Law Enforcement Enhancement Fund	5,091.2	7,809.4	7,809.4	0.0	0.0%
Leasehold Community Assistance	123.9	123.8	123.8	0.0	0.0%
Weatherization Program	3,300.0	799.2	800.0	0.8	0.1%
New Mexico Rodeo Initiative	0.0	0.0	1,200.0	1,200.0	100.0%
Teen Court Hobbs	19.0	20.0	0.0	0.0	-100.0%
Office of Water Infrastructure Development	0.0	0.0	1,000.0	1,000.0	100.0%
County Jail Aid	0.0	0.0	2,000.0	2,000.0	100.0%
Public Safety Action Grants	0.0	0.0	1,000.0	1,000.0	100.0%
Teen Court Santa Fe	33.3	85.0	50.0	-15.0	0.0%
Counseling Services: Children of Domestic Violence	0.0	20.0	0.0	-20.0	-100.0%
State Treasurer Audit	0.0	24.0	24.0	0.0	0.0%
Civil Legal Services – Special Appropriation	0.0	200.0	0.0	-200.0	-100.0%
Pet Spay/Neuter Services	0.0	400.0	0.0	-400.0	-100.0%
Youth Mentorship (Albuquerque)	0.0	150.0	0.0	-150.0	-100.0%
Tutoring Services to Youth	0.0	35.0	0.0	-35.0	-100.0%
National Police Shooting Program	0.0	75.0	0.0	-75.0	-100.0%
DWI Alcohol & Drug Treatment	0.0	350.0	0.0	-350.0	-100.0%
Emergency Medical & Firefighter	0.0	344.0	0.0	-344.0	-100.0%
Homeless, Abused & Neglected	0.0	19.5	0.0	-19.5	-100.0%
Youth Mentorship (Central New Mexico)	0.0	75.0	0.0	-75.0	-100.0%
Law Enforcement Sponsored Athletics	0.0	50.0	0.0	-50.0	-100.0%
Crash & Fire Protection Services	0.0	100.0	0.0	-100.0	-100.0%
Emergency Medical & Fire - Pojoaque	0.0	30.0	0.0	-35.0	-100.0%
Computer Clubhouses	266.0	50.0	0.0	-50.0	-100.0%
TOTAL USES	13,627.8	16,115.7	21,248.7	5,133.0	31.9%

Performance Measures

		FY06 Target	FY06 Result	FY07 Target	FY08 Recomm
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%	4.0%	2.75%	3%
Outcome	Percent of bond proceeds balances not reauthorized and older than five years for inactive projects that are reverted by June 30	80%	99%	90%	
Outcome	Percent of bond proceeds older than five years that are expended, reauthorized or reverted				90%
Outcome	Yield achieved by private investment managers exceeding the Merrill one- to three-year government index			90%	
Outcome	Return on state treasurer's office investments exceeding the board of finance approved state investment office internal benchmark, in basis points			5	5
Output	Minimum number of bids received at competitive bond sales			3	3
Output	Date of bond sale following appropriate authorization and certificate of project readiness				June 30
Efficiency	Percent of state payments processed electronically				50%
Quality	Unimpaired capital of fiscal agent, in millions				\$20.0
Outcome	Average number of working days for the state budget division to complete approval of a budget adjustment request, unless referred to the secretary for consideration	5	4.75	5	5
Efficiency	Percent of operating budget requests approved by the state budget division and accepted by the financial control division as correct				100%
Efficiency	Percent of budget adjustment requests approved by the state budget division within five days and accepted by the financial control division as correct			90%	100
Quality	Percent of time the budget preparation and review system is operational			95%	
Outcome	New Mexico bond rating			AAA	
Quality	Level of general fund reserves maintained as a percent of recurring appropriations			9%	
Output	Percent of key agencies reporting key performance data by specified deadlines			100%	
Output	Number of state agency budget training sessions	4	12	4	4
Output	Number of agencies monitored by a monthly budget monitoring and control system	5		5	
Efficiency	Percent of assigned fiscal impact reports completed within established deadlines				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%	
Efficiency	Timely submission of reports evaluating public education department's implementation of the Governor's education initiatives				June 30
Efficiency	Timely submission of reports evaluating the public education department's implementation of the Assessment and Accountability Act and the School Personnel Act				June 30
Output	Percent of school districts receiving performance assessments			50%	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 in raising student achievement, improving educator quality and other education reforms	2	5	2	4
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>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 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 capital appropriations older than five years that are closed			80%	
Efficiency	Percent of capital projects tracked electronically			90%	

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%	89.25%	100%	
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 after completing the reconciliations.	100%	84.5%	100%	
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%	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%	4
Outcome	Percent of funds "certified in compliance" to the state controller as required, within 15 days after month end				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

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%	70.5%	70%	95%
Outcome	Percent of capital outlay projects closed by the reversion date	65%	66.5%	75%	
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 total appropriations for 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	193	211	183	
Outcome	Number of alcohol-related fatal crashes in New Mexico	166	TBD	158	
Output	Percent of local governments receiving training that express satisfaction in the presentation and subjects covered	85%	91.1%		
Quality	Percent of local government officials expressing satisfaction in training received			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%	96.15%	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>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 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%	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%

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%	
Quality	Percent of time the central accounting system is operational			100%	
Quality	Percent of business days SHARE is available to end-users			2	100%
Efficiency	Average number of business days needed to process payments utilizing the SHARE system	4	TBD	2	2
Efficiency	Length of time to issue the comprehensive annual financial report after the end of the fiscal year, in months			6 months	7 months
Quality	Number of state agencies achieving five or more of the six "responsibility for the accounting function" standards			50	
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				\$4.8

Executive Summary

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

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	0.0	0.0	***
Total Sources	301,963.5	321,455.9	6.5
Program			
Benefits	245,584.6	268,850.9	9.5
Risk	55,276.6	51,447.6	-6.9
Program Support	1,102.3	1,157.4	5.0
Total Uses	301,963.5	321,455.9	6.5
FTE	10.00	11.00	10.0

- The Executive Recommendation includes increases to fund higher group health insurance premiums and decreases in risk insurance premiums.
- To ensure continued responsible fiscal oversight, the recommendation provides \$52.6 in other state funds and one FTE for a financial coordinator position.
- Estimated revenues are supported by premium increases to educational entities.

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. PSIA currently serves 163 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

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 coverage are fully insured.

Risk

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 \$750.0 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.

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 rebate options that provide cost savings to the plan. PSIA also strives to manage the frequency and severity of medical claims by actively promoting preventative health care 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 health care 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 Schools 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 pedophiles out of the school system. 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 payments have resulted in the Risk Program being underfunded based on actuarial requirements that require a certain level of fund balance be available to cover current and future liabilities. In FY07, premiums were increased substantially in an effort to restore the Program's actuarial fund balance. 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.

PSIA continues to try to stabilize workers' compensation costs. While losses are not increasing as rapidly as in the past, FY08 premiums are estimated to increase significantly after previous premium decreases that have resulted in significant use of fund balance to cover costs in FY07. The Authority 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 supports a 6.5% increase over FY07 operating levels to support estimated increases in group health insurance costs and funding for an additional financial position within PSIA. Increases in PSIA's budget translate into an increase in the cost of insurance for educational employees and employers. 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 slightly over \$8 million.

The recommendation for the Benefits Program reflects an increase of 9.5% to cover higher medical insurance costs that will translate into premium increases of 10.6% for educational employees and employers effective October 1, 2007. Estimated premium increases to educational employees are estimated to range from \$8 per month for single coverage to \$44 per month for family coverage depending on the type of insurance plan. Premium cost increases are being partially subsidized through use of slightly over \$7 million in fund balance.

The Risk Program recommendation includes an overall decrease of 6.9% in revenues to reflect an estimated net reduction in premium charges to educational entities of 8.1%, effective October 1, 2007. The reduction in property and liability insurance is 19.6%, which represents a larger proportion of the budget, while workers' compensation premiums are actually expected to increase by 47.4%. PSIA estimates a negative actuarial fund balance of over \$9 million at the end of FY06. The substantial increase in premium charges for FY07 is estimated to reduce this balance to a negative \$4 million by the end of FY07. While FY08 premiums are being decreased, they are set to provide sufficient revenue to make the fund balance positive by the end of FY08, assuming no significant increases in property and liability insurance expenditures.

An additional \$52.6 for a financial position is recommended within Program Support in order to provide improved internal controls and financial oversight. The assets under the Authority's management have increased substantially and its budget has increased 180% since FY06 while agency staff has not been increased since 1993. With this increase, the Authority's direct operating costs would still be less than one percent of its total budget.

Performance Report

PSIA met or exceeded almost all of its performance targets for FY06. In the Benefits Program, continued growth in the number of enrolled participants allows PSIA to procure quality, cost-effective services. In the Benefits Program, the medical insurance premium increase was only three percent compared to the national average of twelve percent. For dental insurance, the premium was not increased at all, compared with a national average increase of over six percent. PSIA also continues to reduce the number of days to resolve claims and appeals. For FY08, the target for this measure is being maintained at 14 days to allow the agency to solidify its gains in reducing its response time. As a result of these FY06 targets being met, employee satisfaction with group health benefits was at 89%, above the initial target of 78%.

PSIA has determined that meaningful data cannot be reported for the current measure for number of participants covered by health plans and will work with the Department of Finance and Administration and the Legislative Finance Committee during the interim to develop a alternative measures that are more specific by type of preventive care.

In the Risk Program, PSIA's premium increases for workers' compensation were below the national average but the increases for public property and public liability were significantly above the national average. These increases were a result of higher than projected expenditures for weather and maintenance related losses and sexual molestation liability cases. PSIA continues to work closely with the public schools and the Public Schools Facilities Authority to provide training to try to reduce all of these risks and losses.

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:

One-half of the unexpended balances in the program support program of the public school insurance authority remaining at the end of fiscal year 2008 shall revert to the benefits program of the public school insurance authority and one-half of the unexpended balances in the program support program of the public school insurance authority remaining at the end of fiscal year 2008 shall revert to the risk program of the public school insurance authority.

Budget Summary TablesAgency Budget Summary
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY08	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
Other Transfers	1,075.2	1,102.3	1,157.4	55.1	5.0
Other Revenues	268,934.8	295,968.7	313,040.6	17,071.9	5.8
Fund Balance	0.0	4,892.5	7,257.9	2,365.4	48.3
TOTAL SOURCES	270,010.0	301,963.5	321,455.9	19,492.4	6.5
USES					
Personal Services and Employee Benefits	676.0	721.5	776.6	55.1	7.6
Contractual Services	259,676.0	299,936.7	319,318.9	19,382.2	6.5
Other	174.9	203.0	203.0	0.0	0.0
Other Financing Uses	1,075.2	1,102.3	1,157.4	55.1	5.0
TOTAL USES	261,602.1	301,963.5	321,455.9	19,492.4	6.5
FTE					
Permanent	10.00	10.00	11.00	1.00	10.0
TOTAL FTE POSITIONS	10.00	10.00	11.00	1.00	10.0

Benefits
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY08	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
Other Revenues	223,423.7	240,692.1	261,593.0	20,900.9	8.7
Fund Balance	0.0	4,892.5	7,257.9	2,365.4	48.3
TOTAL SOURCES	223,423.7	245,584.6	268,850.9	23,266.3	9.5
USES					
Contractual Services	218,461.2	245,033.4	268,272.2	23,238.8	9.5
Other Financing Uses	537.7	551.2	578.7	27.5	5.0
TOTAL USES	218,998.9	245,584.6	268,850.9	23,266.3	9.5
FTE					
TOTAL FTE POSITIONS	0.00	0.00	0.00	0.00	***

Risk
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	<u>Recom- mendation</u>	FY08	
				<u>Budget to Recommendation Dollar Change</u>	<u>Percent Change</u>
SOURCES					
Other Revenues	45,511.1	55,276.6	51,447.6	-3,829.0	-6.9
TOTAL SOURCES	45,511.1	55,276.6	51,447.6	-3,829.0	-6.9
USES					
Contractual Services	41,047.1	54,725.5	50,868.9	-3,856.6	-7.0
Other Financing Uses	537.5	551.1	578.7	27.6	5.0
TOTAL USES	41,584.6	55,276.6	51,447.6	-3,829.0	-6.9
FTE					
TOTAL FTE POSITIONS	0.00	0.00	0.00	0.00	***

		Program Support (Dollars in Thousands)			FY08	
		FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	<u>Budget to Recommendation</u> Dollar <u>Change</u>	Percent <u>Change</u>
SOURCES						
	Other Transfers	1,075.2	1,102.3	1,157.4	55.1	5.0
	TOTAL SOURCES	1,075.2	1,102.3	1,157.4	55.1	5.0
USES						
	Personal Services and Employee Benefits	676.0	721.5	776.6	55.1	7.6
	Contractual Services	167.7	177.8	177.8	0.0	0.0
	Other	174.9	203.0	203.0	0.0	0.0
	TOTAL USES	1,018.6	1,102.3	1,157.4	55.1	5.0
FTE						
	Permanent	10.00	10.00	11.00	1.00	10.0
	TOTAL FTE POSITIONS	10.00	10.00	11.00	1.00	10.0

Performance Measures

		FY06 <u>Target</u>	FY06 <u>Result</u>	FY07 <u>Target</u>	FY08 <u>Recomm</u>
Benefits					
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	17	10.32	14	14
Outcome	Percent of participants receiving recommended preventive care	70%		70%	
Efficiency	Percent variance of medical premium change between the public school insurance authority and industry average	</=3%	-9.0%	</=3%	</=3%
Efficiency	Percent variance of dental premium change between the public school insurance authority and industry average	</=3%	-6.3%	</=3%	</=3%
Quality	Percent of employees expressing satisfaction with group health benefits	78%	89%	86%	86%
Output	Number of participants covered by health plans	58,700	60,210	59,000	61,000
Risk					
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	</=8%	26%	</=15%	</=15%
Outcome	Percent variance of workers' compensation premium change between public school insurance authority and industry average	</=8%	-6.7%	</=8%	</=7%
Outcome	Percent variance of public liability premium change between public school insurance authority and industry average	</=8%	43.48%	</=8%	</=15%
Outcome	Number of workers' compensation claims in the area of ergonomics	355	176	284	176
Quality	Percent of educational entities satisfied with risk insurance claim-processing service	98%	99%	98%	98%
Output	Number of educational entities enrolled in the risk insurance program	135	146	148	150
Output	Number of loss prevention training seminars	72	79	85	87

		<u>FY06</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>
		<u>Target</u>	<u>Result</u>	<u>Target</u>	<u>Recomm</u>
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%	95%	100%
Efficiency	Satisfaction rating of administrative services provided to all programs	80%	85.6%	85%	85%
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.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	8.9	8.9	0.0
Total Sources	173,638.3	187,275.0	7.9
Program			
Healthcare Benefits Administration	170,957.8	184,488.1	7.9
Program Support	2,671.6	2,778.0	4.0
Discount Prescription Drug	8.9	8.9	0.0
Total Uses	173,638.3	187,275.0	7.9
FTE	24.00	24.00	0.0

- The Executive recommendation supports an overall increase of 7.9%, mostly driven by an increase of \$13,423.9 in medical claims and related costs.
- Program Support funding is increased by \$106.4 and funds two previously authorized but unfunded positions. These positions will now be used for membership and financial services rather than information technology support.
- For FY08, the estimated share of costs paid by retirees is only 42.3%, because premiums paid by members are subsidized by other revenue sources, including employee and employer contributions.
- To support estimated FY08 medical claims costs, the agency plans to use \$10 million from its investment fund.

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 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 partially pre-funded, 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 \$8.9 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 25,000 retirees and 11,000 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 FY06, 5,052 individuals were enrolled in the program, an increase of 13% 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, soaring 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 interstate purchasing coalition with three other states for the procurement of prescription drugs benefits. As additional states 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 will translate 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.

RHCA must now also respond to a new standard set by the Government Accounting Standards Board (GASB). GASB Statement Number 45 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. RHCA is working with its actuaries to determine this cost.

Key Elements of Recommendation

The Executive recommendation supports an overall increase of 7.9% over FY07. Most of this increase is driven by the increasing cost of medical claims. However, program support funding is being increased by 4% to support more efficient agency operations. Administrative costs are still less than 1.5% of the total budget.

The recommendation provides a 7.9% increase in the Healthcare Benefits Administration Program for increased medical claims and related costs. However, retiree contribution payments are estimated to increase only by 6%, effective January 1, 2006. This increase reflects both increased costs to current members and membership growth. The balance is funded from a premium subsidy derived from current employee and employer contributions, Taxation and Revenue Department suspense fund disbursements, rebates and investment income, and the Retiree Drug Subsidy (RDS) from Medicare Part D. To support estimated costs, the FY08 budget recommendation foresees use of \$10 million from the Authority's investment fund, which had a balance of \$161.8 million at the end of F06. For FY08, retirees will only be paying 42.3% of the total cost of the health care provided by RHCA.

Program Support reflects an increase of 4% over FY07. The recommendation provides funding for two positions that were previously authorized but unfunded in the FY07 operating budget. These positions had been originally identified as information technology positions. However, the work to be performed by these positions was funded instead through contracts in FY06 and FY07. In FY08, the agency is proposing to redirect these positions to support its growing membership and financial support requirements. The funding for these positions in personal services and benefits is offset by a reduction in information technology contractual costs. However, the recommendation also supports some other increases in personal services and benefits and other costs in order to support full staffing and efficient operations.

The Discount Prescription Drug Program is maintained at the FY07 level of \$8.9 in General Fund, mostly for telecommunications services. Funding for this program was reduced in FY07 from \$10.0 in FY06. This reduction was a result of across-the-board reductions in the cost of General Services Department telecommunications rates.

Performance Report

RHCA met almost all of its performance targets for FY06. Of particular note is that the Authority managed to keep its average monthly per-participant cost for both Medicare and non-Medicare eligible members below the initial FY06 targets. RHCA did not meet the FY06 target of one day for the average number of days to resolve customer service claims. This target was reset in FY07 at a more realistic target of 7 days and is maintained at that level for FY08.

FY08 targets that have been changed from FY07 are set to reflect either the increase in medical premium costs that drive such measures as average monthly per-participant cost and healthcare benefits claims paid or increased enrollment.

The target for the percent of medical plan premium subsidy to members is set at 45%, though the current estimate based on FY08 revenue projections is for a subsidy of over 55%. However, the final subsidy to members for FY08 will not be determined until the Board sets the rate increase in the fall of 2007.

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 2008 shall revert to the healthcare benefits administration program.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY06 Actuals	FY07 Operating Budget	Recom- mendation	FY08	
				Budget to Recommendation Dollar/FTE Change	Percent Change
SOURCES					
General Fund Transfers	10.0	8.9	8.9	0.0	0.0
Other Transfers	2,226.4	2,671.6	2,778.0	106.4	4.0
Other Revenues	158,223.3	170,957.8	184,488.1	13,530.3	7.9
TOTAL SOURCES	160,459.7	173,638.3	187,275.0	13,636.7	7.9
USES					
Personal Services and Employee Benefits	1,015.9	1,237.6	1,419.1	181.5	14.7
Contractual Services	156,259.9	168,953.5	182,211.6	13,258.1	7.8
Other	633.9	775.6	866.3	90.7	11.7
Other Financing Uses	2,226.4	2,671.6	2,778.0	106.4	4.0
TOTAL USES	160,136.1	173,638.3	187,275.0	13,636.7	7.9
FTE					
Permanent	22.00	24.00	24.00	0.00	0.0
TOTAL FTE POSITIONS	22.00	24.00	24.00	0.00	0.0

**Healthcare Benefits Administration
(Dollars in Thousands)**

	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent Change</u>
SOURCES					
Other Revenues	158,223.3	170,957.8	184,488.1	13,530.3	7.9
TOTAL SOURCES	158,223.3	170,957.8	184,488.1	13,530.3	7.9
USES					
Contractual Services	155,673.3	168,286.2	181,710.1	13,423.9	8.0
Other Financing Uses	2,226.4	2,671.6	2,778.0	106.4	4.0
TOTAL USES	157,899.7	170,957.8	184,488.1	13,530.3	7.9
FTE					
TOTAL FTE POSITIONS	0.00	0.00	0.00	0.00	***

**Program Support
(Dollars in Thousands)**

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent Change</u>
SOURCES					
Other Transfers	2,226.4	2,671.6	2,778.0	106.4	4.0
TOTAL SOURCES	2,226.4	2,671.6	2,778.0	106.4	4.0
USES					
Personal Services and Employee Benefits	1,015.9	1,237.6	1,419.1	181.5	14.7
Contractual Services	586.6	667.3	501.5	-165.8	-24.8
Other	623.9	766.7	857.4	90.7	11.8
TOTAL USES	2,226.4	2,671.6	2,778.0	106.4	4.0
FTE					
Permanent	22.00	24.00	24.00	0.00	0.0
TOTAL FTE POSITIONS	22.00	24.00	24.00	0.00	0.0

**Discount Prescription Drug
(Dollars in Thousands)**

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	10.0	8.9	8.9	0.0	0.0
TOTAL SOURCES	10.0	8.9	8.9	0.0	0.0
USES					
Other	10.0	8.9	8.9	0.0	0.0
TOTAL USES	10.0	8.9	8.9	0.0	0.0
FTE					
TOTAL FTE POSITIONS	0.00	0.00	0.00	0.00	***

Performance Measures

		FY06 Target	FY06 Result	FY07 Target	FY08 Recomm
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	15	15	15
Outcome	Total revenue generated, in millions	\$144.8	169.7	\$161.9	\$177
Efficiency	Total revenue credited to the reserve fund, in millions		0		
Efficiency	Total healthcare benefits program claims paid, in millions	152.1	\$157.8	\$171.1	\$181
Efficiency	Average monthly per-participant claim cost, non-medicare eligible	\$497	\$434	\$482	\$525
Output	Average monthly per-participant claim cost, medicare eligible	\$250	\$247	\$283	\$299
Outcome	Percent of participants satisfied with the healthcare benefits program	83%	86%	83%	85%
Efficiency	Percent variance of medical premium change between retiree health care authority and industry average	+/-4%	2%	+/-4%	+/-4%
Efficiency	Percent variance of dental premium change between retiree health care authority and industry average	+/-2%	2%	+/-2%	+/-2%
Efficiency	Percent change in medical premium to participants	12%	7.8%	8%	8%
Efficiency	Average number of days to resolve customer service claims related to inquiries and appeals	1	7	7	7
Efficiency	Percent of medical plan premium subsidy	51%	55%	51%	45%
Explanatory	Number of retiree healthcare participants	34,166	36,222	35,190	40,750

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	1	1	2	1
Efficiency	Percent of employee files that contain performance appraisal development plans completed by employees anniversary date	100%	100%	95%	100%
Efficiency	Satisfaction rating of administrative services provided to all programs	96%	83%	80%	80%

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	5,400	5,052	4,500	5,500
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Executive Summary

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

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	13,663.8	16,463.3	20.5
Total Sources	386,444.5	515,071.3	33.3
Program			
Program Support	3,727.7	3,820.6	2.5
Communication Services	18,109.4	23,698.7	30.9
Procurement Services	1,763.8	2,075.8	17.7
Information Technology	21,856.7	22,054.1	0.9
Risk Management	75,968.4	90,599.5	19.3
Employee Group Benefits	243,678.4	347,738.9	42.7
Business Office Space Management and Maintenance	11,635.4	14,058.5	20.8
Transportation Services	9,704.7	11,025.2	13.6
Total Uses	386,444.5	515,071.3	33.3
FTE	523.00	563.00	7.6

- The Executive recommendation contains an increase of \$104,060.5 for the Employee Group Health Program substantially due to rapid enrollment growth.
- The Executive recommendation for the risk management funds increased by \$14,507.8 over FY07 mostly due to increases for public liability and property insurance.
- The Executive recommendation for the Communications Program increased by \$5,589.6 over FY07 to correct under funding for personal services and benefits and payments to telecommunications vendors.
- The Executive recommendation for the Business Office Space Management and Maintenance Program increased by \$2,423.1 over FY07 to restore excessive vacancy savings taken in FY07 and to include the additional operating costs of assuming ownership of the PERA building.
- The Executive recommendation includes an expansion of \$478.7 for the Communications program to expand the implementation of *Wire New Mexico*.

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.

Communications Division

The Communications Division provides central voice and data communication services to executive, legislative, judicial, institutional and other state offices located in the state of New Mexico. The goal of this program is to provide quality communications services that are both timely and cost effective.

Procurement Services

The Purchasing Division 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 Division administers the Procurement Code for those state agencies not excluded from the requirement of procurement through the state purchasing agent.

Information Technology

The Information Systems Division provides centralized mainframe, e-mail, payroll, business solutions, training, and printing and graphics services to state agencies. The goal of this Program is to provide quality information processing services that are both timely and cost effective.

Risk Management

The Risk Management Program protects the State's assets against property, public liability, workers' compensation, state unemployment compensation, 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 Health Benefits

The Employee Group Health Benefits Program designs and administers group benefit plans for state employees 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 health, dental, vision, prescription drugs, life, disability and employee assistance. More than 60,000 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 is comprised of the Property Control Division and the Building Services Division. The Property Control Division assigns the use or occupancy of state owned buildings and lands under its jurisdiction to state agencies or political subdivisions. The Division controls the lease or rental of space in private buildings by state executive agencies with the exception of the State Land Office.

The Building Services Division maintains, cleans and operates buildings, improvements and grounds under the control of the Property Control Division. The Division implements 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 agencies and provides warehousing and distribution services.

Executive Recommendation

Agency Strategic Directions

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.

Maximize the Benefits of *Information Technology (IT) Consolidation In An Enterprise Service Environment*. GSD will complete a \$2.5 million project to upgrade the infrastructure for the enterprise data center at the Simms building. This will allow GSD to host more agency servers, provide increased consolidated data storage and enhance security.

GSD will conduct data classification assessments of all data storage and backup resources that could be consolidated at the Simms data center. Working with the Office of the Chief Information Officer (OCIO), GSD will conduct an inventory of state agency information systems applications to target applications appropriate for migration to a central shared production platform.

GSD will design a prototype enterprise service delivery model that includes all computer and network resources and incorporates industry best practice elements necessary to provide a secure, efficient and scalable environment to support current and future statewide IT infrastructure requirements.

GSD's goal for IT consolidation is to build a robust, trusted infrastructure for centralized information technology services for state government and provide the most efficient and cost-effective service delivery possible by partnering with agencies.

Implement Wire New Mexico. GSD is working to provide state agencies with high-speed broadband for voice, video and data communications statewide. Local government agencies, telehealth sites, and public safety and public educational institutions will be connected to the state core network. GSD will partner with rural telecommunications companies to maximize existing network infrastructure resources. When fully implemented, *Wire New Mexico* will reduce costs and improve efficiencies in the state telecommunications system.

Modernize and Streamline Government Purchasing Practices. GSD will work to maintain and enhance the *Save Smart* program by leveraging the State's purchasing power to achieve the best price agreements for goods and services. GSD will expand procurement training for state and local governments and vendors. Compliance with the state procurement code will be enhanced by implementing state agency procurement audits.

Manage State Assets With Improved Master Planning and Best Practices. GSD will establish preventative maintenance standards to preserve and protect state facilities and monitor compliance. Space standards will be implemented for the efficient and effective use of state buildings. GSD will complete the implementation of Facility Focus property/project management software to enhance tracking of project schedules and budgets, and improve utility management and preventive maintenance.

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.

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 implement a "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 Division's (TSD) clean energy plan has targeted 2010 to achieve 15 percent 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. With requested funding of \$575.0 for FY08, GSD will increase substantially the purchase of renewable energy to meet electricity demands in state owned buildings. If funded, this request will enable GSD to purchase nearly 25% of all the electricity used in state-owned buildings around New Mexico from renewable sources.

Reduce Business Risk and Enhance Protection of State Assets. GSD will initiate loss control programs tailored to the needs and experience of each state agency, conduct root cause analysis of losses, and present prevention and mitigation training programs at offices statewide.

Improve Dispute Resolution in The Workplace Through Progressive and Meaningful Alternatives. GSD will establish an office of dispute prevention and resolution to standardize and promote mediation, arbitration and other alternative dispute resolution strategies to foster conciliation of office conflicts and work related differences. A five-year Executive branch pilot project will be implemented to demonstrate cost savings, organizational efficiencies and program effectiveness.

Key Elements of Recommendation

Employee Group Health Program. The Executive recommendation of \$347,738.9 supports the Risk Management Division's (RMD) goal of keeping employee premiums as low as possible while expanding the Group Health pool by attracting more local governments and higher educational institutions. In FY07, participation in the Employee Group Health Program has grown to more than 70,000 employees and dependants. In FY08, participation is expected to grow to more than 80,000. This recommendation also supports the Executive's goal of achieving a healthy New Mexico by increasing the insurance options available to New Mexicans.

Risk Management Operating Program. To ensure that the Risk Management Division (RMD) can meet the increasing service demands resulting from this rapid growth in the state Employee Group Health Program, the Executive recommendation includes \$201.7 to expand the current staff by four FTE. These positions as well as the operating costs of RMD are funded by operational assessments to the various risk funds.

The Executive recommendation for the Risk Management Operating Program also includes expansion funding of \$185.0 for three additional training and development specialists to enhance the agency's efforts to expand the Alternative Dispute Resolution program.

Risk Management Funds Program. All risk management funds are recommended at \$85,237.8. 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 FY08 is an increase of \$13,998.7 over FY07. The increase occurred substantially in the Public Property Fund (\$9,338.5) and in the Public Liability Fund (\$4,229.8).

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 hurricane season. 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 increase by approximately 200% in FY08.

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

Information Technology (IT) Program. The Executive recommendation of \$22,054.1 is an increase of less than one percent over FY07 funding levels. The recommendation supports the agency's desire to fill vacant IT positions and move forward with its goal of consolidating information technology equipment and services needed by state agencies.

Communications Program. The FY08 Executive base budget recommendation is an increase of \$5,110.6 (28%) above the FY07 operating budget. The increase resulted primarily from the need to correct under funding of this program in FY07. Excessive vacancy savings were taken (10%) in FY07. As the state moves aggressively toward expanding the state broadband system *Wire New Mexico*, it is essential for the Communications Division (CD) to be able to fill all its positions to meet the increasing demands of state agencies, public schools and other public entities for voice, data and video communications.

The CD was also under funded in FY07 to make vendor payments to telecommunications companies on behalf of state agencies. It will be necessary for GSD to make up this shortfall of approximately \$4,000.0 from available fund balances. Even though the Executive recommendation for vendor payments for FY08 is an increase of \$3,913.0 over the FY07 funded level, it is \$3,154.0 lower than actual expenditures for FY06.

The Executive recommendation for CD includes funding for the expansion of *Wire New Mexico*, the initiative to provide broadband telecommunications statewide to state agencies, telehealth sites, and public safety and public education locations. The additional funding will allow CD to employ seven additional Information Technology Network Specialists to support and maintain an expanding state network of voice, data and video communication.

Business Office Space Management and Maintenance Services Program. In FY07, this program was only funded for 70 percent of its authorized positions. GSD has had to maintain a high level of vacancies to stay within its budget. The FY08 Executive recommendation seeks to restore funding for personal services and benefits to this program so that GSD can fully succeed in its goal of providing a safe, clean and energy efficient work environment for state employees.

An increase in the Executive base budget recommendation for this program of \$1,711.2 resulted from restoration of funding for vacant positions, but the most substantial increase in funding needs resulted from the purchase of the PERA building by the Property Control Division (PCD). Approximately \$1,400.0 was added to the base budget of the Building Office Space Management and Maintenance Program for an additional 19 FTE to operate and maintain the building (\$900.0). Utilities, maintenance contracts and other operating costs accounted for an additional \$500.0.

The Executive recommendation for this program includes expansion funding of \$136.9 to hire a management analyst and a program manager to improve project management, develop a strategic infrastructure plan, and implement and maintain a new asset management system. This initiative will result in better evaluation of space needs, reduction of maintenance costs and better prioritization for the use of limited resources.

The Governor's initiative to expand the use of renewable energy in New Mexico is supported by an expansion recommendation of \$575.0 to purchase more renewable energy from the Public Service Company of New Mexico (PNM) wind farm in Eastern New Mexico. Reducing the use of fossil fuels for electricity generation will lower harmful emissions by using more zero emissions wind

generated power. This investment in alternative energy will allow the state to furnish approximately 25 percent of all electricity used in state buildings with clean energy, moving the state forward toward the goal of making New Mexico a clean energy state.

Transportation Program. The Executive base budget increase of \$1,234.1 results primarily from restoring fuel cost funding to the FY06 actual level (an increase over the FY07); a dramatic rise in the cost of insurance to cover state owned vehicles against property damage; and an increased level of funding to replace old vehicles with new, lower emission, fuel efficient vehicles.

The FY08 Executive recommendation includes funding to employ an additional financial specialist and business operations specialist at a cost of \$86.4 to enhance customer service and improve fleet management for the state motor pool. This will allow the State Transportation Bureau to replace temporary employees with permanent employees that possess more institutional knowledge of fleet management.

Procurement Program. The Executive base budget recommendation for FY08 is an increase of \$141.2 over FY07 funding. The increase is recommended to fund information systems charges for the use of a new broadband purchasing system, and to support the *Save Smart* database.

The recommendation also includes an expansion of \$56.9 to restore the Small Business Assistance Program by hiring an additional purchasing agent. This program assists small businesses seeking to provide goods or services to state agencies. The program was reduced from eight FTE to just two FTE in FY07.

Funding of \$113.9 to provide in-house evaluation of *Save Smart* contracts is recommended for expansion funding in FY08. Services to monitor the *Save Smart* program were previously performed by a consultant that will no longer provide these services in FY08. The two purchasing agents will collect market data, monitor *Save Smart* contracts and perform price comparisons to help improve the efficiency and effectiveness in the delivery of state services.

Program Support Program. The Executive recommendation includes an expansion of \$234.4 for an additional attorney for the Office of the Secretary and adds funding for contract legal services. With a FY08 recommended operating budget of \$515,017.3 and 563 FTEs, GSD has only one attorney for handling contract review, union hearings and arbitrations, appeals of procurement protests and many other legal matters. This funding will decrease the need for expensive contract attorneys and enable the Office of the Secretary to better support the performance of the Divisions within this complex agency.

Performance Report

Employee Group Health Program. Working toward the goals of *Insure New Mexico*, the Risk Management Division (RMD) 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 for premium increases to program participants. No membership target was established for FY06, however total growth in the number of covered state and local government employees and their dependents increased by nearly 10 percent from FY05 to FY06 (6,000 participants), and is expected to increase by nearly an additional 12,000 by the end of FY07.

RMD attempts to keep annual premium increases lower than the average yearly increase in the health insurance industry. For FY06, the premium increase for the State Group Health Insurance Program was two 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 FY06 target of reducing workers' compensation claims by six percent from FY05. A reduction of 16 percent in the number and severity of claims was attained. Industrial trends indicate that this level of reduction in workers' compensation claims may be more difficult to reach in future years.

Information Systems Program. An important goal of the Information Systems Division (ISD) is to provide information processing and data storage and security services to state agencies at a cost (rate) that is five percent lower than the average of ISD's three lowest competitors. ISD provides more than 30 individual IT services to agencies and for FY06, worked toward a goal of keeping 70 percent of those service rates at least five percent lower than the competition. ISD exceeded its goal by achieving a success rate of 95 percent.

Communications Program. The Communications Division (CD) provides a variety of telephone, radio and data communication services to state agencies and other public entities. CD must charge a usage fee for each of these services to recover the costs of providing the service plus an allowance for an operating reserve. For FY06, CD set a target of 75 percent for the percent of services that meet this requirement. This goal was attained for FY06 but the target is being raised to 91% for FY07 and FY08 as new rates better designed to recover costs are being developed.

Business Office Space Management and 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 five 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 FY06. While paying salary and benefit increases, utilities and maintenance costs, it is unreasonable to assume operating costs per square foot will remain unchanged. For FY06, the average operating cost per square foot for Santa Fe buildings was \$6.84, 33 percent above the target amount. For the FY08 budget request, BSD has raised the target to that of the Building Owners and Managers Association's (BOMA) 2004 published average public/private sector per-square-foot cost of \$7.52.

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 FY06 was that 70 percent 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 FY06 were \$16,000.0 but the State Purchasing Division was able to realize savings for state government purchases of \$23,000.0.

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 FY06, the program set a target of a 15 percent 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 federal funds. GSD intends to restore the program, has requested additional state resources for FY08 and has set a target of a ten percent increase if the request is funded.

Program Support Program. As an enterprise agency, the General Services Department (GSD) must fund its operations by assessing agencies that use its services. Information systems processing, voice and data communications, radio, printing and other services are provided on a fee-for-service basis. The fees must not only cover operating costs but also accumulate capital to replace equipment. In this environment, it is critical that GSD keep its accounts receivable as current as possible. For FY06, GSD set a target of \$32,100.0 for its total accounts receivable over thirty days. By the end of FY06, GSD exceeded its expectations with only \$13,000.0 of accounts receivable exceeding thirty days.

To foster improved financial management, GSD set a FY06 target of resolving 70 percent of prior year audit findings. Only 32 percent of prior year audit findings were resolved. The current management of GSD took control of the agency in January 2006, and has acknowledged deficiencies in the financial management process. During FY07, GSD will reorganized its Administrative Services Division and pursue an audit corrective action plan with the goal of restoring integrity to accounting and internal control processes. For FY08, the target for resolving prior year audit findings has been raised to 95 percent demonstrating GSD's commitment to improving financial management.

Recommended Language for the General Appropriation Act

The General Services Department may request budget increases from internal service funds/interagency transfers for each of the employee group health, risk management, information technology, communications, business office space management and maintenance services, transportation, and program support programs if the agency collects revenues in excess of appropriated levels.

Budget Summary Tables

	Agency Budget Summary (Dollars in Thousands)			FY08	
	FY06	FY07	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	11,297.0	13,663.8	16,463.3	2,799.5	20.5
Other Transfers	191.7	0.0	0.0	0.0	***
Federal Revenues	100.2	0.0	0.0	0.0	***
Other Revenues	327,284.2	372,643.1	494,687.3	122,044.2	32.8
Fund Balance	52,889.3	137.6	3,920.7	3,783.1	2,749.3
TOTAL SOURCES	391,762.4	386,444.5	515,071.3	128,626.8	33.3

Agency Budget Summary
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY08	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
USES					
Personal Services and Employee Benefits	25,442.0	29,460.2	32,522.2	3,062.0	10.4
Contractual Services	39,603.8	44,986.1	60,122.8	15,136.7	33.6
Other	323,695.4	302,715.8	414,877.6	112,161.8	37.1
Other Financing Uses	8,773.5	9,282.4	7,548.7	-1,733.7	-18.7
TOTAL USES	397,514.7	386,444.5	515,071.3	128,626.8	33.3
FTE					
Permanent	522.00	523.00	563.00	40.00	7.6
Term	6.00	0.00	0.00	0.00	***
TOTAL FTE POSITIONS	528.00	523.00	563.00	40.00	7.6

Program Support
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY08	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	0.0	0.0	0.0	0.0	***
Other Revenues	3,802.1	3,727.7	2,646.5	-1,081.2	-29.0
Fund Balance	0.0	0.0	1,174.1	1,174.1	***
TOTAL SOURCES	3,802.1	3,727.7	3,820.6	92.9	2.5
USES					
Personal Services and Employee Benefits	2,587.6	2,763.0	2,942.0	179.0	6.5
Contractual Services	116.8	149.0	350.0	201.0	134.9
Other	399.2	596.3	309.2	-287.1	-48.1
Other Financing Uses	219.4	219.4	219.4	0.0	0.0
TOTAL USES	3,323.0	3,727.7	3,820.6	92.9	2.5
FTE					
Permanent	47.00	47.00	48.00	1.00	2.1
TOTAL FTE POSITIONS	47.00	47.00	48.00	1.00	2.1

Communications Division
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	<u>Recom- mendation</u>	FY08	
				<u>Budget to Recommendation Dollar Change</u>	<u>Percent Change</u>
SOURCES					
Other Revenues	22,159.7	18,109.4	23,698.7	5,589.3	30.9
Fund Balance	9,000.0	0.0	0.0	0.0	***
TOTAL SOURCES	31,159.7	18,109.4	23,698.7	5,589.3	30.9
USES					
Personal Services and Employee Benefits	4,758.8	4,951.3	5,862.7	911.4	18.4
Contractual Services	404.0	338.6	321.1	-17.5	-5.2
Other	20,214.3	11,812.1	16,507.5	4,695.4	39.8
Other Financing Uses	1,007.4	1,007.4	1,007.4	0.0	0.0
TOTAL USES	26,384.5	18,109.4	23,698.7	5,589.3	30.9
FTE					
Permanent	70.00	79.00	86.00	7.00	8.9
TOTAL FTE POSITIONS	70.00	79.00	86.00	7.00	8.9

Procurement Services (Dollars in Thousands)					
	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Dollar Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	1,073.8	1,306.6	1,580.1	273.5	20.9
Other Transfers	191.7	0.0	0.0	0.0	***
Federal Revenues	100.2	0.0	0.0	0.0	***
Other Revenues	168.9	457.2	300.0	-157.2	-34.4
Fund Balance	0.0	0.0	195.7	195.7	***
TOTAL SOURCES	1,534.6	1,763.8	2,075.8	312.0	17.7
USES					
Personal Services and Employee Benefits	1,035.4	1,405.3	1,560.8	155.5	11.1
Contractual Services	0.0	34.3	34.3	0.0	0.0
Other	235.1	135.7	292.2	156.5	115.3
Other Financing Uses	265.2	188.5	188.5	0.0	0.0
TOTAL USES	1,535.7	1,763.8	2,075.8	312.0	17.7
FTE					
Permanent	23.00	23.00	26.00	3.00	13.0
Term	6.00	0.00	0.00	0.00	***
TOTAL FTE POSITIONS	29.00	23.00	26.00	3.00	13.0

Information Technology (Dollars in Thousands)					
	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Dollar Change</u>	<u>Percent Change</u>
SOURCES					
Other Revenues	19,743.0	21,856.7	22,054.1	197.4	0.9
Fund Balance	5,010.0	0.0	0.0	0.0	***
TOTAL SOURCES	24,753.0	21,856.7	22,054.1	197.4	0.9
USES					
Personal Services and Employee Benefits	7,857.8	9,180.5	9,210.1	29.6	0.3
Contractual Services	8,142.8	7,044.5	7,050.1	5.6	0.1
Other	8,068.9	4,880.5	4,926.8	46.3	0.9
Other Financing Uses	751.2	751.2	867.1	115.9	15.4
TOTAL USES	24,820.7	21,856.7	22,054.1	197.4	0.9
FTE					
Permanent	145.00	136.00	131.00	-5.00	-3.7
TOTAL FTE POSITIONS	145.00	136.00	131.00	-5.00	-3.7

Risk Management
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u>	
				<u>Dollar</u>	<u>Percent</u>
				<u>Change</u>	<u>Change</u>
SOURCES					
Other Revenues	52,539.6	75,830.8	89,548.6	13,717.8	18.1
Fund Balance	30,154.8	137.6	1,050.9	913.3	663.7
TOTAL SOURCES	82,694.4	75,968.4	90,599.5	14,631.1	19.3
USES					
Personal Services and Employee Benefits	3,091.3	3,310.3	3,655.7	345.4	10.4
Contractual Services	16,579.5	20,524.0	32,288.6	11,764.6	57.3
Other	55,917.8	46,543.7	50,936.5	4,392.8	9.4
Other Financing Uses	5,050.3	5,590.4	3,718.7	-1,871.7	-33.5
TOTAL USES	80,638.9	75,968.4	90,599.5	14,631.1	19.3
FTE					
Permanent	51.00	51.00	58.00	7.00	13.7
TOTAL FTE POSITIONS	51.00	51.00	58.00	7.00	13.7

Employee Group Health Benefits
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u>	
				<u>Dollar</u>	<u>Percent</u>
				<u>Change</u>	<u>Change</u>
SOURCES					
Other Revenues	219,635.3	243,678.4	347,738.9	104,060.5	42.7
TOTAL SOURCES	219,635.3	243,678.4	347,738.9	104,060.5	42.7
USES					
Contractual Services	14,327.8	16,526.0	19,600.0	3,074.0	18.6
Other	221,672.9	226,270.5	327,257.0	100,986.5	44.6
Other Financing Uses	836.1	881.9	881.9	0.0	0.0
TOTAL USES	236,836.8	243,678.4	347,738.9	104,060.5	42.7
FTE					
TOTAL FTE POSITIONS	0.00	0.00	0.00	0.00	***

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

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u>	
				<u>Dollar</u>	<u>Percent</u>
				<u>Change</u>	<u>Change</u>
SOURCES					
General Fund Transfers	9,742.0	11,535.4	14,058.5	2,523.1	21.9
Other Revenues	164.4	100.0	0.0	-100.0	-100.0
Fund Balance	224.5	0.0	0.0	0.0	***
TOTAL SOURCES	10,130.9	11,635.4	14,058.5	2,423.1	20.8
USES					
Personal Services and Employee Benefits	4,620.7	6,096.1	7,180.4	1,084.3	17.8
Contractual Services	12.0	334.8	446.0	111.2	33.2
Other	5,037.9	4,889.0	6,094.5	1,205.5	24.7
Other Financing Uses	315.8	315.5	337.6	22.1	7.0
TOTAL USES	9,986.4	11,635.4	14,058.5	2,423.1	20.8
FTE					
Permanent	152.00	152.00	177.00	25.00	16.4
TOTAL FTE POSITIONS	152.00	152.00	177.00	25.00	16.4

		Transportation Services (Dollars in Thousands)			FY08	
		FY06	FY07	Recom-	Budget to Recommendation	
		Actuals	Budget	mendation	Dollar	Percent
					Change	Change
SOURCES						
	General Fund Transfers	481.2	821.8	824.7	2.9	0.4
	Other Revenues	9,071.2	8,882.9	8,700.5	-182.4	-2.1
	Fund Balance	8,500.0	0.0	1,500.0	1,500.0	***
	TOTAL SOURCES	18,052.4	9,704.7	11,025.2	1,320.5	13.6
USES						
	Personal Services and Employee Benefits	1,490.4	1,753.7	2,110.5	356.8	20.3
	Contractual Services	20.9	34.9	32.7	-2.2	-6.3
	Other	12,149.3	7,588.0	8,553.9	965.9	12.7
	Other Financing Uses	328.1	328.1	328.1	0.0	0.0
	TOTAL USES	13,988.7	9,704.7	11,025.2	1,320.5	13.6
FTE						
	Permanent	34.00	35.00	37.00	2.00	5.7
	TOTAL FTE POSITIONS	34.00	35.00	37.00	2.00	5.7

Performance Measures

		FY06	FY06	FY07	FY08
		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	
Efficiency	Percent of employee files that contain current performance appraisal development plans completed by the department's established focal period	99%		99%	
Outcome	Percent of audit corrective action plan commitments completed on schedule				85%
Quality	Percent of prior year audit findings resolved			70%	95%
Output	Percent of accounts receivable dollars collected within 60 days of the invoice due date				95%
Communications Division					
To provide quality communications services that are both timely and cost effective so that agencies can perform their mission in an effective and responsive manner.					
Efficiency	Percent of individual communication services that break even, including sixty days of operational reserve	75%	73%	91%	91%
Procurement Services					
To provide a procurement process for tangible property for government entities to ensure compliance with the Procurement Code so that agencies can perform their mission in an efficient and responsive manner.					
Output	Percent increase in small business clients	10%	0%	50%	10%
Output	Total annual audited savings from the save smart New Mexico program in thousands	\$16,022	\$23,000	\$16,022	
Efficiency	Average cycle-completion times for construction projects, in days	80		50	
Efficiency	Average cycle-completion times for small purchases, in days	15		15	
Efficiency	Average cycle-completion times for tangible products and services, in days	45		45	
Efficiency	Average cycle-completion times for information technology projects, in days	80		80	
Quality	Percent of customers satisfied with procurement services	85%		95%	
Outcome	Number of state agency sites connected to the state core network			76	250
Outcome	Number of population centers connected to the state network through fiber optic cable				14

		<u>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 Recomm</u>
Information Technology					
To provide quality information processing services that are both timely and cost effective so that agencies can perform their mission in an efficient and responsive manner.					
Outcome	Percent of information processing rates five percent lower than the average of the three lowest competitors	70%	95%	70%	
Efficiency	Percent of individual information processing services that break even, including sixty days of operating reserve	75%	83%	80%	
Explanatory	Number of customers with human resources system services	20,000	25,075	20,000	
Efficiency	Percent of individual printing services that break even, including sixty days of operating reserve	70%	50%	80%	
Quality	Customer satisfaction with information processing services	75%		90%	
Quality	Customer satisfaction with client services	75%		90%	
Quality	Customer satisfaction with data network services	85%		90%	
Quality	Customer satisfaction with printing and graphics services	85%	87%	85%	
Quality	Customer satisfaction with human resources system services	85%		85%	
Quality	Percent of time automated systems are fully operational			99%	
Quality	Error rate for e-mail transmissions			0.5%	
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		220/590		790/000
Risk Management					
To protect the state's assets against property, public liability and workers' compensation, state unemployment compensation, local public bodies unemployment compensation, and surety bond losses so that agencies can perform their mission in an efficient and responsive manner.					
Outcome	Percent decrease of state government workers' compensation claims	6%	16%	6%	
Explanatory	Cost of property and casualty claims by type		\$9,691.6		
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	
Outcome	Increase in percentage of modified duty (early return to work) days for state government workers' compensation claimants		324		550
Outcome	Percent of total liability claims resolved without litigation				75%
Employee Group Health Benefits					
To effectively administer comprehensive health-benefit plans to state employees.					
Efficiency	Percent change in state employee medical premium compared to national average	3%<	3%<	</=3%	
Efficiency	Percent change in dental premium compared to the national average	3%<	3%<	</=3%	
Output	Number of state employees participating in state group health plan	NA	19,500	20,000	
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		65%		75%
Outcome	Number of small local public bodies (fewer than 50 employees) newly enrolled in state group health plans		38		10
Business Office Space Management and Maintenance Services					
To provide employees and the public with effective property management and maintenance so that agencies can perform their mission in an efficient and responsive manner.					
Quality	Percent of customers satisfied with custodial and maintenance services, as measured by an annual survey	90%		95%	
Efficiency	Percent increase in average cost per square foot of both leased and owned office space in Santa Fe	TBD		1%	
Explanatory	Percent of state-controlled space occupied	90%	89.2%	90%	90%
Outcome	Average number of days to process lease requests	200		150	
Efficiency	Operating costs per square foot in Santa Fe for state-owned buildings	\$5.14	\$6.84	\$5.14	\$7.52
Quality	Percent of customers satisfied with property control services	80%		95%	
Efficiency	Percent of property control capital projects on schedule within approved budget	90%	94.5%	90%	90%

		<u>FY06</u> <u>Target</u>	<u>FY06</u> <u>Result</u>	<u>FY07</u> <u>Target</u>	<u>FY08</u> <u>Recomm</u>
Transportation Services					
To provide centralized and effective administration of the state's motor pool and aircraft transportation services so that agencies can perform their mission in an efficient and responsive manner.					
Efficiency	Percent of long-term auto lease rates that are five percent lower than the average of the three lowest competitors	70%	100%	70%	
Efficiency	Percent of short-term auto lease rates that are five percent lower than the average of the three lowest competitors	70%	100%	70%	
Efficiency	Percent of aviation rates that are five percent lower than the average of the three lowest competitors	70%		70%	
Quality	Percent of customers satisfied with vehicle lease services	90%		95%	
Efficiency	Percent of aircraft expenditures paid by enterprise revenues	64%		100%	
Explanatory	Percent of short-term vehicle utilization	80%	69%	80%	80%
Efficiency	Percent of individual vehicle lease services that break even, including sixty days of operating reserve	70%		90%	
Efficiency	Percent of individual aircraft services that break even, including sixty days of operating reserve	70%		70%	
Efficiency	Percent of total available aircraft fleet hours utilized		75%		90%
Efficiency	Percent of passenger vehicle lease revenues to expenses		100%		100%
Efficiency	Comparison of lease rates to other public vehicle fleet lease rates		127%		

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.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	0.0	0.0	***
Total Sources	24,883.7	33,137.6	33.2
Program			
Educational Retirement Board	24,883.7	33,137.6	33.2
Total Uses	24,883.7	33,137.6	33.2
FTE	50.00	52.00	4.0

- The Executive recommends a \$7,938.5 increase for investment consultant and manager fees over the FY07 operating budget. This increase is due to higher costs associated with fund growth and performance fees.
- The Executive recommends \$115.1 for an alternative investment staff position to develop internal expertise for investment in alternative asset classes (private equity, absolute return and real estate).
- The recommendation includes \$102.2 for a general counsel to provide legal advice and guidance for the alternative investment strategy.

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.

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

Executive Recommendation

Agency Strategic Directions

ERB will 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.

Key Elements of Recommendation

The Executive recommends an increase of \$7,938.5 for FY08 to accommodate the substantially higher investment management and consultant fees. The Executive recommendation provides for \$115.1 for an investment staff position which will help develop internal expertise to manage alternative asset classes. The Educational Retirement Board is diversifying into alternative investments (private equity, hedge funds and real estate) to reduce the overall risk level. Moving into private equity and hedge funds will require extensive staff involvement and monitoring. The recommended exempt general counsel will offer guidance to the Board on policy issues and provide legal review on expanding investment strategies. The exempt general counsel is funded at \$102.2.

Performance Report

The Educational Retirement Board met or exceeded most of its performance targets for FY06. The five-year investment return was considerably lower than the performance target, but the diversification into alternative investments provides the potential of increasing return and reducing risk. As of June 30, 2004 ERB's funding period of liability was infinity, which would mean that ERB could never pay off its current liability. However, the funding period will drop to 31 years by 2009. The fund is projected to be 75.8% funded in 2010, 81.2% funded in 2015. It is currently at a 70% funded level. The unfunded actuarial accrued liability (UAAL) actual result for FY06 was \$3.134 billion. The ERB portfolio return for FY06 was 12.3% versus 10.47% for the median public pension fund for this period. The ERB market value of assets was \$7,451,138,286 as of June 30, 2005 and \$8,166,309,892 on June 30, 2006.

Recommended Language for the General Appropriation Act

The other state funds appropriation to the Educational Retirement Board in the contractual services category includes twenty-six million six hundred seventy-one thousand six hundred (\$26,671,600) 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 (\$525,000) for payment of custody services associated with the fiscal agent contract.

Budget Summary Tables

Agency Budget Summary
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent Change</u>
SOURCES					
Other Revenues	21,949.3	24,883.7	33,137.6	8,253.9	33.2
TOTAL SOURCES	21,949.3	24,883.7	33,137.6	8,253.9	33.2
USES					
Personal Services and Employee Benefits	2,760.8	3,243.3	3,621.5	378.2	11.7
Contractual Services	18,472.0	20,915.9	28,770.7	7,854.8	37.6
Other	716.5	724.5	745.4	20.9	2.9
TOTAL USES	21,949.3	24,883.7	33,137.6	8,253.9	33.2
FTE					
Permanent	50.00	50.00	52.00	2.00	4.0
TOTAL FTE POSITIONS	50.00	50.00	52.00	2.00	4.0

Performance Measures

		<u>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 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%	5.9%	8%	8%
Outcome	Average number of days to process refund requests	17	12	15	15
Outcome	Funding period of unfunded actuarial accrued liability in years	<=30	Unavailable	<=30	<=30
Outcome	Percent of member satisfaction with seminars and trainings	95%	95%	95%	95%
Output	Average number of days to respond to request for benefit estimates and purchase of service request	20	18	20	20
Output	Percent of retirement applications processed within sixty days	95%	95%	95%	95%
Output	Number of benefit estimates and purchase of service requests computed annually	6,000	9,905	6,000	6,250
Output	Number of member workshops conducted	25	28	27	27
Output	Percent completion of the new pension systems	100%	95%	N/A	
Quality	Percent of accurately computed retirements	99.5%	99.6%	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.

	FY07 Operating Budget	FY08 Recommendation	% Change
General Fund	659.9	834.9	26.5
Total Sources	659.9	834.9	26.5
Program			
New Mexico Sentencing Commission	659.9	834.9	26.5
Total Uses	659.9	834.9	26.5
FTE	0.00	0.00	***

- The Executive recommendation includes \$175.0 in General Fund for the Justice Information Sharing Council.

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, by 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 charging, plea bargaining, sentencing, probation and parole and any others matters related to the justice system; (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 are: 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 courts, Department of Corrections, Children, Youth and Families Department (CYFD), Department of Public Safety, Public Defenders 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 *A Safer New Mexico*. The Offender Query, a secure web-based tool, will continue to enable law enforcement and probation and parole offices access to an offender’s status and previous record. This will be a major step forward in public safety. 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.

The Commission continues to support the following Governor's initiatives:

Caring for Our Children: The commission evaluates CYFD and the Juvenile Parole Board decisions to ensure juveniles receive needed services in an attempt to lower recidivism without compromising public safety. The Sex Offender Management Board considers the effect on children who are victims of sexual offenders.

Government Efficiency: NMSC studies the cost of incarceration with available alternatives such as drug courts and electronic monitoring and makes recommendations based upon the severity of the offense.

Key Elements of Recommendation

The total Executive recommendation for FY08 is \$834.9, which ensures that the NMSC and the SOMB can fulfill their statutory mandates, including offering high-level policy recommendations and legislation proposals. The recommendation includes \$175.0 for the Justice Information Sharing Council to provide a public portal to access all criminal justice agency websites in a single URL.

Performance Report

The Commission met or surpassed its FY06 targets. For example, the NMSC analyzed and made recommendations on all 216 criminal and juvenile justice bills introduced during the 2006 session. Additionally, the Commission completed and published fourteen reports, exceeding the target of eleven. The Executive recommends carrying forward the Commission's FY07 targets, as these are set at historical levels.

Budget Summary Tables

Agency Budget Summary
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 Operating <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	606.8	659.9	834.9	175.0	26.5
TOTAL SOURCES	606.8	659.9	834.9	175.0	26.5
USES					
Contractual Services	600.8	653.9	828.9	175.0	26.8
Other	6.0	6.0	6.0	0.0	0.0
TOTAL USES	606.8	659.9	834.9	175.0	26.5

Agency Budget Summary
(Dollars in Thousands)

FTE	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent Change</u>
TOTAL FTE POSITIONS	0.00	0.00	0.00	0.00	***

Performance Measures

		<u>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 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	9	14	11	11
Output	Number of website hits per month	50,000	50,000	50,000	50,000

Executive Summary

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

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	36,789.8	38,149.2	3.7
Total Sources	36,939.8	38,299.2	3.7
Program			
Public Defender Department	36,939.8	38,299.2	3.7
Total Uses	36,939.8	38,299.2	3.7
FTE	362.00	371.00	2.5

- The Executive recommendation includes a General Fund increase of \$1,359.4 for FY08 to accommodate increased personal services and benefit costs, contractual services and other recurring costs.
- The Executive recommends \$603.9 to implement a satellite office in McKinley County.
- Contractual services are increased from the FY07 level to accommodate an additional \$500.0 for the contract attorney fee structure.
- Other expenditures have been adjusted due to increased property insurance, rents and to better fit the needs of the agency.

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*

The PDD supports the Executive's performance and accountability policy, *A Safer New Mexico*. The PDD has provided sufficient background information to justify opening a satellite office in McKinley County. The PDD has proposed to begin start-up of the satellite office by phasing-in operations by October 1, 2007.

Key Elements of Recommendation

The Executive recommendation reflects a 3.7% increase in General Fund for FY08. The increase is driven by increased GSD rates, other cost increases and the inclusion of a satellite office in

McKinley County. The overall budget is a \$1,359.4 increase over the FY07 operating level. Personal services are slightly increased from the FY07 level and incorporate a 2.75% vacancy factor. Employee benefits have been adjusted to accommodate recommended rates. Contractual services increased 4.6% from the FY07 operating level. Other costs have been adjusted to better fit the needs of the agency.

The Executive recommendation includes \$500.0 to increase the PDD's contract attorney fee structure in order to allow the PDD to attract and retain competent, experienced defense attorneys throughout the state.

Performance Report

The Executive recognizes the agency's effort in exceeding its FY06 target for the expert witness performance measure. The agency surpassed its FY06 target for annual attorney FTE turnover rate. The agency goal was 12% and reported a turnover rate of 9.5%. The agency is strongly encouraged to pursue the goal of achieving all targets for FY07 and FY08.

The PDD recognizes the need to improve data collection, as additional targets may have been met in FY06 but are not yet verifiable. The agency will continue to focus attention on improving data collection. Special attention should be given to accurate and timely collection of data regarding application fees; number of alternative sentencing treatment placements for felony and juvenile clients; and percentage of felony cases resulting in reduction of original formally filed charges. The FY06 year end results indicated data for alternative sentencing and felony cases resulting in reduction of charges were not retrievable from the Case Defendant Management System (CDMS).

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY08	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	32,385.5	36,789.8	38,149.2	1,359.4	3.7
Other Transfers	174.2	0.0	0.0	0.0	***
Other Revenues	166.2	150.0	150.0	0.0	0.0
Fund Balance	1,875.0	0.0	0.0	0.0	***
TOTAL SOURCES	34,600.9	36,939.8	38,299.2	1,359.4	3.7
USES					
Personal Services and Employee Benefits	18,834.9	21,404.2	21,939.4	535.2	2.5
Contractual Services	9,947.5	10,103.7	10,564.7	461.0	4.6
Other	5,471.8	5,431.9	5,795.1	363.2	6.7
TOTAL USES	34,254.2	36,939.8	38,299.2	1,359.4	3.7
FTE					
Permanent	0.00	362.00	371.00	9.00	2.5
TOTAL FTE POSITIONS	0.00	362.00	371.00	9.00	2.5

Performance Measures

		FY06 Target	FY06 Result	FY07 Target	FY08 Recomm
Public Defender Department					
The purpose of the Criminal Legal Services program 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	2,350		3,500	3,500
Output	Number of expert witness services approved by the department	3,400	3,523	3,500	3,500
Efficiency	Percent of cases in which application fees were collected	40%	32%	40%	40%
Quality	Percent of felony cases resulting in a reduction of original formally filed charges	60%		60%	60%
Explanatory	Annual attorney full-time-equivalent turnover rate	12%	9.5%	10%	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.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	4,688.7	4,688.7	0.0
Total Sources	4,688.7	4,688.7	0.0
Program			
Governor - Operations	4,688.7	4,688.7	0.0
Total Uses	4,688.7	4,688.7	0.0
FTE	45.30	45.30	0.0

- The Executive recommendation maintains funding for the Governor's Office at the FY07 operating level.

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 the Governor 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; Homeland Security program coordination and oversight; Boards and Commissions; internal operations; legal counsel; paroles and pardons; and public information and communications.

Governor Richardson's policy priorities for the coming year are to continue moving New Mexico forward by investing in our future and creating opportunities for every community to thrive. The Governor declared 2007 the "Year of Water" and the Executive budget recommendation reflects this priority through creation of an Office of Water Infrastructure Development, river ecosystem restoration projects, water conservation initiatives, expansion of the Strategic Water Reserve,

agricultural conservation easements, and a number of important capital initiatives including water infrastructure for the Eastern Navajo Reservation, design funding for the Ute pipeline, and aquifer development in the Salt Basin.

The Governor's priorities for *Protecting and Promoting New Mexico's Environment* also include: creating incentives for biofuels, green building, and innovative energy technologies; promoting low-carbon electricity generation; addressing climate change; and expanding opportunities for hunting and fishing.

The Governor's priorities for *Making Schools Work* include: expanding pre-Kindergarten; ensuring students have a healthy and safe school experience; closing the achievement gap; and making college more affordable.

The Governor's priorities for *A Healthy New Mexico* include: closing the uninsured gap in New Mexico; fighting methamphetamine addiction; providing services for disabled children; and improving access to telehealth and trauma care.

The Governor's priorities for *Promoting and Growing New Mexico* include: cutting taxes for working New Mexicans, members of the military, small businesses, hospitals, and entrepreneurs; establishing high performance computing capabilities to support research on health, clean water, and energy; continuing to strengthen New Mexico's transportation infrastructure; promoting affordable and energy efficient housing; and reforming the regional housing authorities.

The Governor's priorities for *A Safer New Mexico* include: increasing school security; implementing tough anti-methamphetamine measures; reducing DWI-involved fatalities; and enacting stiffer penalties for serious violent offenders, gun crimes, and sex offenders.

Key Elements of Recommendation

The Executive recommendation maintains funding for the Office of the Governor at the FY07 operating level. The recommendation supports operations of the Governor's Office and provides funding for the Office of Victims Advocacy and the Office of Homeland Security.

Performance Report

The Governor's Office met or exceeded all five of its performance measures for FY06 that are related to constituent services and the timelines of appointments to boards and commissions. The agency has one additional measure approved for FY07, the percent increase in victims receiving direct advocacy. The measure for the number of victims receiving direct advocacy is maintained at the FY07 target level of 257, an increase of 25 over FY06 results. The recommendation for the percent increase in victims receiving direct advocacy is adjusted to an 11% increase to reflect the projected FY08 increase over the current service level. The FY08 targets for the number of days to answer or refer to the proper entity constituent requests for information and the number of days to process extraditions have been decreased from FY07 target levels bases on historical results.

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

	FY06 <u>Actuals</u>	FY07 Operating <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	4,412.6	4,688.7	4,688.7	0.0	0.0
Fund Balance	226.9	0.0	0.0	0.0	***
TOTAL SOURCES	4,639.5	4,688.7	4,688.7	0.0	0.0
USES					
Personal Services and Employee Benefits	3,520.2	4,036.9	4,036.9	0.0	0.0
Contractual Services	329.0	110.1	110.1	0.0	0.0
Other	507.2	541.7	541.7	0.0	0.0
TOTAL USES	4,356.4	4,688.7	4,688.7	0.0	0.0
FTE					
Permanent	44.30	45.30	45.30	0.00	0.0
TOTAL FTE POSITIONS	44.30	45.30	45.30	0.00	0.0

Performance Measures

		<u>FY06</u> <u>Target</u>	<u>FY06</u> <u>Result</u>	<u>FY07</u> <u>Target</u>	<u>FY08</u> <u>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	8	4	8	5
Output	Number of days to respond to requests for pardons	14	13	14	14
Output	Number of days to process extraditions	13	10	13	10
Output	Percent increase in victims receiving direct advocacy		23.5%	17%	11%
Output	Number of victims receiving direct advocacy	220	232	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.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	636.0	757.1	19.0
Total Sources	727.1	757.1	4.1
Program			
Lieutenant Governor	727.1	757.1	4.1
Total Uses	727.1	757.1	4.1
FTE	7.00	8.00	14.3

- The Executive recommendation reflects an increase of \$121.1 in General Fund to continue to provide services at the current levels.
- The General Fund increase includes \$91.1 to fund staff and services previously funded from Section 401 (b) of the Jobs and Growth Tax Relief Reconciliation Act of 2003.

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.

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

Executive Recommendation*Agency Strategic Directions*

The Lieutenant Governor continues to emphasize youth as the state's most important priority. As chair of the Children's Cabinet, she supports the Governor's emphasis on caring for New Mexico's children by coordinating the activities of departments and agency directors dealing with children's issues. The Lieutenant Governor also works very closely with the Youth Alliance Initiative to encourage civic engagement to build the next generation of leaders in New Mexico. The Lieutenant Governor was instrumental in establishing a pre-kindergarten program in New Mexico by championing the issue before the Legislature and integrating the efforts of the Children, Youth and

Families and Public Education departments. 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 producing methamphetamine in a child's presence as child abuse. A champion of small business, the Lieutenant Governor continues to encourage expansion of loan programs to provide 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 \$121.1 over FY07 operating levels to provide funding for existing staff and to continue services at the current levels relating to statutory responsibilities, including overseeing the Children's Cabinet, Youth Alliance Council, and constituent services. The General Fund increase includes the \$91.1 to replace federal funds from the Jobs and Growth Tax Relief Reconciliation Act of 2003 used in FY07 to fund necessary operational costs. In addition, the recommendation includes an additional scheduler position for FY08 to provide administrative support to the Lieutenant Governor due to increased responsibilities added over the last three years by the Governor and the Legislature.

Performance Report

The Office of the Lieutenant Governor achieved or exceeded all performance measure targets for FY06. For FY08, the Executive recommends an increase in the target level for the number of children's cabinet meetings to 8 per year based on FY06 actual results and the anticipated future meeting schedule. In addition, the Executive recommends a new measure of quarterly tracking reports on constituent services activities to replace the previous measure of monthly constituent services reports.

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 2007:

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)			FY08	
	FY06	FY07	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	625.2	636.0	757.1	121.1	19.0
Federal Revenues	27.2	91.1	0.0	-91.1	-100.0
TOTAL SOURCES	652.4	727.1	757.1	30.0	4.1

Agency Budget Summary
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 Operating <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent</u> <u>Change</u>
USES					
Personal Services and Employee Benefits	489.3	634.9	663.3	28.4	4.5
Contractual Services	15.7	16.8	16.5	-0.3	-1.8
Other	96.3	75.4	77.3	1.9	2.5
TOTAL USES	601.3	727.1	757.1	30.0	4.1
FTE					
Permanent	7.00	7.00	8.00	1.00	14.3
TOTAL FTE POSITIONS	7.00	7.00	8.00	1.00	14.3

Performance Measures

		FY06 <u>Target</u>	FY06 <u>Result</u>	FY07 <u>Target</u>	FY08 <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	6	8
Output	Number of tracking reports produced per month on constituent services activities	1	1	1	
Output	Number of youth advisory council meetings	4	4	4	4
Output	Quarterly tracking reports on constituent services activities.				4

Executive Summary

The Office of the Chief Information Officer oversees all state information technology.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	1,022.6	1,101.3	7.7
Total Sources	1,022.6	1,101.3	7.7
Program			
Office of the Chief Information Officer	1,022.6	1,101.3	7.7
Total Uses	1,022.6	1,101.3	7.7
FTE	10.00	11.00	10.0

- The Executive recommendation reflects a 7.7% increase in General Fund to fully fund existing positions and for one expansion FTE to assist with clerical work for the Chief Information Officer.

Agency Mission and Program Purpose

Functions of the Office of the Chief Information Officer (OCIO) are: to manage the information architecture for state government; guide, review and make recommendations to the Information Technology Commission regarding allocation of information technology resources; recommend procedures and rules to the ITC to improve oversight of information technology procurement; and provide oversight of disaster recovery and project management.

The primary mission of the Information Technology Commission (ITC) is to adopt and promulgate rules that specify the state information architecture and to update the state strategic information technology (IT) plan. Rules adopted by the ITC become administrative law. ITC certification is required for any IT project over \$1 million. The Commission consists of 13 voting members, five advisory members and two adjunct members. The membership is drawn from state government, the private sector, national laboratories, educational institutions and county/local governments.

The Governor's directive for statewide information technology is to spend less money more efficiently in meeting IT and business needs. To implement the Governor's Executive Order 2004-14, the OCIO, along with members of the Executive Board appointed to oversee IT consolidation, has established guidelines for IT purchases within certain expenditure limits or exceeding certain dollar limits. OCIO, in conjunction with the Department of Finance and Administration and the General Services Department must approve certain types of IT resources or purchases above a given dollar amount. Agencies given such approval are required to purchase from the *Save Smart New Mexico* program.

Save Smart New Mexico is a Governor's initiative designed to improve efficiency in government and to save taxpayers' money. *Save Smart New Mexico* creates savings for taxpayers by promoting collaboration between state agencies and educational institutions in order to leverage the State's

purchasing power most effectively. This project combines the State's tremendous purchasing power to drive cost-savings for goods and services that the State buys while improving quality.

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

Executive Recommendation

Agency Strategic Directions

The OCIO's objective is to provide the information technology (IT) community with a map for collaboration and innovative improvement of services for the citizens and businesses of New Mexico. The OCIO assists with improving delivery of state services through IT. These duties include: consolidating IT equipment and services between government agencies; developing baseline data and standards for data centers, backup, recovery services, service license agreements, storage and archival services; surveying agencies for baseline numbers including types and models of equipment, annual costs of software and hardware maintenance, including associated lease or depreciations costs; and developing a strategy for enterprise desktop/help desk support.

Key Elements of Recommendation

The Executive recommends funding a 7.7% increase over FY07 operating levels to fully fund existing positions and for one expansion FTE, an executive secretary, for the State Chief Information Officer to relieve him of administrative duties to enhance the productivity of the Office in meeting its statutory mandates.

Performance Report

The agency met all of its targets for FY06. Upon submission of the budget request the OCIO was tracking 67 monthly projects and \$111 million fiscal year to date. The OCIO successfully implemented a tracking system to ensure contingencies/requirements imposed during the certification process will be followed and has brought projects not previously certified into the certification process.

Budget Summary Tables

	Agency Budget Summary (Dollars in Thousands)			FY08	
	FY06 <u>Actuals</u>	FY07 <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	958.6	1,022.6	1,101.3	78.7	7.7
TOTAL SOURCES	958.6	1,022.6	1,101.3	78.7	7.7
USES					
Personal Services and Employee Benefits	803.9	859.1	950.7	91.6	10.7
Contractual Services	9.2	10.7	10.7	0.0	0.0
Other	116.0	152.8	139.9	-12.9	-8.4
TOTAL USES	929.1	1,022.6	1,101.3	78.7	7.7
FTE					
Permanent	10.00	10.00	11.00	1.00	10.0
TOTAL FTE POSITIONS	10.00	10.00	11.00	1.00	10.0

Performance Measures

		<u>FY06</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>
		<u>Target</u>	<u>Result</u>	<u>Target</u>	<u>Recomm</u>
Office of the Chief Information Officer					
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	Number of key information technology project reviews completed	36	36	36	36
Outcome	Percent of information technology plans with formal feedback	100%	100%	100%	100%
Outcome	Amount of savings in information technology, in millions	\$5	\$5	\$5	\$5
Outcome	Percent of agencies in compliance with state information technology strategic plan				
Outcome	Percent of information technology projects reviewed by staff	100%	100%	100%	100%
Output	Percent of single and multi-agency information technology projects that get formal architectural review	50%	50%	50%	50%

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.

	FY07 Operating Budget	FY08 Recommendation	% Change
General Fund	0.0	0.0	***
Total Sources	28,129.6	32,053.7	14.0
Program			
Public Employees Retirement Association	28,129.6	32,053.7	14.0
Total Uses	28,129.6	32,053.7	14.0
FTE	88.00	71.00	-19.3

- The Executive recommends a \$5,271.4 increase for investment consultant and manager fees over the FY07 operating budget. This increase is due to higher costs associated with fund growth and performance fees and is consistent with actual FY06 expenditures.
- The recommendation includes a reduction of \$1,333.5 associated with the PERA building which will be transferred to GSD during FY07.
- The recommendation provides \$113.8 for two positions to improve accuracy and turnaround time for members.

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 to meet its current and future obligations and provide quality services to Association members. At June 30, 2006 PERA has the following members: 22,562 retirees and beneficiaries, 51,606 active members and 3,181 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 provides 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.

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 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 employers who hire PERA members that are receiving 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. PERA has approximately 23,000 PERA-only retirees. Of that amount, 1,500 retirees have gone back to work for a PERA affiliated employer, equivalent to 6.5% of the total number retired.

Key Elements of Recommendation

The Executive recommends an increase of \$3,924.1 for FY08 primarily to accommodate the substantially higher investment management and consultant fees. While PERA's FY07 operating budget for management and consultant fees is \$19,989.4, FY06 actual expenditures were \$26,666.3 due to increased fund growth.

The Executive recommendation includes two new positions as described below. However, nineteen current positions will no longer be required once the PERA building is transferred to the General Services Department. Therefore, there is a net decrease of 17 FTE.

The Executive recommends two new permanent positions in the amount of \$113.8 to support PERA's operations as the number of "baby boomer" retirees continues to increase. These positions include: one financial specialist to manage the additional workload of retiring members and an attorney to manage PERA's role as the administrator for Social Security within the state as well as to provide legal counsel on increasingly complex investment issues.

Performance Report

PERA met or exceeded the majority of its FY06 performance targets and is expected to meet all but one of its FY07 targets. PERA did not meet the target for response time in FY06 due to the problems associated with the Retirement Information Online system. The UAAL (unfunded actuarial accrued liability) for FY06 was \$931,505.1. The funding period for the total PERA Fund for FY06 was 16 years. The PERA portfolio return for FY06 was 11.74% versus 10.47% for the median public pension fund for this period. The PERA market value of assets was \$10,120,102,418 as of June 30, 2005 and \$11,215,016,116 on June 30, 2006.

Recommended Language for the General Appropriation Act

The other state funds appropriation to the public employees retirement association in the contractual services category includes twenty-three million seven hundred fifty thousand (\$23,750,000) 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 three hundred thousand dollars (\$1,300,000) to be used only for fiscal agent custody services.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY06 <u>Actuals</u>	FY07 Operating <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
Other Revenues	33,430.3	28,129.6	32,053.7	3,924.1	14.0
TOTAL SOURCES	33,430.3	28,129.6	32,053.7	3,924.1	14.0
USES					
Personal Services and Employee Benefits	4,792.7	5,087.7	4,672.4	-415.3	-8.2
Contractual Services	27,204.5	21,024.7	26,264.3	5,239.6	24.9
Other	1,433.1	2,017.2	1,117.0	-900.2	-44.6
TOTAL USES	33,430.3	28,129.6	32,053.7	3,924.1	14.0
FTE					
Permanent	86.00	88.00	71.00	-17.00	-19.3
Term	0.00	0.00	0.00	0.00	***
TOTAL FTE POSITIONS	86.00	88.00	71.00	-17.00	-19.3

Performance Measures

		<u>FY06</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>
		<u>Target</u>	<u>Result</u>	<u>Target</u>	<u>Recomm</u>
Public Employees Retirement Association					
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.	146 b.p.	>50 b.p.	>50 b.p.
Quality	Percent of accurately computed retirements	98.5%	98.5%	98.5%	98.5%
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	82nd	>49th	>49th
Efficiency	Average number of days to respond to requests for benefit estimates, military buy-backs, and service credit verifications	15-30	45-180	15-30	30-45
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	N/A	30 or less	25 or less

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.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	2,578.4	2,727.6	5.8
Total Sources	2,797.6	2,904.9	3.8
Program			
Commission of Public Records	2,797.6	2,904.9	3.8
Total Uses	2,797.6	2,904.9	3.8
FTE	40.50	40.50	0.0

- The Executive recommendation reflects a 5.8% General Fund increase over FY07 operating levels to fund programming of the New Mexico History Webpage and includes a 3% vacancy rate for personal services and benefits.

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 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 (agency head) 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 and records retention and 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 on-line and by paid, hard-copy subscription. The Division also publishes the New Mexico Administrative Code, a free, searchable, on-line 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 General Fund increase over FY07 operating levels of 5.8%. The Executive recommends \$50.0 for design and programming of the New Mexico History Webpage.

The FY08 Executive recommendation reflects an increase in personal services and employee benefits over FY07 operating levels in order to attract qualified personnel and retain staff to enable the agency to meet its strategic and business goals. The recommendation reflects a 3% vacancy rate.

The Executive recommendation reflects a reduction in federal funds indicating the federal grant awards the agency has currently received.

In FY07, fund balance was used for one time large ticket purchases such as microfilm readers and processors; therefore, the FY08 Executive recommendation reflects a 45.6% decrease in use of fund balance.

Performance Report

The State Commission of Public Records met all FY06 targets except two: percent of state agencies with current records retention and disposition schedules and percent of annual strategic action plan achieved or on schedule. Staffing limitations proved to be a hindrance to achieving the targets on these two measures. Work on retention schedules was discontinued for the first half of the year as agency analysis staff was reassigned to help with the records inventory and data cleanup that accompanied the transition to a new records tracking system. In addition, some of the measures in the strategic action plan were deferred, but at the close of FY06 targets for 70 percent of the 110 measures tracked by the agency had been met.

In FY08, the agency dropped the following performance measure: percent of state agencies with current records retention and disposition schedules. To more accurately reflect the agency's workload, the measure was replaced with: percent of total records items scheduled, reviewed, amended or replaced within a five year period.

Budget Summary Tables

	Agency Budget Summary (Dollars in Thousands)			FY08	
	FY06 <u>Actuals</u>	FY07 Operating <u>Budget</u>	Recom- mendation	<u>Budget to Recommendation</u>	
				Dollar/FTE <u>Change</u>	Percent <u>Change</u>
SOURCES					
General Fund Transfers	2,272.7	2,578.4	2,727.6	149.2	5.8
Other Transfers	71.3	0.0	0.0	0.0	***
Federal Revenues	94.8	25.0	10.0	-15.0	-60.0
Other Revenues	150.3	132.8	133.9	1.1	0.8
Fund Balance	0.0	61.4	33.4	-28.0	-45.6
TOTAL SOURCES	2,589.1	2,797.6	2,904.9	107.3	3.8
USES					
Personal Services and Employee Benefits	2,038.0	2,208.7	2,276.3	67.6	3.1
Contractual Services	100.7	39.9	92.8	52.9	132.6
Other	367.2	549.0	535.8	-13.2	-2.4
TOTAL USES	2,505.9	2,797.6	2,904.9	107.3	3.8

Agency Budget Summary
(Dollars in Thousands)

FTE	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent Change</u>
Permanent	36.50	38.50	38.50	0.00	0.0
Term	1.70	2.00	2.00	0.00	0.0
TOTAL FTE POSITIONS	38.20	40.50	40.50	0.00	0.0

Performance Measures

		<u>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 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	36	29	35	34
Outcome	Percent of requests for access to public records in its custody that the commission is able to satisfy	98%	99.9%	98%	98%
Outcome	Percent of total records items scheduled, reviewed, amended or replaced within a five-year period		N/A	75%	75%
Outcome	Percent of state agencies with current records retention and disposition schedules	66%	43.5%	70%	
Outcome	Percent of all projects for the New Mexico historical records grant program that are achieving stated objectives	95%	100%	96%	98%
Outcome	Percent of annual strategic action plan achieved or on schedule	75%	70%	80%	80%
Output	Number of consultations, research reports and educational activities provided by the state historian	150	350	300	325

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.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	3,312.3	4,288.7	29.5
Total Sources	5,616.3	4,592.7	-18.2
Program			
Elections-General Fund	5,616.3	4,592.7	-18.2
Total Uses	5,616.3	4,592.7	-18.2
FTE	41.00	44.00	7.3

- The Executive recommends a total General Fund increase of \$976.4, or 29.5%.
- The Executive recommends \$400.0 in General Fund for maintenance of the agency's Voter Registration Electronic Management System (VREMS).
- The Executive recommends a total decrease for FY08 of \$1,023.6 because the federal HAVA grant expires December 2006.
- The Executive recommends \$45.6 in General Fund for salary adjustments; \$279.8 in General Fund for three new FTE; \$50.0 in General Fund to upgrade the ethics administration system; and \$50.0 in General Fund to increase training to county clerks.

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 three activities, which are Elections and Ethics Administration, Commercial Recordings and Administrative Support, which includes Information Systems.

Elections and Ethics Administration 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 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.

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

Key Elements of Recommendation

The Executive recommends a decrease from the FY07 operating level of \$1,023.6 in total funds, due to the expiration of the federal Help America Vote Act (HAVA) grant of \$2,000.0. The base recommendation for General Fund is an increase of \$151.0, or 4.6%.

The Executive recommends an expansion of \$400.0 in General Fund for maintenance of the agency's Voter Registration Electronic Management System (VREMS). This will ensure that VREMS will be maintained adequately during FY08.

The Executive recommends \$45.6 in General Fund for salary adjustments. This increase will allow the Secretary of State to attract the staff necessary to ensure excellent administration of this office.

The Executive recommends an expansion of \$279.8 in General Fund for three new FTE. This will fund a new chief financial officer, a procurement officer and an information technology division director. This will ensure continued strong fiscal and program management.

The Executive recommends \$50.0 in General Fund to upgrade the ethics administration system. This expansion will ensure compliance with the process for political financial reporting by enhancing the current political financial reporting system.

The Executive recommends \$50.0 in General Fund to increase training to New Mexico's County Clerks. This training will include how to service and test new equipment; test cartridges and batteries; replace paper spools; and carry out certification procedures for each voting machine. In addition, all procedures, guidelines and laws will be included that pertain to elections utilizing the new paper ballot system.

Performance Report

The Secretary of State submitted results for FY06 performance measure targets. The Executive encourages the Secretary of State to fully participate in the continuing development of performance targets. The Executive is pleased to note the Secretary of State exceeded the target for response time for user requests or complaints. The Secretary of State reported that no constitutional guides were distributed in FY06. The Executive encourages the Secretary of State to provide adequate explanations for performance measure targets that are not met, review current performance targets, and continue to develop targets that are challenging and realistic.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY08	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	4,576.6	3,312.3	4,288.7	976.4	29.5
Other Transfers	80.2	304.0	304.0	0.0	0.0
Federal Revenues	13,333.4	2,000.0	0.0	-2,000.0	-100.0
TOTAL SOURCES	17,990.2	5,616.3	4,592.7	-1,023.6	-18.2
USES					
Personal Services and Employee Benefits	1,866.5	2,183.1	2,698.8	515.7	23.6
Contractual Services	6,145.3	1,085.1	122.0	-963.1	-88.8
Other	9,859.4	2,348.1	1,771.9	-576.2	-24.5
TOTAL USES	17,871.2	5,616.3	4,592.7	-1,023.6	-18.2
FTE					
Permanent	38.00	40.00	43.00	3.00	7.5
Temporary	1.00	1.00	1.00	0.00	0.0
TOTAL FTE POSITIONS	39.00	41.00	44.00	3.00	7.3

Performance Measures

		<u>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 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	46,614	250,000	250,000
Outcome	Percent of administrative errors	.4%	0	.3%	.3%
Output	Number of constitutional voter guides in Spanish and English distributed to county clerks and voters	500,000	0	500,000	500,000
Output	Number of users electronically filing legal documents or receiving educational materials	275,000	2,165	150,000	150,000
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	1,000,000	10,000	10,000
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	48

Executive Summary

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

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	4,314.1	4,394.9	1.9
Total Sources	4,385.1	4,454.9	1.6
Program			
Personnel Board	4,385.1	4,454.9	1.6
Total Uses	4,385.1	4,454.9	1.6
FTE	65.00	65.00	0.0

- The Executive recommendation reflects a 1.9% increase in General Fund over FY07 operating levels.
- The recommendation reflects a 3.5% vacancy factor in personal services and employee benefits and funds increases in workers' compensation, unemployment and employee liability premiums.
- The recommendation also funds an increase in the other category for operating costs based on FY06 actual expenditure levels.

Agency Mission and Program Purpose

The Personnel Board 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 four major program functions: line authority, classification and compensation; training and development 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

In the upcoming year, SPO will continue implementation of the new Statewide Human Resource, Accounting, and Management Reporting System (SHARE) to improve human resource administration throughout state government. SHARE will assist agencies by making human resource processes more efficient and practical. SPO has reengineered its business processes to improve how agencies are provided with quality guidance and oversight. SPO's strategic focus also includes initiatives in the areas of agency services, quality assurance, classification and compensation, labor relations, training and adjudication.

SPO continues to strive at streamlining human resource services to improve the consistency and efficiency of state government as provided for in the Executive's performance and accountability policy, *Managing State Resources*. The line authority program will authorize state agencies' approval over various human resource activities, upon certification by SPO as to agency competency. Human resource activities may include position recruitment and hiring practices. SPO will not relinquish its administrative oversight or final authority over all human resource functions. SPO's goal is to increase the number of state agencies with either partial or substantial line authority in order to facilitate a more efficient and responsive human resource system. SPO has established a foundation for its quality assurance program and will continue to develop, implement and maintain this program by developing guidelines for agencies consistent with the SHARE system. SPO is working to enhance management training by implementing a two-day Fundamentals of Supervision program and a four-hour Managing Employee Performance program.

To attract and retain an appropriate workforce, SPO is working to identify the correct pay for each job and maintain an effective salary structure, including comparative market pricing reviews of position classifications to other states. Finally, SPO continues to facilitate the negotiation of collective bargaining agreements with labor and will work to establish a consistent approach to labor relations management in union-represented agencies.

Key Elements of Recommendation

The Executive recommendation reflects a 1.6% increase over FY07 operating levels. The General Fund increase of \$80.8 supports increases in workers' compensation, unemployment and employee liability premiums. The recommendation includes a 3.5% vacancy rate for personal services and employee benefits, below the agency's historic vacancy rate, to allow the agency to fill existing positions in order to meet strategic objectives. The recommendation also provides an increase of \$27.7 for operating costs in the other category based on FY06 actual expenditure levels. In addition, the recommendation reflects funding for the Governor's Career Development Conference in the other category rather than the contractual services category as in previous fiscal years.

Performance Report

SPO had four performance measures for FY06. The agency met the target for the number of days to produce employment lists, but did not meet the target for the other measures. Due to the implementation of the SHARE system, the agency suspended the quality assurance program and did not have results to report for the percent of quality reviews (audits) performed. The agency is working to develop new quality assurance guidelines for agencies consistent with the SHARE system. The Executive supports changing the quality assurance measure for FY08 to the percent of key agencies receiving at least two audit reviews during the fiscal year. The agency did not meet the target for the average employee pay as a percent of board-approved comparator market, based on legislative authorization. The reported results reflect the recent consolidation of the manager and non-manager salary structures into a single structure. The Executive supports maintaining the target at the FY07 level.

The Executive recommendation reflects revised performance measures for FY08 to reflect SPO's initiatives and strategic goals. The target level for the number of agencies with line authority has been substantially reduced for FY08 to reflect SPO's focus for implementation of the program on larger agencies that are more prepared to meet the qualifications of the program.

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 FY09 state employees' career development conference:

Any unexpended balance remaining in the state employees' career development conference fund at the end of fiscal year 2008 shall not revert to the general fund.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY06 Actuals	FY07 Operating Budget	Recom- mendation	FY08	
				Budget to Recommendation Dollar/FTE Change	Percent Change
SOURCES					
General Fund Transfers	3,969.4	4,314.1	4,394.9	80.8	1.9
Fund Balance	62.7	71.0	60.0	-11.0	-15.5
TOTAL SOURCES	4,032.1	4,385.1	4,454.9	69.8	1.6
USES					
Personal Services and Employee Benefits	3,615.5	4,022.0	4,060.1	38.1	0.9
Contractual Services	19.6	71.5	36.5	-35.0	-49.0
Other	323.9	291.6	358.3	66.7	22.9
TOTAL USES	3,959.0	4,385.1	4,454.9	69.8	1.6
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

		FY06 Target	FY06 Result	FY07 Target	FY08 Recomm
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%	93%	95%	95%
Outcome	Percent of managers and supervisors completing board-required training as a percent of total manager and supervisor category employees	90%	N/A	90%	
Output	Percent of quality reviews (audits) performed in agencies in accordance with the quality assurance program	70%	N/A	70%	
Output	Number of days to produce employment lists	15	15	15	
Output	Percent of agency-specific human resource audit exceptions corrected within six months of discovery				75%
Outcome	Average number of days to fill a vacant position			90	90
Outcome	Percent increase in proficiency among employees in manager classifications			15%	
Outcome	Number of agencies with line authority			50	25
Outcome	Percent of large agencies that incorporate the state personnel office core management training objectives into their agency specific management training				90%
Outcome	Percent of managers in medium to small agencies who successfully complete the state personnel office sponsored management/supervision training				80%
Output	Percent of employees with a completed performance appraisal on record at the close of the fiscal year				99%
Output	Percent of key agencies receiving at least two audit reviews during the fiscal year				95%
Outcome	Percent of union grievances resolved prior to formal arbitration				90%
Outcome	Percent of new employees who successfully complete their probationary period				70%

Executive Summary

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

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	327.1	328.5	0.4
Total Sources	327.1	328.5	0.4
Program			
Public Employee Labor Relations Board	327.1	328.5	0.4
Total Uses	327.1	328.5	0.4
FTE	3.00	3.00	0.0

- The Executive recommendation provides a 0.4% increase above the FY07 operating level to fully fund salaries for three FTE.

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 will continue to promulgate rules necessary to accomplish and perform its functions and duties as established by the Public Employee Bargaining Act. It will hold hearings on and make determinations regarding prohibited practices, petitions for representation and approval of local labor relations boards. The Board will serve 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 provide training for staff and local labor boards regarding rules and requirements of the Public Employee Bargaining Act and Board functions.

PELRB is working in coordination 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. In addition, the Board is working in collaboration with the Federal Mediation and Conciliation Service to train agencies in mediation services and impasse procedures.

Key Elements of Recommendation

The Executive recommendation reflects a slight increase over the FY07 operating level in the personal services and employee benefits category to fully fund salaries and benefits for three existing staff positions.

Performance Report

PELRB met the targets for two of the six approved performance measures for FY06. Because of administrative appeals, performance targets were not met for the percent of determinations of approval of local labor relations boards within 100 days of request; percent of prohibited practice complaints decided within 180 days of filing; and percent of petitions processed within 180 days of filing. Staff actions on these cases were within performance target levels, but appeals filed resulted in additional time to complete. In addition, the Board did not meet the target for the percent of cases resolved through agreement, mediation or arbitration. Settlements and agreements reached after the hearing process were not included in the results. Had such agreements been included, target levels would have been exceeded.

The Executive recommendation maintains performance targets at the FY07 level as the agency is focused on decreasing the length of time to make determinations on the approval of local labor relations boards, process petitions for representation and make decisions on prohibited practice complaints. The agency also 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)			FY08			
	<u>FY06 Actuals</u>	<u>FY07 Operating Budget</u>	<u>Recom- mendation</u>	<u>Budget to Recommendation</u>		
				<u>Dollar/FTE Change</u>	<u>Percent Change</u>	
SOURCES						
General Fund Transfers	314.9	327.1	328.5	1.4	0.4	
TOTAL SOURCES	314.9	327.1	328.5	1.4	0.4	
USES						
Personal Services and Employee Benefits	220.5	240.4	241.8	1.4	0.6	
Contractual Services	3.2	4.0	4.0	0.0	0.0	
Other	75.6	82.7	82.7	0.0	0.0	
TOTAL USES	299.3	327.1	328.5	1.4	0.4	
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>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 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	4%	0%	1%	1%
Output	Percent of determinations of approval of local labor relations boards within 100 days of request for approval	90%	65%	99%	99%
Output	Percent of prohibited practice complaints decided within 180 days of filing	90%	85%	90%	90%
Output	Percent of petitions processed within 180 days of filing	90%	80%	90%	90%
Efficiency	Percent of cases resolved through agreement, mediation or arbitration	50%	45%	50%	50%

Executive Summary

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

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	4,176.0	4,381.9	4.9
Total Sources	4,202.3	4,408.2	4.9
Program			
State Treasurer	4,202.3	4,408.2	4.9
Total Uses	4,202.3	4,408.2	4.9
FTE	42.50	44.50	4.7

- The Executive recommends an increase of \$205.9 in General Fund for organizational restructuring to improve management and oversight.

Agency Mission and Program Purpose

The mission of the agency 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 V of the New Mexico Constitution. The 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 processes 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, 6-8-6, 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 supports the Governor's initiative to improve fiscal responsibility and restore confidence in the office by working to improve investment practices and banking operations. The 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 recommendation provides an increase of \$205.9 in General Fund to allow for organizational restructuring and changes to the management structure of the office in order to provide better oversight. The recommendation includes two authorized temporary positions for summer interns.

Performance Report

At the time of writing, the State Treasurer's Office had not reported FY06 results. The Executive will work with the Office and the Legislative Finance Committee to ensure better reporting in the future. In order to maximize performance, the State Treasurer revised its FY08 performance measures and targets. The new measures are consistent with the State Treasurer's strategic plan that emphasizes banking services for the state and maximizing earnings.

Budget Summary Tables

	Agency Budget Summary (Dollars in Thousands)			FY08	
	FY06	FY07	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	3,822.5	4,176.0	4,381.9	205.9	4.9
Federal Revenues	25.4	26.3	26.3	0.0	0.0
TOTAL SOURCES	3,847.9	4,202.3	4,408.2	205.9	4.9
USES					
Personal Services and Employee Benefits	2,502.0	2,902.3	3,147.2	244.9	8.4
Contractual Services	363.1	429.6	354.0	-75.6	-17.6
Other	890.4	870.4	907.0	36.6	4.2
TOTAL USES	3,755.5	4,202.3	4,408.2	205.9	4.9
FTE					
Permanent	42.50	42.50	42.50	0.00	0.0
Temporary	0.00	0.00	2.00	2.00	***
TOTAL FTE POSITIONS	42.50	42.50	44.50	2.00	4.7

Performance Measures

		FY06 Target	FY06 Result	FY07 Target	FY08 Recomm
State Treasurer					
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%		100%	
Outcome	Percent of interest allocation amounts for interest account balances provided to state agencies within thirty days of closing from the department of finance and administration	100%			
Output	Percent completion of the transfer of the warrant reconciliation process from the state treasurer's program to the fiscal agent bank	75%			
Output	Percent of state agency depository accounts authorized in financial institutions	100%			
Output	Percent of Cash Management Improvement Act audits performed to maximize cash flow	100%			
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	100%		25%	
Output	Percent of investments purchased exceeding the overnight rate of return			100%	
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%	
Output	Percent of interest allocated to state agencies within five days of treasury system close			97%	
Output	Percent of cash-to-books reconciling items resolved and agency funds balanced within thirty days of treasury close			25%	
Output	Percent of treasury reports issued within two days of receipt of cash master from the department of finance and administration			100%	
Output	Percent of agency funds deposited in the bank and recorded in the treasury within twenty-four hours			100%	
Output	Percent of state bank accounts reconciled to bank statements within twenty-four hours of receipt of bank statement			95%	
Output	Percent annual decrease in fraudulent warrants attributable to positive pay implementation			10%	
Outcome	One-year annualized investment return on local government investment pool to exceed internal benchmark, in basis points				5
Outcome	Percent of agencies rating overall satisfaction with state investment office services as good or better in annual survey				80%
Outcome	One-year annualized investment return on general fund portfolio to exceed internal benchmarks, in basis points				5
Outcome	Percent of employees rating their employment experience satisfactory or better in annual survey				80%
Outcome	Number of outstanding agency bank transactions unreconciled after seven days, at month end		951		0
Outcome	Percent increase of local government investment pool average balance over the prior fiscal year end		-40%		10%
Outcome	Maximum number of audit findings				3

Executive Summary

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

	FY07 Operating <u>Budget</u>	FY08 <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	0.00	***

- 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.

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)					
	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	<u>Recom- mendation</u>	<u>FY08</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					
Other	0.0	0.0	500.0	500.0	***
TOTAL USES	0.0	0.0	500.0	500.0	***
FTE					
TOTAL FTE POSITIONS	0.00	0.00	0.00	0.00	***

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.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	0.0	0.0	***
Total Sources	312.0	332.0	6.4
Program			
Board of Examiners for Architects	312.0	332.0	6.4
Total Uses	312.0	332.0	6.4
FTE	4.00	4.00	0.0

- The Executive recommends an overall budget increase of \$20.0 in other state funds for the Board in FY08.
- The recommendation includes a \$30.7 increase to provide for rent expenses at its new location.
- A \$10.7 decrease is recommended for contractual services and general operational expenses to reflect FY06 spending levels.

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 recommends an overall increase of \$20.0 in other state funds for the Board of Examiners for Architects. The recommendation includes a \$30.7 increase to cover an increase in

rent expenses. In FY07 the agency was asked by the Tourism department to relocate its office. The Board relocated to leased space, where it is now required to pay rent.

A decrease of \$10.7 is recommended to reflect FY06 actual spending levels for contractual services, office supplies and other operational expenses.

Performance Report

The Board met all of its FY06 measures except for the number of applications processed. In FY06 the Board received fewer applications than in previous years, but anticipates the number of applications in FY08 to be higher based on current FY07 data and a strong state economy.

It also should be noted that while the FY06 target of processing and delivering complaints to the Enforcement Subcommittee in 60 days or less was achieved, the average number of days for doing so was only 11.5. This is a positive reflection on the Board's ability to be responsive to feedback from its customers.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY06 <u>Actuals</u>	FY07 Operating <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
Other Revenues	272.6	312.0	332.0	20.0	6.4
TOTAL SOURCES	272.6	312.0	332.0	20.0	6.4
USES					
Personal Services and Employee Benefits	209.8	233.7	238.9	5.2	2.2
Contractual Services	7.8	14.2	8.3	-5.9	-41.5
Other	55.0	64.1	84.8	20.7	32.3
TOTAL USES	272.6	312.0	332.0	20.0	6.4
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

		FY06 <u>Target</u>	FY06 <u>Result</u>	FY07 <u>Target</u>	FY08 <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	1,944	2,020	2,020
Outcome	Percent of registrants audited to ensure compliance with continuing education requirements	2%	2%	2%	2%
Output	Number of days after the receipt of a complaint to process and deliver to the enforcement subcommittee	60	60	60	60

Executive Summary

The Sports Authority promotes exhibition athletic events and recruits professional and minor league teams to relocate to the state of New Mexico.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	295.2	433.0	46.7
Total Sources	295.2	433.0	46.7
Program			
Sports Authority	295.2	433.0	46.7
Total Uses	295.2	433.0	46.7
FTE	3.00	3.00	0.0

- The Executive recommendation supports an increase of \$137.8 in General Fund to increase the ability of the Authority to attract athletic events to the state.

Agency Mission and Program Purpose

The Sports Authority was created to recruit, retain and promote professional and amateur sporting events in New Mexico. The popularity and marketability of professional sports will bolster New Mexico's economy while attracting tourism to New Mexico communities.

Statutory Authority: Sections 9-15B-3 through 9-15B-6 NMSA 1978.

Executive Recommendation*Agency Strategic Directions*

The Sports Authority helps promote economic development and tourism by attracting sports enthusiasts within and outside of New Mexico to various sporting events.

The Authority assisted in the creation of the New Mexico Bowl for which the inaugural game will be played on December 23 at University Stadium in Albuquerque, and will be carried live nationally on ESPN. A television audience of over 2.5 million is expected.

Preparations are being made for an off-road-race sponsored by the State of New Mexico and Chihuahua, Mexico. The race is tentatively set to take place in late 2007. It will be the first and only off-road-race event that will start in the United States and end in Mexico.

The Great Santa Fe Trail Horse Race from Santa Fe to Independence, Missouri will start on Memorial Day 2007 at Fort Marcy Park in Santa Fe.

Key Elements of Recommendation

The Executive recommends an increase of \$137.8 in General Fund over FY07 to attract more sporting events and venues to the state, and to fund increases in base expenses.

Performance Report

The Authority, in cooperation with the Department of Finance and Administration as well as with the Legislative Finance Committee established measures for the Sports Authority during the 2006 interim. Two of the four measures for the agency involve the first annual New Mexico Bowl which will take place in December 2006. The other two measures involve the number of sporting events and venues which are brought to New Mexico through the agency's efforts. Targets for these measures begin in FY08.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)						
	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY08		
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>	
SOURCES						
General Fund Transfers	285.0	295.2	433.0	137.8	46.7	
TOTAL SOURCES	285.0	295.2	433.0	137.8	46.7	
USES						
Personal Services and Employee Benefits	208.9	220.1	232.9	12.8	5.8	
Contractual Services	0.0	1.5	116.5	115.0	7,666.7	
Other	72.4	73.6	83.6	10.0	13.6	
TOTAL USES	281.3	295.2	433.0	137.8	46.7	
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>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 Recomm</u>
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 million
Outcome	Number of new minor sporting events attracted to New Mexico		7		7
Output	Attendance at New Mexico bowl				25,000
Outcome	Number of new major sporting events attracted to New Mexico		1		1

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.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	438.1	507.7	15.9
Total Sources	1,055.1	507.7	-51.9
Program			
Border Authority	1,055.1	507.7	-51.9
Total Uses	1,055.1	507.7	-51.9
FTE	5.00	5.00	0.0

- The FY08 recommendation reflects an overall decrease of \$547.4 resulting from the expiration of a federal grant.
- The Executive recommendation reflects a 15.9% increase in General Fund over FY07 to provide for increases in operating costs.

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 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 with Mexico increased dramatically in FY06. Some of the Border Authority's highlights for the fiscal year include the Paso del Norte Rail Project, full service to southbound travelers at San Jeronimo, a proposed Sunland Park/Anapra crossing, expansion at the Columbus port, and increased border trade with Mexico.

For the Paseo del Norte rail project, New Mexico was awarded \$14 million in project development funding as part of the federal transportation reauthorization bill. The Border Authority headed the state effort to gain the funding and is lead agency for the project that would locate a major new rail terminal near Santa Teresa.

San Jeronimo now offers "full service" to southbound travelers. At the Border Authority's request, the Mexican federal government now processes southbound vehicle permits for tourists and other travelers. Traffic has sharply increased.

New Mexico continues to promote a Sunland Park/Anapra crossing. Sunland Park received nearly \$500,000 in federal funding to study the feasibility of the long awaited new crossing.

The federal government designated the expansion of the Columbus port as one of its highest priorities on the southern border. The Border Authority represented the state in providing the master planning for the project. The design of the \$25 million project began in FY07.

The Authority continues to promote trade with Mexico. Trade valued at over \$1.2 billion was processed at the Santa Teresa and Columbus ports, the largest volume in history.

In FY08, the Border Authority will continue to advance the Paso del Norte Rail Project; the agency's goal is to gain commitment from Mexico to construct a connecting rail line to the proposed terminal near Santa Teresa. The agency will target identified industries to cross at New Mexico ports and to locate new distribution facilities in the border region. The agency's goal is to increase northbound commercial traffic at the Santa Teresa port by 10%. The agency will work with Sunland Park and other state agencies to further the Anapra port project; the goal will be to initiate the Presidential Permitting process that is required for new port projects. The Border Authority will also work with the Republic of Mexico and State of Chihuahua to improve the Palomas port of entry and construct a paved road to the Berrendo port.

Key Elements of Recommendation

The Executive recommendation increases the General Fund budget for the Border Authority by \$69.6. The increase, the first in four years, will be used for travel costs, advertising and printing for non-commercial tourist and frequent-crosser brochures, billboards and directional signs in Mexico and agency publications for the legislature, congressional delegation and the Executive. The increase will also fund increased operating costs associated with its new office building in Santa Teresa. The Executive recommendation also recognizes a decrease in federal funding due to the expiration of a hazardous materials grant.

Performance Report

The Border Authority met its performance targets in the areas of program objective obtainment, coordination meetings and commercial and non-commercial traffic at New Mexico ports. The Executive encourages the Border Authority to continue to strive for increased trade share within the West Texas and New Mexico region. The Executive recommendation for FY08 targets is intended to maintain or increase existing performance.

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

	FY06 Actuals	FY07 Operating Budget	Recom- mendation	FY08	
				<u>Budget to Recommendation</u>	
				<u>Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	427.3	438.1	507.7	69.6	15.9
Other Transfers	274.9	530.0	0.0	-530.0	-100.0
Fund Balance	41.5	87.0	0.0	-87.0	-100.0
TOTAL SOURCES	743.7	1,055.1	507.7	-547.4	-51.9
USES					
Personal Services and Employee Benefits	304.2	395.2	364.2	-31.0	-7.8
Contractual Services	66.9	97.4	28.8	-68.6	-70.4
Other	339.0	562.5	114.7	-447.8	-79.6
TOTAL USES	710.1	1,055.1	507.7	-547.4	-51.9
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>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 Recomm</u>
Border Authority					
To encourage and foster development of the state by developing port facilities and infrastructure at international ports-of-entry; to attract new industries and business to the New Mexico border, and to assist 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%	2.6%	3.1%	3.1%
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	120	160	150	175
Explanatory	Commercial and non-commercial vehicular port traffic at New Mexico ports	675,000	693,583	685,000	750,000

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.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	8,468.8	10,252.0	21.1
Total Sources	13,937.3	15,767.0	13.1
Program			
New Mexico Magazine	4,255.6	4,268.3	0.3
Program Support	1,604.2	1,826.1	13.8
Tourism Development	2,460.4	2,475.0	0.6
Marketing and Promotion	5,617.1	7,197.6	28.1
Total Uses	13,937.3	15,767.0	13.1
FTE	78.50	82.50	5.1

- The Executive supports an additional General Fund increase of \$1,500.0 in the Marketing and Promotion Program for marketing, advertising, promotion and cooperative outreach activities.
- The Executive supports three expansion FTE for additional support at Visitor Centers across New Mexico funded by \$51.8 in General Fund and a \$25.0 grant from the City of Santa Fe.
- The Executive recommendation supports an additional position within Program Support for a new General Counsel funded out of vacancy savings.

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. This 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 online 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 Marketing and 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.

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 industries and also to most other economic sectors. Tourism within the state contributed nearly \$5 billion to New Mexico's economy in FY06, according to Department statistics.

The Department obtained approval from the Department of Finance and Administration to reorganize its operating structure. Beginning in FY08, the agency will consolidate the Off Highway Vehicle, New Mexico Clean and Beautiful and the Outreach Programs into the new Tourism Development Program. The Marketing and Promotion programs will be consolidated into the new Marketing and Promotion Program. The New Mexico Magazine and Program Support will remain separate programs under the reorganization.

The relatively new Off Highway Vehicle Program to produce off-highway trails and staging areas provides an exciting new avenue for attracting tourism to the State of New Mexico. New Mexico Magazine has undergone a major format change and will continue its efforts to provide a more contemporary look.

The Marketing and Promotion Program continues to plan and execute events that highlight New Mexico as a top tourist destination for domestic and international travel. The Program is in the development stages of a new statewide marketing campaign, in conjunction with its overall advertising and marketing campaign intended to attract higher levels of tourism to the State of New Mexico.

The Tourism Department will also conduct and hold the World Peace Conference in May 2007. The mission of the conference is to position New Mexico as a peace destination. The conference curriculum is intended to galvanize awareness, skills, and action for a culture of peace at the political, institutional, and personal levels.

Key Elements of Recommendation

To support the Governor's Performance and Accountability policy of *Promoting and Growing New Mexico* by promoting the state as a top tourist destination, the Executive supports adding \$1,500.0 in General Fund to the Marketing and Promotion Program for marketing, advertising, promotion and cooperative outreach activities across the State of New Mexico. These activities have previously been funded through special appropriations. The Executive recommendation also provides three new positions within the Marketing and Promotion Program for additional customer service representatives at the State's Visitor Information Centers. The positions are supported with \$51.8 in General Fund, and a \$25.0 grant from the City of Santa Fe.

The Executive recommendation supports an additional FTE in Program Support for a general counsel position funded out of vacancy savings. The attorney will serve as the legal advisor to the Tourism Department, as well as the New Mexico Sports Authority and the Intertribal Ceremonial Office.

The Executive recommendation also supports moving two FTE from the Marketing and Promotion Program into Program Support. One is an administrative assistant to provide assistance to the deputy cabinet secretary, and the other is a video graphic specialist to provide assistance to the entire Department.

Performance Report

The Tourism Department's Programs will continue to work toward achieving their performance goals. The Off Highway Vehicle initiative will establish three off highway vehicle trails, as well as three staging areas in FY07.

Following a national trend of decline for magazines and newspapers across the country, New Mexico Magazine continues to slowly lose circulation. To ensure that the New Mexico Magazine maximizes its potential as a high investment return tool that serves to increase both in-state and out-of-state tourism, the Tourism Department will continue to monitor the effectiveness of the magazine in FY07 to hopefully boost circulation and attract a younger target audience.

The Department currently spends over one million dollars filling orders for its vacation guides. Visitors are now increasing use of the website, thus reducing the number of fulfillment requests. The website is being upgraded to be more interactive, current and all-inclusive. The New Mexico Vacation Guide is available online and on interactive CD.

The Marketing Division failed to meet its indicators with relation to print and broadcast conversion rates. The Tourism Department will work in FY07 toward meeting its goals to increase tourist perceptions of New Mexico as a premier tourist destination in the United States. New Mexico Clean and Beautiful reached only 35% of its goal for pounds of litter removed in FY06. The Tourism Department will place additional emphasis on this measure, and work with local communities, Indian nations, and counties to meet this measure in the future.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	8,174.6	8,468.8	10,252.0	1,783.2	21.1
Other Transfers	974.6	1,152.9	1,161.7	8.8	0.8
Other Revenues	4,212.1	4,315.6	4,353.3	37.7	0.9
TOTAL SOURCES	13,361.3	13,937.3	15,767.0	1,829.7	13.1
USES					
Personal Services and Employee Benefits	3,827.5	4,132.6	4,579.8	447.2	10.8
Contractual Services	1,414.4	1,452.5	1,484.4	31.9	2.2
Other	7,972.0	8,352.2	9,702.8	1,350.6	16.2
TOTAL USES	13,213.9	13,937.3	15,767.0	1,829.7	13.1
FTE					
Permanent	76.50	78.50	81.50	3.00	3.8
Term	0.00	0.00	1.00	1.00	***
TOTAL FTE POSITIONS	76.50	78.50	82.50	4.00	5.1

New Mexico Magazine
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
Other Revenues	4,212.1	4,255.6	4,268.3	12.7	0.3
TOTAL SOURCES	4,212.1	4,255.6	4,268.3	12.7	0.3
USES					
Personal Services and Employee Benefits	1,023.7	1,067.6	1,101.1	33.5	3.1
Contractual Services	935.2	910.9	972.9	62.0	6.8
Other	2,111.3	2,277.1	2,194.3	-82.8	-3.6
TOTAL USES	4,070.2	4,255.6	4,268.3	12.7	0.3
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)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation Dollar Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	1,600.4	1,604.2	1,826.1	221.9	13.8
TOTAL SOURCES	1,600.4	1,604.2	1,826.1	221.9	13.8
USES					
Personal Services and Employee Benefits	979.7	941.6	1,233.2	291.6	31.0
Contractual Services	64.5	91.9	36.8	-55.1	-60.0
Other	555.5	570.7	556.1	-14.6	-2.6
TOTAL USES	1,599.7	1,604.2	1,826.1	221.9	13.8
FTE					
Permanent	14.00	14.00	17.00	3.00	21.4
TOTAL FTE POSITIONS	14.00	14.00	17.00	3.00	21.4

Tourism Development
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation Dollar Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	1,251.7	1,307.5	1,313.3	5.8	0.4
Other Transfers	974.6	1,152.9	1,161.7	8.8	0.8
TOTAL SOURCES	2,226.3	2,460.4	2,475.0	14.6	0.6
USES					
Personal Services and Employee Benefits	261.9	422.6	458.6	36.0	8.5
Contractual Services	165.7	175.0	175.0	0.0	0.0
Other	1,798.4	1,862.8	1,841.4	-21.4	-1.1
TOTAL USES	2,226.0	2,460.4	2,475.0	14.6	0.6
FTE					
Permanent	6.00	7.00	7.00	0.00	0.0
TOTAL FTE POSITIONS	6.00	7.00	7.00	0.00	0.0

		Marketing and Promotion (Dollars in Thousands)			FY08	
		FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	<u>Budget to Recommendation</u> Dollar <u>Change</u>	Percent <u>Change</u>
SOURCES						
	General Fund Transfers	5,322.5	5,557.1	7,112.6	1,555.5	28.0
	Other Revenues	0.0	60.0	85.0	25.0	41.7
	TOTAL SOURCES	5,322.5	5,617.1	7,197.6	1,580.5	28.1
USES						
	Personal Services and Employee Benefits	1,562.2	1,700.8	1,786.9	86.1	5.1
	Contractual Services	249.0	274.7	299.7	25.0	9.1
	Other	3,506.8	3,641.6	5,111.0	1,469.4	40.4
	TOTAL USES	5,318.0	5,617.1	7,197.6	1,580.5	28.1
FTE						
	Permanent	38.50	40.50	40.50	0.00	0.0
	Term	0.00	0.00	1.00	1.00	***
	TOTAL FTE POSITIONS	38.50	40.50	41.50	1.00	2.5

Performance Measures

		FY06 <u>Target</u>	FY06 <u>Result</u>	FY07 <u>Target</u>	FY08 <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.					
Efficiency	Relative qualified circulation	115,000	107,870	118,000	118,000
Output	Advertising revenue per issue		\$114.9	\$117.0	\$120.6
Efficiency	Net acquisition cost per subscriber		\$1.90	\$1.90	\$1.84
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
Explanatory	Percent of administrative costs of overall agency operating budget	12%	12%	12%	13%
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	1,351,420	5,500,000	2,500,000
Outcome	Number of active New Mexico community scenic byway organizations		11	18	22
Efficiency	Number of off-highway vehicle trails developed			3	3
Outcome	Number of outreach activities to communities			1,000	1,500
Output	Number of out of state off-highway vehicle permits sold			1,000	1,500
Output	Number of New Mexico community participants and volunteers in New Mexico clean and beautiful clean-up events	25/10,000	77/17,766	25/15,000	50/30,000
Outcome	Value of matching dollars and in-kind contributed by tribes to promote joint Indian tourism activities		\$83.5	\$116.0	\$130.0

		<u>FY06</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</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%	1.2%	1.15%	1.16%
Output	Print advertising conversion rate	40%	23%	20%	25%
Output	Broadcast conversion rate	30%	19.6%	30%	34%
Explanatory	Number of visits to visitor information centers	950,000	1,053,403	1,000,000	1,096,594
Explanatory	Unique website visitor sessions	3,000,000	5,085,845	3,100,000	3,200,000
Outcome	Percent change in visits to New Mexico visitor information centers		-0.4%	3.1%	1.0%
Outcome	Percent increase in lodger's tax		0.43%	0.48%	0.50%
Outcome	Number of stories featured in the media as a result of external efforts		140	150	160
Efficiency	Number of return visitors to New Mexico	17,107,000	17,107,000	17,500,000	17,710,021
Outcome	Economic impact of tourism in the state of New Mexico		\$5.0	\$5.05	\$5.10

Executive Summary

The mission of the Economic Development Department is to help create well-paying jobs that expand the economic base throughout New Mexico.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	7,318.0	10,055.4	37.4
Total Sources	7,318.0	10,055.4	37.4
Program			
Economic Development Program	3,101.6	4,030.5	29.9
Film Program	1,143.6	1,843.6	61.2
Trade with Mexico	317.7	417.7	31.5
Program Support	2,409.9	3,509.9	45.6
Technology and Space			
Commercialization	345.2	253.7	-26.5
Total Uses	7,318.0	10,055.4	37.4
FTE	66.00	73.00	10.6

- The Executive recommendation provides \$74.9 and one FTE for a Job Training Incentive Program Administrator.
- The Executive recommendation includes \$1,100.0 to make the Economic Development Partnership recurring.
- The Executive recommends an increase of \$700.0 for the Film Office to fund five additional FTE and other film initiatives.
- The Executive recommendation supports an increase of \$100.0 for international trade missions and services.
- The Executive recommendation supports an increase of \$100.0 for the international business accelerator.
- The Executive recommendation supports \$300.0 for cooperative advertising and \$42.5 for certified communities.
- The Executive recommends an increase of \$250.0 for the Mainstreet program.
- The Executive recommendation includes \$70.0 and one FTE for the Office of International Trade (Asia).

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, the largest EDD 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 for 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 based) suppliers to develop manufacturing/distribution locations in southern New Mexico. The impact from this program has been \$253 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 and Science

The goal of the Technology and Science 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

EDD is charged with the Executive's performance and accountability policy, Promoting and Growing New Mexico [italics]. From education to infrastructure, to workforce development, there is momentum behind economic development around the State. EDD is capitalizing and building on this strength to further improve the lives of New Mexico citizens. EDD's mission is to help create good-paying economic-base jobs throughout New Mexico. Everything the Department does is to forward this goal.

The Department has many successes to celebrate in the last year alone. Armed with a can-do attitude, and with support from the Governor, Legislature, local communities and other state agencies, EDD recruited major manufacturers to New Mexico, and helped other businesses expand or relocate to New Mexico. Those successes include 800 jobs at Sento Corporation a Spanish language customer support center in Albuquerque; 150 jobs at Sunbaked Biscuits, a cookies and crackers company in Alamogordo; 200 jobs at PreCheck, Inc., a credential verification organization in Alamogordo; 200 jobs at DTS America, a medical transcription center in Carlsbad; 100 jobs at CyraCom, providing language services to hospitals and other healthcare institutions in Las; 300 jobs at Mc Guire Research, a quantitative research center in; and 550 job at Teleperformance, a customer service center in Silver City.

EDD also had numerous successes in rural New Mexico. As a result of the Homefield Advantage outreach program, RMS Foods, Advent Solar, Syzygy Tileworks, Viviendos, LLC., Monarch Litho and Solano Manufacturing all expanded their existing enterprises. In the case of Solano Manufacturing, for example, five new jobs were created in Harding County, population 740. The Job Training Incentive Program awarded \$15.9 million creating 3,462 jobs. New Mexico Mainstreet, the backbone of the Executive's rural economic development strategy, has 25 member communities and promotes downtown revitalization through historic preservation, organization, promotions and economic restructuring. In FY06 New Mexico Mainstreet helped create 126 new businesses, fostered 171 building rehabilitations, generated over \$12 million in public reinvestment and gave rise to 446 new jobs.

New Mexico continues to be an A-list location for film production with 9 major productions, 750 jobs and seven television projects employing 785 New Mexicans.

Key Elements of Recommendation

The Executive recommendation supports expansion of the Economic Development Department budget in eight areas. The Job Training Incentive Program currently monitors 103 contracts and with the addition of an administrator the number could increase to 170. The Executive recommendation will increase funding for the Economic Development Partnership by \$1,100.0 to a total of \$1,410.0. The Partnership is the primary driver of relocations by businesses to New Mexico and has been successful over the last three years.

The Film Office has sparked a new industry in New Mexico that is paying dividends for thousands of New Mexicans. The \$700.0 expansion will create five new positions including a Superintendent and a Business Operations Manager to expand the Film Office and to continue providing opportunities for New Mexicans.

International trade missions and services will expand by \$100.0 to accommodate a greater presence for New Mexico in the Middle East, Japan, Europe and the Americas. The recommendation of \$100.0 for the international business accelerator will continue the work started in FY07 of providing the Office of Mexican Affairs, export, import and trade services.

The expansion recommendation also includes \$300.0 to provide for 5-15 additional grants to non-profit economic development organizations, local and tribal governments in New Mexico through the cooperative advertising program. The recommendation also includes \$42.5 for certified communities; those communities the department has guided through a certification process and who have become better equipped to recruit new businesses, retain existing businesses and increase the number of quality jobs. By using the certified communities initiative, the Economic Development Department coaches our small communities to implement strategies and market their assets to attract new business.

The Mainstreet program, celebrating it's 21st year, helps make small communities in New Mexico better places to shop, work and live. The Executive recommendation increases funding for Mainstreet by \$250.0.

The reduction of \$91.5 and two FTE in the Technology and Science program represents an agency shift of resources from Technology and Science into the Economic Development Program.

Performance Report

The Executive recommendation includes nine new performance measures for FY08 designed to better reflect the activities of the Economic Development Department. Activities related to these measures include the Job Training Incentive Program, Mainstreet, International Trade and Program Support. In FY06, the agency achieved the desired performance level in 10 of 13 measures. EDD missed their target of 40 urban expansions by 5; their year end result was 35. This result is somewhat mitigated by the fact that the target for urban job growth was exceeded by over 10%. In the areas of both exports to Mexico and number of jobs created by Maquiladora suppliers, EDD has formed a partnership with the International Business Accelerator (IBA) to work with Office of Mexican Affairs (OMA) staff on identification of Midwestern suppliers through Maquiladora managers in Chihuahua and, working with the New Mexico Economic Development Partnership to handle the specific recruitment of these suppliers. EDD will also be building a database of existing

New Mexico companies that could supply the Maquiladora industry in Chihuahua. The Executive encourages Economic Development Department to re-double their efforts in the areas of urban business expansions, New Mexico exports to Mexico and number of jobs created by Maquiladora suppliers.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	6,379.4	7,318.0	10,055.4	2,737.4	37.4
TOTAL SOURCES	6,379.4	7,318.0	10,055.4	2,737.4	37.4
USES					
Personal Services and Employee Benefits	4,042.1	4,342.6	5,165.0	822.4	18.9
Contractual Services	1,033.5	1,588.2	2,826.3	1,238.1	78.0
Other	1,303.8	1,387.2	2,064.1	676.9	48.8
TOTAL USES	6,379.4	7,318.0	10,055.4	2,737.4	37.4
FTE					
Permanent	68.00	66.00	73.00	7.00	10.6
Term	0.00	0.00	0.00	0.00	***
TOTAL FTE POSITIONS	68.00	66.00	73.00	7.00	10.6

Economic Development (Dollars in Thousands)					
	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	2,527.6	3,101.6	4,030.5	928.9	29.9
TOTAL SOURCES	2,527.6	3,101.6	4,030.5	928.9	29.9
USES					
Personal Services and Employee Benefits	1,280.1	1,534.6	1,914.0	379.4	24.7
Contractual Services	625.7	992.5	970.0	-22.5	-2.3
Other	621.8	574.5	1,146.5	572.0	99.6
TOTAL USES	2,527.6	3,101.6	4,030.5	928.9	29.9
FTE					
Permanent	23.00	23.00	28.00	5.00	21.7
TOTAL FTE POSITIONS	23.00	23.00	28.00	5.00	21.7

Film (Dollars in Thousands)					
	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation Dollar Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	801.8	1,143.6	1,843.6	700.0	61.2
TOTAL SOURCES	801.8	1,143.6	1,843.6	700.0	61.2

		Film (Dollars in Thousands)			FY08	
		FY06	FY07	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	522.1	722.2	1,234.0	511.8	70.9
	Contractual Services	140.1	69.9	127.1	57.2	81.8
	Other	139.6	351.5	482.5	131.0	37.3
	TOTAL USES	801.8	1,143.6	1,843.6	700.0	61.2
FTE						
	Permanent	10.00	12.00	17.00	5.00	41.7
	TOTAL FTE POSITIONS	10.00	12.00	17.00	5.00	41.7

		Trade with Mexico (Dollars in Thousands)			FY08	
		FY06	FY07	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	314.9	317.7	417.7	100.0	31.5
	TOTAL SOURCES	314.9	317.7	417.7	100.0	31.5
USES						
	Personal Services and Employee Benefits	128.9	197.1	201.2	4.1	2.1
	Contractual Services	82.0	30.5	130.5	100.0	327.9
	Other	104.0	90.1	86.0	-4.1	-4.6
	TOTAL USES	314.9	317.7	417.7	100.0	31.5
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

		Program Support (Dollars in Thousands)			FY08	
		FY06	FY07	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	2,019.6	2,409.9	3,509.9	1,100.0	45.6
	TOTAL SOURCES	2,019.6	2,409.9	3,509.9	1,100.0	45.6
USES						
	Personal Services and Employee Benefits	1,517.7	1,605.7	1,599.8	-5.9	-0.4
	Contractual Services	185.7	495.3	1,598.7	1,103.4	222.8
	Other	316.2	308.9	311.4	2.5	0.8
	TOTAL USES	2,019.6	2,409.9	3,509.9	1,100.0	45.6
FTE						
	Permanent	24.00	23.00	22.00	-1.00	-4.3
	Term	0.00	0.00	0.00	0.00	***
	TOTAL FTE POSITIONS	24.00	23.00	22.00	-1.00	-4.3

		Technology and Science (Dollars in Thousands)			FY08	
		FY06	FY07	Recom-	Budget to Recommendation	
		Actuals	Budget	mendation	Dollar	Percent
					Change	Change
SOURCES						
	General Fund Transfers	715.5	345.2	253.7	-91.5	-26.5
	TOTAL SOURCES	715.5	345.2	253.7	-91.5	-26.5
USES						
	Personal Services and Employee Benefits	593.3	283.0	216.0	-67.0	-23.7
	Other	122.2	62.2	37.7	-24.5	-39.4
	TOTAL USES	715.5	345.2	253.7	-91.5	-26.5
FTE						
	Permanent	8.00	5.00	3.00	-2.00	-40.0
	TOTAL FTE POSITIONS	8.00	5.00	3.00	-2.00	-40.0

Performance Measures

		FY06	FY06	FY07	FY08
		Target	Result	Target	Recomm
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		6151	3700	5000
Outcome	Number of communities certified through the certified communities initiative	15	23	25	47
Outcome	Number of business expansions assisted by the economic development program in urban areas of New Mexico	40	35	42	45
Outcome	Total number of rural jobs created	1,600	2,192	1,600	2200
Outcome	Number of business expansions assisted by the economic development department in rural New Mexico	18	35	25	35
Outcome	Total number of jobs created through business relocations facilitated by the economic development partnership	1,550	2,395	1,200	3,000
Output	Number of urban jobs created	3,550	3,959	1350	4,000
Output	Number of locates through the economic development partnership	7	9	15	15
Outcome	Number of workers trained by the Job Training Incentive Program			3,000	4,000
Outcome	Number of international trade transactions			20	25
Outcome	Number of jobs created through business expansions			1,100	1,100
Outcome	Number of jobs created by MainStreet			150	180
Outcome	Number of communities participating in MainStreet			25	28
Outcome	Number of international consulting sessions with New Mexico companies by Office of International Trade			300	350
Outcome	Annual net increase in business expansions statewide			60	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.					
Outcome	Number of media industry worker days	48,500	161,137	48,500	110,000
Outcome	Economic impact of media industry productions in New Mexico, in millions	\$73.5	\$350	\$73.5	\$200
Outcome	Number of films and media projects principally made in New Mexico	58	72	58	75
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	\$166	\$350	\$350

		<u>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 Recomm</u>
Outcome	Total number of export-related jobs impacted by the trade with Mexico program	250		250	275
Outcome	Number of jobs created by maquiladora suppliers	250	18	275	275
Outcome	Number of new facilities opened by maquiladora suppliers			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.

Efficiency	Time to fill vacant positions				60 days
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Technology and Science

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	150	269	150	Delete
Outcome	Ranking of New Mexico in technology intensiveness according to the state science and technology institute index	22		12	Delete
Output	Number of high-technology jobs created as a result of the technology commercialization program				Delete
Output	Number of current and previous New Mexico 9000 customers that become ISO 9000 certified	6		15	15

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.

	FY07 Operating Budget	FY08 Recommendation	% Change
General Fund	15,352.9	15,890.9	3.5
Total Sources	24,450.2	25,551.1	4.5
Program			
Boards and Commission Program	7,269.8	7,762.5	6.8
Construction Industries and Manufactured Housing	9,491.2	9,553.1	0.7
Financial Institutions and Securities	3,398.6	3,568.6	5.0
Alcohol and Gaming	887.1	908.9	2.5
Program Support	3,403.5	3,758.0	10.4
Total Uses	24,450.2	25,551.1	4.5
FTE	312.45	319.45	2.2

- The Executive recommends \$250.0 in General Fund for one attorney position and increased prosecutions of violations of the Liquor Control Act.
- The recommendation provides General Fund increases of \$83.2 and one FTE and one half-time contract examiner for examinations of financial institutions and \$109.0 for increased prosecution of investment fraud.
- The Executive recommendation provides \$109.0 and two FTE in the Financial Institutions and Securities program to increase criminal prosecutions in order to deter investment fraud.
- The Executive recommends \$48.0 and one FTE for the Barbers and Cosmetology Board to increase oversight.
- To attain 100% electronic licensing for all Boards and Commissions, the recommendation supports an increase of \$136.5 in other state funds and two positions.

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 28 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 to ensure that candidates are properly qualified in their profession, as well as inspection, examination and permitting 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 28 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. A 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 liquefied petroleum gas code compliance, and safety standards. The Manufactured Housing Division licenses manufacturers, dealers, brokers and salespersons, as well as installers and repairmen, and conducts inspections of construction standards, repairs, modifications, installations, tie-downs, hook-ups and sale of all residential and commercial units in the state. 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 into New Mexico from other states.

Financial Institutions and Securities

The Financial Institutions Division regulates over 4,000 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 65,000 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 regulates the sale, service and consumption of alcoholic beverages through enforcement of the Liquor Control Act and has the authority to issue, suspend or revoke liquor licenses. The Program administers the Alcohol Server Education Act and issues special dispenser's permits to licensees for public celebrations and catered events. The Gaming Administration has been consolidated through the transfer of the Bingo and Raffle Act to the

Gaming Control Board from the Alcohol and Gaming Division of the Regulation and Licensing Department and Department of Public Safety.

Program Support

Program Support provides direction and advice in 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 is working on an information sharing system with the Taxation and Revenue Department, Labor Department and the Worker's Compensation Administration to facilitate uniformity of enforcement of licensing, tax and labor laws.

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.

Key Elements of Recommendation

The Executive recommendation includes an increase of 4.5% over the FY07 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 one FTE and \$48.0 of other state funds to support the Barbers and Cosmetology Board's increased inspections and additional staffing needs. The Executive recommendation also provides \$136.5 to support the goal of the Boards and Commissions to attain 100% electronic licensing and renewals within two years including two positions: a project manager and a business analyst.

Construction Industries and Manufactured Housing. The Executive recommendation adjusts personal services and benefits in the amount of \$39.1 based on actual salaries. The recommendation includes \$106.0 for computer system replacement to improve the online inspection system.

Financial Institutions and Securities. The Executive recommendation includes \$83.2 for one FTE, a financial examiner, one half-time contract financial examiner to assist with the growth in the consumer area of the division, and \$109.0 and two FTE for enhanced criminal prosecutions of investment fraud.

Program Support and Alcohol and Gaming. The Executive recommendation funds \$114.0 for an experienced attorney to handle prosecutions of violations of the Liquor Control Act. The expansion also includes \$136.0 for contractual services to conduct hearings for violations of the Act. The recommendation includes \$100.0 to fund the creation of a board to recommend standards for animal shelters, contingent on the enactment of legislation regulating animal shelter services.

Performance Report

RLD met or exceeded the majority of its FY06 performance targets. RLD Program Support Division did not meet the target for response time in FY06 due to the problems associated with turnover and understaffing. Alcohol and Gaming did not meet the performance measure associated with the number of days to process a license application due to the increased number of applicants with felony records. These applications require more investigation and consequently take longer.

Recommended Language for the General Appropriation Act

The general fund appropriation to the program support program of the regulation and licensing department includes one hundred thousand dollars (\$100,000) for the creation of a board to recommend standards for animal shelters, contingent on the enactment of legislation regulating animal shelter services.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY06 <u>Actuals</u>	FY07 Operating <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	13,148.6	15,352.9	15,890.9	538.0	3.5
Other Transfers	842.4	1,132.4	1,179.5	47.1	4.2
Federal Revenues	109.0	109.0	109.0	0.0	0.0
Other Revenues	6,886.6	7,173.9	7,179.7	5.8	0.1
Fund Balance	371.5	682.0	1,192.0	510.0	74.8
TOTAL SOURCES	21,358.1	24,450.2	25,551.1	1,100.9	4.5
USES					
Personal Services and Employee Benefits	15,036.3	17,868.6	18,280.0	411.4	2.3
Contractual Services	544.3	1,140.5	1,330.1	189.6	16.6
Other	3,322.1	4,473.8	4,715.4	241.6	5.4
Other Financing Uses	725.6	967.3	1,225.6	258.3	26.7
TOTAL USES	19,628.3	24,450.2	25,551.1	1,100.9	4.5
FTE					
Permanent	281.55	308.45	315.45	7.00	2.3
Term	1.00	4.00	4.00	0.00	0.0
TOTAL FTE POSITIONS	282.55	312.45	319.45	7.00	2.2

Boards and Commissions (Dollars in Thousands)					
	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY08	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
Other Revenues	6,416.6	6,909.5	6,894.2	-15.3	-0.2
Fund Balance	287.7	360.3	868.3	508.0	141.0
TOTAL SOURCES	6,704.3	7,269.8	7,762.5	492.7	6.8
USES					
Personal Services and Employee Benefits	3,404.5	4,253.0	4,343.5	90.5	2.1
Contractual Services	277.2	556.9	644.0	87.1	15.6
Other	1,286.2	1,492.6	1,549.4	56.8	3.8
Other Financing Uses	725.6	967.3	1,225.6	258.3	26.7
TOTAL USES	5,693.5	7,269.8	7,762.5	492.7	6.8
FTE					
Permanent	74.80	80.80	81.80	1.00	1.2
TOTAL FTE POSITIONS	74.80	80.80	81.80	1.00	1.2

Construction Industries and Manufactured Housing (Dollars in Thousands)					
	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	<u>Recom- mendation</u>	FY08	
				<u>Budget to Recommendation Dollar Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	7,465.6	9,169.8	9,231.7	61.9	0.7
Other Transfers	0.0	112.4	112.4	0.0	0.0
Federal Revenues	109.0	109.0	109.0	0.0	0.0
Other Revenues	100.0	100.0	100.0	0.0	0.0
TOTAL SOURCES	7,674.6	9,491.2	9,553.1	61.9	0.7
USES					
Personal Services and Employee Benefits	6,252.4	7,631.1	7,592.0	-39.1	-0.5
Contractual Services	16.0	60.2	60.2	0.0	0.0
Other	1,043.8	1,799.9	1,900.9	101.0	5.6
TOTAL USES	7,312.2	9,491.2	9,553.1	61.9	0.7
FTE					
Permanent	115.10	134.00	134.00	0.00	0.0
Term	1.00	3.00	3.00	0.00	0.0
TOTAL FTE POSITIONS	116.10	137.00	137.00	0.00	0.0

Financial Institutions and Securities (Dollars in Thousands)					
	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	<u>Recom- mendation</u>	FY08	
				<u>Budget to Recommendation Dollar Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	2,697.1	2,954.0	3,124.9	170.9	5.8
Other Revenues	370.0	122.9	120.0	-2.9	-2.4
Fund Balance	83.8	321.7	323.7	2.0	0.6
TOTAL SOURCES	3,150.9	3,398.6	3,568.6	170.0	5.0

Financial Institutions and Securities
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar Change	Percent Change
USES					
Personal Services and Employee Benefits	2,443.8	2,761.2	2,816.2	55.0	2.0
Contractual Services	98.7	205.8	238.5	32.7	15.9
Other	331.3	431.6	513.9	82.3	19.1
TOTAL USES	2,873.8	3,398.6	3,568.6	170.0	5.0
FTE					
Permanent	41.00	43.00	46.00	3.00	7.0
TOTAL FTE POSITIONS	41.00	43.00	46.00	3.00	7.0

Alcohol and Gaming
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar Change	Percent Change
SOURCES					
General Fund Transfers	855.7	887.1	908.9	21.8	2.5
TOTAL SOURCES	855.7	887.1	908.9	21.8	2.5
USES					
Personal Services and Employee Benefits	735.1	837.8	839.1	1.3	0.2
Contractual Services	0.0	1.8	2.1	0.3	16.7
Other	96.7	47.5	67.7	20.2	42.5
TOTAL USES	831.8	887.1	908.9	21.8	2.5
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

Program Support
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar Change	Percent Change
SOURCES					
General Fund Transfers	2,130.2	2,342.0	2,625.4	283.4	12.1
Other Transfers	842.4	1,020.0	1,067.1	47.1	4.6
Other Revenues	0.0	41.5	65.5	24.0	57.8
TOTAL SOURCES	2,972.6	3,403.5	3,758.0	354.5	10.4
USES					
Personal Services and Employee Benefits	2,200.5	2,385.5	2,689.2	303.7	12.7
Contractual Services	152.4	315.8	385.3	69.5	22.0
Other	564.1	702.2	683.5	-18.7	-2.7
TOTAL USES	2,917.0	3,403.5	3,758.0	354.5	10.4
FTE					
Permanent	35.65	35.65	38.65	3.00	8.4
Term	0.00	1.00	1.00	0.00	0.0
TOTAL FTE POSITIONS	35.65	36.65	39.65	3.00	8.2

		Boards and Commissions (Dollars in Thousands)			FY08	
		FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	<u>Budget to Recommendation</u> Dollar <u>Change</u>	Percent <u>Change</u>
SOURCES						
	Other Revenues	6,416.6	6,909.5	6,894.2	-15.3	-0.2
	Fund Balance	287.7	360.3	868.3	508.0	141.0
	TOTAL SOURCES	6,704.3	7,269.8	7,762.5	492.7	6.8
USES						
	New Mexico State Board of Public Accountancy	424.1	504.5	496.5	(8.0)	-1.6%
	Board of Acupuncture and Oriental Medicine	156.3	201.7	217.2	15.5	7.7%
	New Mexico Athletic Commission	69.8	111.3	111.0	(0.3)	-0.3%
	Athletic Trainer Practice Board	13.5	21.9	21.7	(0.2)	-0.9%
	Board of Barbers and Cosmetology	521.6	660.7	679.6	18.9	2.9%
	Chiropractic Board	96.4	136.4	130.2	(6.2)	-4.5%
	Counseling and Therapy Practice Board	353.9	466.0	457.8	(8.2)	-1.8%
	New Mexico Board of Dental Health Care	308.1	383.7	419.0	35.3	9.2%
	Impaired Dentists	4.0	15.0	15.0	-	0.0%
	Interior Design Board	19.2	28.2	25.9	(2.3)	-8.2%
	Board of Landscape Architects	29.9	35.1	28.1	(7.0)	-19.9%
	Board of Massage Therapy	178.0	253.9	254.6	0.7	0.3%
	Board of Nursing Home Administrators	39.9	44.2	40.7	(3.5)	-7.9%
	Nutrition and Dietetics Practice Board	21.0	35.4	28.4	(7.0)	-19.8%
	Board of Examiners for Occupational Therapy	42.0	68.6	68.3	(0.3)	-0.4%
	Board of Optometry	74.6	81.3	81.0	(0.3)	-0.4%
	Board of Osteopathic Medical Examiners	66.5	98.5	92.3	(6.2)	-6.3%
	Board of Pharmacy	1,267.6	1,456.3	1,627.8	171.5	11.8%
	Physical Therapy Board	122.8	134.0	126.7	(7.3)	-5.4%
	Board of Podiatry	16.9	34.1	31.8	(2.3)	-6.7%
	Private Investigators and Polygraphers	87.5	129.7	124.3	(5.4)	-4.2%
	New Mexico Board of Psychologist Examiners	172.8	208.9	206.6	(2.3)	-1.1%
	Real Estate Appraisers Board	124.5	163.9	166.3	2.4	1.5%
	New Mexico Real Estate Commission	899.3	1,059.6	1,245.6	186.0	17.6%
	Real Estate Commission Education & Training	0	150.0	295.0	145.0	96.7%
	Real Estate Recovery	0	50.0	50.0	0	0.0%
	Advisory Board of Respiratory Care Practitioners	52.7	64.4	61.0	(3.4)	-5.3%
	Board of Social Work Examiners	294.5	364.0	357.8	(6.2)	-1.7%
	Speech Language Pathology, Audiology and Hearing Aid Dispensing Practices Board	121.3	151.7	154.4	2.7	1.8%
	Board of Thanatopractice	114.8	151.4	142.5	(8.9)	-5.9%
	Naprapathy Board	0	5.4	5.4	0	0%
	TOTAL USES	5,693.5	7,269.8	7,762.5	492.7	6.8%
FTE						
	Permanent	74.8	80.8	81.8	1.0	1.2%
	Term					
	Temporary					
	TOTAL FTE POSITIONS	74.8	80.8	81.8	1.0	1.2%

Performance Measures

		FY06 Target	FY06 Result	FY07 Target	FY08 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%	100%	90%	95%
Outcome	Percent of permitted manufactured housing projects inspected	90%	90%	90%	90%
Efficiency	Percent of reviews of commercial plans completed within a standard time based on valuation of project	80%	100%	80%	85%
Efficiency	Percent decrease in cycle time for processing plan review permitting for commercial construction		100%		95%

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	93%	99.8%	90%	95%
Outcome	Percent of all mutual fund filings processed within ten business days	90%	100%	90%	95%
Outcome	Percent of examination reports mailed to a depository institution within thirty days of exit from the institution or the exit conference meeting	90%	100%	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, enforces 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	125	120	120
Output	Number of days to resolve an administrative citation	46	48	46	50
Outcome	Number of days to issue new or transfer liquor licenses	125	117	125	125

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%	TBD	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%	90%	90%	90%
Output	Percent of information service support tasks completed within the timeframe requested	90%	75%	90%	90%
Quality	Percent of accurate payroll entries and personnel information into human resource management system	99%	90%	90%	90%
Quality	Percent of customers satisfied with information service internal support services		75%	90%	90%

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	5	5	5
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	5	5	5
Efficiency	Average number of hours to respond to telephone complaints	24	24	24	24

		<u>FY06</u> <u>Target</u>	<u>FY06</u> <u>Result</u>	<u>FY07</u> <u>Target</u>	<u>FY08</u> <u>Recomm</u>
Outcome	Percent of phone calls returned within twenty-four hours	90%	100%	85%	95%
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	5	5	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	90%	100%	85%	90%
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	5	5	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	90%	100%	85%	90%
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%	85%	90%

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	5	5	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%	98%	98%
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%	85%	90%

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	5	5	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	90%	100%	98%	98%
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%	90%	95%

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	5	5	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	90%	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%	90%	95%

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	5	5	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	90%	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%	90%	95%

		<u>FY06</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>
		<u>Target</u>	<u>Result</u>	<u>Target</u>	<u>Recomm</u>
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	5	5	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	90%	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%	85%	90%
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	5	5	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	90%	100%	98%	98%
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%	85%	90%
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	5	5	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	90%	100%	98%	98%
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%	85%	90%
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	5	5	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	90%	100%	98%	98%
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%	85%	90%
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	5	5	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	90%	100%	98%	98%
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%	85%	90%
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	5	5	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	90%	100%	98%	98%
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%	85%	90%
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	5	5	5

		<u>FY06</u> <u>Target</u>	<u>FY06</u> <u>Result</u>	<u>FY07</u> <u>Target</u>	<u>FY08</u> <u>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	90%	100%	98%	98%
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%	85%	90%

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	5	5	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	90%	100%	98%	98%
Output	Average number of days to review and investigate a complaint	30	30	30	30
Outcome	Percent of complaints reviewed and processed annually	90%	100%	85%	90%

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	5	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	90%	100%	98%	98%
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%	85%	90%

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	5	5	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	90%	100%	98%	98%
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%	85%	90%

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	5	5	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	90%	100%	98%	98%
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%	85%	90%

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	5	5	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	90%	100%	98%	98%
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%	85%	90%

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	5	5	5
Efficiency	Average number of hours to respond to telephone complaints	24	24	24	24
Outcome	Percent of telephone calls returned within twenty hours	90%	98%	98%	98%
Output	Average number of days to review and investigate a complaint	30	30	30	30
Output	Percent of complaints reviewed and processed annually	90%	90%	85%	90%

		<u>FY06</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>
		<u>Target</u>	<u>Result</u>	<u>Target</u>	<u>Recomm</u>

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	5	5	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	90%	90%	98%	98%
Output	Percent of complaints reviewed and processed annually	90%	90%	85%	90%

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	5	5	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	90%	100%	98%	98%
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%	85%	90%

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	5	5	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	90%	100%	98%	98%
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%	85%	90%

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	5	5	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	90%	100%	98%	98%
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%	85%	90%

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	5	5	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	90%	100%	98%	98%
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%	85%	90%

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	5	5	5
Outcome	Percent of complaints processed and adjudicated annually	90%	100%	85%	90%
Efficiency	Average number of hours to respond to telephone complaints	24	24	24	24
Outcome	Percent of telephone calls returned within twenty-four hours	90%	100%	98%	98%
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%	85%	90%

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.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	10,815.5	10,605.7	-1.9
Total Sources	32,920.5	34,310.0	4.2
Program			
Patient's Compensation Fund	10,595.5	10,736.0	1.3
Policy and Regulation	7,871.9	7,935.8	0.8
Public Safety	4,485.3	5,461.9	21.8
Program Support	3,324.1	3,285.9	-1.1
Insurance Policy	6,643.7	6,890.4	3.7
Total Uses	32,920.5	34,310.0	4.2
FTE	275.96	286.00	3.6

- The Executive recommendation supports a General Fund decrease of \$209.8 and an overall increase of \$1,389.5. The Commission will no longer pay rent (\$744.2 General Fund and \$1,062.3 total funds) for its offices in the PERA building.
- The Executive recommendation supports the expansion request for nine FTE dedicated to the Public Safety Program in order to enhance existing services.
- The Executive recommendation supports the expansion request for one FTE in order to strengthen the Insurance Division's investigative and perform policy enforcement functions.

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 WIPP inspections.

PRC has six divisions by statute: Administrative Services, Consumer Relations, Insurance, Legal, Transportation and Utility. 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

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

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 preparation and training of the state's fire departments as well as education of the general public regarding fire safety. PSB is responsible for the enforcement of federal safety standards for intrastate natural gas pipeline facilities and state statutes regarding excavation damage to underground facilities.

Program Support

The Program Support Program 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

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 Operations Program maintains electronic services related to online 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) 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 Office 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 recommends a reduction in General Fund revenue in the amount of \$209.8 below FY07 operating levels attributable to rent savings recognized as a result of the PERA building becoming a state-owned building. Expenditures above FY07 levels in the Public Safety Program will 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 FY07 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. Overall, the agency will experience a significant reduction in operating costs attributable to rent savings as a result of the sale of the PERA building to GSD. These savings are being redirected toward other operating expenses throughout the Commission.

Policy and Regulation. The Executive recommendation supports an increase of \$63.9 above FY07 operating levels while taking into account rent savings totaling \$485.4. There will be a moderate increase in contractual services to support consultant fees, transcribers, and expert witnesses important to the operation of the commission. In support of the agency's initiative to recruit and retain qualified personnel, the recommendation supports the application of a 4% vacancy factor as opposed to the 5.6% actual in FY06.

Public Safety. The Executive recommendation supports an increase of \$976.6 to the program in the effort to enhance and improve existing training and safety initiatives. Support for this program increases operating costs among all categories to improve outreach training, public awareness and other safety initiatives. The recommendation also takes into account the need for additional supplies and travel related expenses necessary to improve the safety program. The Executive recommends nine additional FTE dedicated toward improving the Safety Program by way of inspections, trainings and safety oversight at the FFIA and SFMO. In support of the agency's initiative to recruit and retain qualified personnel, the recommendation supports the application of a 2% vacancy factor as opposed to the 14.5% actual in FY06.

Program Support. The Executive recommendation supports a decrease of \$38.2 from FY07 operating levels which takes into account rent savings totaling \$258.8. This recommendation supports a moderate increase for professional services including IT costs related to disaster recovery, remote access, and firewalls. To offset increases in personal services and benefits and contractual services the other category is being reduced by 40%. In support of the agency's initiative to recruit and retain qualified personnel, the recommendation supports the application of a 2% vacancy factor as opposed to the 7.6% actual in FY06.

Insurance Policy. The Executive recommendation supports an increase to the base operating budget by a total of \$246.7 above FY07 levels while taking into account rent savings totaling \$384.8. Support for an increase in professional services includes legal services in relation to pending legal action against the agency. Rent savings will be directed toward building improvements and other operating costs including equipment, supplies, and postage while the overall category will decrease from the FY07 operating level. The Executive recommends the addition of one FTE in the effort to strengthen the Insurance Division's investigative and policy enforcement functions. In support of the agency's initiatives to recruit and retain qualified personnel, the recommendation supports the application of a 2% vacancy factor as opposed to the 10.7% actual in FY06.

Performance Report

PRC met 21 of 29 performance targets agency-wide for FY06. The Department exceeded targets for number of days for a rate case to reach final order in the Policy and Regulation Program and passing rates for state certification exams administered by the state firefighters academy.

PRC missed three of six targets in the Public Safety Program, including the number of inspection and audit hours performed by the SFMO, number of contact training hours performed by SFMO, FFIA and PSB, and the number of personnel completing training through the state firefighter training academy. However, the results indicate improvements over FY05 performance levels for two of the measures and a decreased performance level for the number of personnel completing training through the FFIA.

Overall, the Safety Program failed to meet 50% of its targets; therefore, several targets have been reduced in order to accurately reflect the agency's ability to deliver results within reason. The number of personnel who complete training through the FFIA varies greatly depending upon fire departments around the state being able to send students to participate in the training program. This measure is highly dependent upon external factors beyond the agency's control; however, the program remains committed to improving its performance level.

Overall, the Executive recommendation supports the request for additional financial, human capital and technical support in order to assist the agency in achieving its targets in FY08. Moreover, the recommendation illustrates a direct effort to improve and enhance existing services in the Public Safety Program.

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 services funds/interagency transfers appropriations to the public safety program of the public regulation commission include two million three hundred twenty-one thousand dollars (\$2,321,000) for the office of the state fire marshal from the fire protection fund.

The internal services funds/interagency transfers appropriations to the public safety program of the public regulation commission include one million six hundred five thousand eight hundred dollars (\$1,605,800) for the firefighter training academy from the fire protection fund.

The internal services funds/interagency transfers appropriations to the public safety program of the public regulation commission include seven hundred forty-three thousand eight hundred dollars (\$743,800) for the pipeline safety bureau from the pipeline safety fund.

The internal services funds/interagency transfers appropriations to program support of the public regulation commission include sixty-nine thousand one hundred dollars (\$69,100) from the insurance fraud fund, two hundred thirty-eight thousand nine hundred dollars (\$238,900) from the fire protection fund, thirty-eight thousand nine hundred dollars (\$38,900) from the title insurance maintenance fund and one hundred twenty thousand dollars (\$120,000) from the public regulation commission reproduction fund.

The internal services funds/interagency transfers appropriations to the insurance policy program of the public regulation commission include forty-one thousand one hundred dollars (\$41,100) from the title insurance maintenance fund, one hundred two thousand eight hundred dollars (\$102,800) from the insurance fraud fund, two hundred eighteen thousand five hundred dollars (\$218,500) from the patient's compensation fund and four hundred twenty-eight thousand one hundred dollars (\$428,100) from the agent's surcharge fund.

The other state fund appropriations to the insurance policy program of the public regulation commission include one million one hundred eighty-four thousand three hundred dollars (\$1,184,300) from the insurance fraud fund and two hundred seventy-five thousand four hundred dollars (\$275,400) from the title insurance maintenance assessment fund.

Budget Summary Tables

SOURCES	Agency Budget Summary (Dollars in Thousands)			FY08	
	FY06	FY07	Recom- mendation	<u>Budget to Recommendation</u>	
	<u>Actuals</u>	<u>Operating Budget</u>		<u>Dollar/FTE Change</u>	<u>Percent Change</u>
General Fund Transfers	10,279.1	10,815.5	10,605.7	-209.8	-1.9
Other Transfers	5,072.8	5,269.3	7,754.2	2,484.9	47.2
Federal Revenues	428.4	399.1	495.8	96.7	24.2
Fund Balance	15,172.3	16,436.6	15,454.3	-982.3	-6.0
TOTAL SOURCES	30,952.6	32,920.5	34,310.0	1,389.5	4.2

Agency Budget Summary
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
USES					
Personal Services and Employee Benefits	15,216.2	16,847.0	18,350.4	1,503.4	8.9
Contractual Services	1,315.8	1,182.3	1,624.8	442.5	37.4
Other	13,822.5	14,659.7	14,083.8	-575.9	-3.9
Other Financing Uses	225.0	231.5	251.0	19.5	8.4
TOTAL USES	30,579.5	32,920.5	34,310.0	1,389.5	4.2
FTE					
Permanent	268.90	274.96	285.00	10.04	3.7
Term	1.00	1.00	1.00	0.00	0.0
TOTAL FTE POSITIONS	269.90	275.96	286.00	10.04	3.6

Policy and Regulation
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	7,407.5	7,858.9	7,799.7	-59.2	-0.8
Other Transfers	12.5	13.0	136.1	123.1	946.9
TOTAL SOURCES	7,420.0	7,871.9	7,935.8	63.9	0.8
USES					
Personal Services and Employee Benefits	5,899.1	6,276.4	6,848.2	571.8	9.1
Contractual Services	170.8	170.3	298.2	127.9	75.1
Other	1,279.3	1,425.2	789.4	-635.8	-44.6
TOTAL USES	7,349.2	7,871.9	7,935.8	63.9	0.8
FTE					
Permanent	85.60	89.66	89.70	0.04	0.0
TOTAL FTE POSITIONS	85.60	89.66	89.70	0.04	0.0

Public Safety
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation Dollar Change</u>	<u>Percent Change</u>
SOURCES					
Other Transfers	3,508.4	4,086.2	4,966.1	879.9	21.5
Federal Revenues	428.4	399.1	495.8	96.7	24.2
TOTAL SOURCES	3,936.8	4,485.3	5,461.9	976.6	21.8
USES					
Personal Services and Employee Benefits	2,384.3	2,767.6	3,291.9	524.3	18.9
Contractual Services	191.0	280.2	343.0	62.8	22.4
Other	1,361.5	1,437.5	1,827.0	389.5	27.1
TOTAL USES	3,936.8	4,485.3	5,461.9	976.6	21.8
FTE					
Permanent	47.30	47.30	56.30	9.00	19.0
Term	1.00	1.00	1.00	0.00	0.0
TOTAL FTE POSITIONS	48.30	48.30	57.30	9.00	18.6

		Program Support (Dollars in Thousands)			FY08	
		FY06	FY07	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	2,871.6	2,956.6	2,806.0	-150.6	-5.1
	Other Transfers	354.4	367.5	479.9	112.4	30.6
	TOTAL SOURCES	3,226.0	3,324.1	3,285.9	-38.2	-1.1
USES						
	Personal Services and					
	Employee Benefits	2,392.7	2,548.4	2,743.5	195.1	7.7
	Contractual Services	58.4	78.6	119.5	40.9	52.0
	Other	472.6	697.1	422.9	-274.2	-39.3
	TOTAL USES	2,923.7	3,324.1	3,285.9	-38.2	-1.1
FTE						
	Permanent	52.00	52.00	52.00	0.00	0.0
	TOTAL FTE POSITIONS	52.00	52.00	52.00	0.00	0.0

		Insurance Policy (Dollars in Thousands)			FY08	
		FY06	FY07	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 Transfers	1,197.5	802.6	2,172.1	1,369.5	170.6
	Fund Balance	4,955.5	5,841.1	4,718.3	-1,122.8	-19.2
	TOTAL SOURCES	6,153.0	6,643.7	6,890.4	246.7	3.7
USES						
	Personal Services and					
	Employee Benefits	4,540.1	5,254.6	5,466.8	212.2	4.0
	Contractual Services	625.8	353.2	429.1	75.9	21.5
	Other	987.1	1,035.9	994.5	-41.4	-4.0
	TOTAL USES	6,153.0	6,643.7	6,890.4	246.7	3.7
FTE						
	Permanent	84.00	86.00	87.00	1.00	1.2
	TOTAL FTE POSITIONS	84.00	86.00	87.00	1.00	1.2

Performance Measures

		FY06	FY06	FY07	FY08
		<u>Target</u>	<u>Result</u>	<u>Target</u>	<u>Recomm</u>
Policy and Regulation					
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	65	85	70	70
Efficiency	Percent of cases processed in less than the statutory time allowance	100%	100%	100%	100%
Outcome	Average commercial electric rate comparison between major New Mexico utilities and selected utilities in regional western states	+/-5%	+/-5%	+/-5%	+/-5%
Explanatory Outcome	Number of docketed cases opened in a fiscal year		481	400	400
	Dollar amount of credits and refunds obtained for New Mexico consumers through complaint resolution	1,800	1687	1,800	1,800
Output	Number of docketed cases completed	130	355	223	
Efficiency	Average number of days for a rate case to reach final order	240	196	<240	<240
Outcome	Percent of docketed cases closed in a fiscal year		76.9%	75%	80%

		<u>FY06</u> <u>Target</u>	<u>FY06</u> <u>Result</u>	<u>FY07</u> <u>Target</u>	<u>FY08</u> <u>Recomm</u>
Public Safety					
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	21,750	25,302	25,000
Output	Number of training contact hours delivered by the state fire marshal's office, state firefighter training academy and pipeline safety bureau	137,982	79,879	143,000	80,000
Output	Number of personnel completing training through the state firefighter training academy	3,722	3,101	3,700	4,000
Output	Percent of counties and municipalities participating in the arson task force or partnerships with the state fire marshal	50%	50%	50%	50%
Outcome	Percent of fire departments' insurance service office (ISO) ratings of nine or ten that have been reviewed by survey or audit	75%	100%	75%	100%
Outcome	Number of statewide fire district with insurance office ratings of eight or better		53%	50%	75%
Quality	Pass rate for state certification exams administered by the state firefighter academy	85%	95%	75%	95%
Explanatory	Number of fire districts statewide		390	390	390
Output	Number of inspection and audit hours performed by the pipeline safety bureau		8,342	8,000	8,500
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	8	8	6	4
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%	0%	100%	100%
Outcome	Percent reduction of information systems division costs and services for the agency	5%	0%		
Outcome	Percent of total outstanding corporate revocations processed	100%	50%	100%	
Output	Percent of corporate certificates issued within statutory deadlines	100%	100%	100%	100%
Outcome	Percent of prior-year audit findings eliminated		100%	100%	100%
Explanatory	Number of prior year audit findings		8	6	3
Insurance Policy					
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%			
Outcome	Percent of employers whose workers' compensation accident frequency is reduced through counseling, advice and training	60%	68%	60%	75%
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%	80%	100%
Output	Percent of producer applications, appointments and renewals processed within ten business days	75%	40%	75%	75%
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%	90%	100%
Output	Percent of form and rate filings processed within ninety days	90%	100%	90%	100%
Output	Percent of internal and external insurance-related grievances closed within one hundred eighty days of filing	90%	93%	80%	95%
Efficiency	Percent of insurance fraud bureau complaints processed and recommended for either further administrative action or closure within sixty days	80%	80%	80%	85%
Output	Number of managed healthcare outreach presentations conducted annually	52	93	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.

	FY07 Operating Budget	FY08 Recommendation	% Change
General Fund	0.0	0.0	***
Total Sources	1,410.4	1,460.4	3.5
Program			
Medical Board	1,410.4	1,460.4	3.5
Total Uses	1,410.4	1,460.4	3.5
FTE	12.00	13.00	8.3

- The Executive recommendation provides \$50.0 for an expansion of 1.0 FTE for business operations.

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 recommends an expansion of \$50.0 for a new business operations specialist position. The specialist will perform various financial and human resource management duties, provide backup for the current financial manager in case of leave and assist with processing a growing number of license applications as necessary. It should be noted that the Board has seen a 175% increase in applications for new physician licenses from FY01 to FY06, and the number of applicants choosing to work with Board staff (as opposed to outside credentialing agencies) to gather information for license processing has increased by 32% over the last fiscal year.

Also recommended is \$40.0 for a contract to provide IT services to continue implementation of the Board's L2000 database. Previously, funds had been transferred to the Regulation and Licensing Department and Systems Automation to provide these services. The agency has determined that the services can be performed more efficiently through contractual work.

Performance Report

The Board met or exceeded all but two of its FY06 performance measures. The Board has been very successful in utilizing the Internet to disperse information, as over 1.4 million hits were registered on its website during FY06. In addition, the Board resolved 88% of 175 complaints within 12 months and resolved over half of the complaints within six months.

The Board missed its FY06 targets for issuing or renewing both physician assistant and anesthesiologist assistant licenses. In the case of anesthesiologist assistants, the target was missed because of the scarcity of training programs for this profession.

The Executive recommends that goals for the numbers of tri-annual physician licenses, biennial physician assistant licenses and biennial anesthesiologist assistant licenses issued or renewed be reduced from FY07 targets. These targets will more realistically reflect achievable goals based on FY06 results.

In addition, it is recommended that the target for the number of days it takes to issue a physician license remain the same as the FY07 target (80 days). Although the new business operations specialist may assist with issuing these licenses, licensing clerks will also be charged with conducting new criminal background checks on all license applicants. Furthermore, an 80-day target will still provide room for improvement over the FY06 actual of 85 days for issuing a physician license.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY08	
				<u>Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
Other Revenues	1,086.5	1,201.3	1,390.0	188.7	15.7
Fund Balance	157.6	209.1	70.4	-138.7	-66.3
TOTAL SOURCES	1,244.1	1,410.4	1,460.4	50.0	3.5
USES					
Personal Services and Employee Benefits	695.0	815.1	871.3	56.2	6.9
Contractual Services	223.1	282.2	305.1	22.9	8.1
Other	286.0	273.1	284.0	10.9	4.0
Other Financing Uses	40.0	40.0	0.0	-40.0	-100.0
TOTAL USES	1,244.1	1,410.4	1,460.4	50.0	3.5
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

Performance Measures

		<u>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 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	690,600	1,450,303	1,000,000	1,500,000
Output	Number of tri-annual physician licenses issued or renewed	2,088	3010	4,000	3623
Output	Number of biennial physician assistant licenses issued or renewed	375	221	450	309
Output	Number of biennial anesthesiologist assistant licenses issued or renewed	12	1	13	5
Output	Number of complaints resolved within 12 months	115	154	115	160
Output	Number of participants in monitored treatment program	45	55	52	55
Outcome	Percent of participants who relapse	20%	3.5%	10%	10%
Outcome	Number of days to issue a physician license	85	85	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.

	FY07 Operating Budget	FY08 Recommendation	% Change
General Fund	0.0	0.0	***
Total Sources	1,308.9	1,552.4	18.6
Program			
Board of Nursing	1,308.9	1,552.4	18.6
Total Uses	1,308.9	1,552.4	18.6
FTE	15.00	17.00	13.3

- The Executive supports an increase of \$89.3 and two additional positions to support the increased number of certificate holders that the Board will regulate.
- The Executive recommends an additional \$80.0 for a contract attorney to assist with the increased case load.
- The Executive provides \$40.0 for disbursements from the Nursing Excellence Fund to qualifying entities.

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 practice; 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 22,000 nurses in New Mexico and processes over 11,000 license renewals each year. The Board intends to implement an on-line licensing system during FY07 and FY08.

In FY06 11,885 nursing licenses were issued, up 7% from the prior year. The total of all nurses licensed claiming residence in New Mexico is 18,084, up from 17,713 the previous year. The total of all nurses with a New Mexico license has increased by 200 to 22,294. The Board is considering expanding its regulation to nursing assistants.

Key Elements of Recommendation

The Executive recommends an increase of \$89.3 for a nursing assistant clerk and an information technology generalist to provide support with regulation and the increased workload associated with the potential additional 10,000 certificate holders, contingent upon legislation passing to expand the Nursing Board's authority to nursing assistants. The Executive also supports \$80.0 to fund a contract prosecuting attorney to manage the increased caseload of disciplinary actions. The Board of Nursing will begin to disburse monies from the Nursing Excellence Fund in FY08 for recruitment and retention activities as well as increased educational and career opportunities. The recommendation provides \$40.0 for these purposes.

Performance Report

The Board of Nursing met or exceeded all of its FY06 performance targets.

Recommended Language for the General Appropriation Act

The other state funds appropriation to the board of nursing in the personal services and employee benefits category includes eighty-nine thousand three hundred dollars (\$89,300) for two additional positions, contingent on the enactment of legislation regulating nursing assistants.

Budget Summary Tables

	Agency Budget Summary (Dollars in Thousands)			FY08	
	FY06	FY07	Recom- mendation	<u>Budget to Recommendation</u>	
	<u>Actuals</u>	<u>Operating Budget</u>		<u>Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
Other Revenues	1,183.2	1,308.9	1,552.4	243.5	18.6
TOTAL SOURCES	1,183.2	1,308.9	1,552.4	243.5	18.6
USES					
Personal Services and Employee Benefits	784.3	856.7	981.8	125.1	14.6
Contractual Services	21.8	56.5	130.7	74.2	131.3
Other	337.1	395.7	439.9	44.2	11.2
Other Financing Uses	40.0	0.0	0.0	0.0	***
TOTAL USES	1,183.2	1,308.9	1,552.4	243.5	18.6
FTE					
Permanent	14.00	15.00	17.00	2.00	13.3
TOTAL FTE POSITIONS	14.00	15.00	17.00	2.00	13.3

Performance Measures

		FY06 Target	FY06 Result	FY07 Target	FY08 Recomm
Board of Nursing					
To provide regulations to nurses, hemodialysis technicians, medication aides and their education and training programs so they can provide competent and professional health care services to consumers.					
Output	Number of licenses issued	11,000	11,885	11,000	11,500
Outcome	Percent of programs in full compliance	95%	98%	95%	95%
Quality	Number of public information announcements	3	6	3	4
Efficiency	Number of months to resolution of disciplinary matter	6	5	6	5
Output	Number of rule reviews	2	2	2	2
Efficiency	Number of days to issue a nurse license	14	12	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.

	FY07 Operating Budget	FY08 Recommendation	% Change
General Fund	0.0	0.0	***
Total Sources	14,562.5	15,046.0	3.3
Program			
New Mexico State Fair	14,562.5	15,046.0	3.3
Total Uses	14,562.5	15,046.0	3.3
FTE	77.00	77.00	0.0

- The Executive recommendation supports a 3.3% overall budget increase for the New Mexico State Fair.
- The recommendation for personal services and employee benefits adjusts eighteen term positions to permanent status.
- The Executive recommendation reflects an increase in enterprise revenues of \$484.5 based on FY07 State Fair attendance results, increased feed store income and expanded advertising.

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

The Executive recommends an overall budget increase of 3.3% based largely on increases in: workers compensation premiums; fuel costs due to expansion of the agency fleet; utilities costs to cover the operation of the new 23,149 square foot African American Cultural Center; maintenance costs for more frequent cleaning of facilities; and feed store supply costs as a result of a hike in the price of alfalfa. The establishment of a \$50.0 capital improvement reserve fund is recommended in order to provide for emergency building and infrastructure maintenance and repair.

The recommendation includes the reclassification of eighteen term positions to permanent status, as these positions have been renewed with benefits annually since 1997 and funding is anticipated to continue. The recommendation also supports an increase of \$484.5 in enterprise revenues due to a higher number of paid State Fair attendees in FY07, expanded advertising and other agency revenue enhancement efforts including the success of the feed store.

Performance Report

Expo New Mexico achieved four out of five performance measure targets in FY06; 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 percent of surveyed attendees at the State Fair rating that the Fair has improved, and the number of total attendees at the State Fair - were exceeded, resulting in recommendations that they increase for FY08.

Although the target for the number of paid attendees at the State Fair was not met in FY06, the agency has indicated that the FY07 target was exceeded; 511,824 people paid to attend the 2006 State Fair. The recommended target for FY08 of 500,000 paid attendees reflects the results of both FY06 and FY07 and the fact that paid attendance is dependent upon variable factors such as gas prices and weather conditions.

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)					
	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY08	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
Other Transfers	1,213.6	697.0	696.0	-1.0	-0.1
Other Revenues	13,776.1	13,865.5	14,350.0	484.5	3.5
Fund Balance	334.3	0.0	0.0	0.0	***
TOTAL SOURCES	15,324.0	14,562.5	15,046.0	483.5	3.3
USES					
Personal Services and Employee Benefits	6,322.1	6,488.5	6,429.4	-59.1	-0.9
Contractual Services	3,232.5	3,746.5	3,747.5	1.0	0.0
Other	4,245.4	4,327.5	4,869.1	541.6	12.5
TOTAL USES	13,800.0	14,562.5	15,046.0	483.5	3.3
FTE					
Permanent	59.00	59.00	77.00	18.00	30.5
Term	18.00	18.00	0.00	-18.00	-100.0
TOTAL FTE POSITIONS	77.00	77.00	77.00	0.00	0.0

Performance Measures

		<u>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 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	85%	94%	87%	90%
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	600,000	476,083	500,000	500,000
Output	Percent of surveyed attendees at the annual state fair event rating that the state fair has improved	40%	48%	44%	46%
Output	Number of total attendees at annual state fair event	600,000	680,628	650,000	680,000

Executive Summary

The State Board of Licensure for Professional Engineers and Land Surveyors regulates licenses and oversees the engineering and surveying professions in the State of New Mexico.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	0.0	0.0	***
Total Sources	588.9	591.9	0.5
Program			
State Board of Licensure for Engineers and Land Surveyors	588.9	591.9	0.5
Total Uses	588.9	591.9	0.5
FTE	7.00	7.00	0.0

- Higher revenues reflect an increase in fees approved by the Board in November 2005.

Agency Mission and Program Purpose

The purpose of the Board 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 services to consumers of engineering and surveying services. There are over 6,700 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 a slight increase of \$3.0 to support the current level of services.

Performance Report

The agency met or exceeded three out of five targets for FY06. The Board administered 515 examinations for FY06, missing its target by five. The number of first-time licenses issued in New Mexico decreased. While the number of test takers was slightly higher, fewer met the licensing requirements to receive initial licenses.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY08	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
Other Revenues	408.5	500.0	591.9	91.9	18.4
Fund Balance	133.1	88.9	0.0	-88.9	-100.0
TOTAL SOURCES	541.6	588.9	591.9	3.0	0.5
USES					
Personal Services and Employee Benefits	286.0	308.1	310.2	2.1	0.7
Contractual Services	64.3	68.7	63.0	-5.7	-8.3
Other	190.8	212.1	218.7	6.6	3.1
TOTAL USES	541.1	588.9	591.9	3.0	0.5
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>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 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	520	515	490	500
Output	Number of licenses or certifications issued	600	517	600	550
Output	Number of complaints processed	58	60	58	58

Executive Summary

The Gaming Control Board regulates legalized gaming at New Mexico's Licensed racetracks and veteran and fraternal organizations and monitors tribal gaming.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	6,149.1	6,189.1	0.7
Total Sources	6,149.1	6,189.1	0.7
Program			
Gaming Control Board	6,149.1	6,189.1	0.7
Total Uses	6,149.1	6,189.1	0.7
FTE	61.50	63.50	3.3

- The Executive recommendation reflects a 0.8% increase in General Fund and two expansion positions over the FY07 operating level to fund the regulation and enforcement of the Bingo and Raffle Act.

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 that 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 recommends an increase of 0.7% for the Gaming Control Board over FY07 operating levels. The change from FY07 reflects two additional positions and reflects a cost savings in telecommunications as the agency will not run both old and new central monitoring systems simultaneously in FY08.

Regulation of the Bingo and Raffle Act was transferred to the Gaming Control Board in 2005, with out a corresponding increase in budget to administer the regulation. The Executive recommendation includes funds for two expansion FTE, an accountant/auditor and a license clerk to administer the Bingo and Raffle Act.

Performance Report

The Gaming Control Board met all targets for FY06. In FY06 there was no down time for the central monitoring system resulting in the system remaining 100% operational. For FY06, 494 on site inspections were conducted and 18 citations were issued. Of the 18 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 \$157,533 and expending general funds of \$7,249 in FY06 allowing the Board to exceed the target 20:1 of the ratio of gaming revenue generated to general funds expended. For FY08 the LFC and DFA have agreed to add new measure "Number of violations by licensed gaming operators."

Budget Summary Tables

	Agency Budget Summary (Dollars in Thousands)			FY08	
	FY06 <u>Actuals</u>	FY07 Operating <u>Budget</u>	Recom- <u>mendation</u>	<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	Percent <u>Change</u>
SOURCES					
General Fund Transfers	8,120.1	6,149.1	6,189.1	40.0	0.7
TOTAL SOURCES	8,120.1	6,149.1	6,189.1	40.0	0.7

Agency Budget Summary
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
USES					
Personal Services and Employee Benefits	3,670.5	3,984.6	4,074.8	90.2	2.3
Contractual Services	1,973.7	732.8	740.7	7.9	1.1
Other	1,605.4	1,431.7	1,373.6	-58.1	-4.1
TOTAL USES	7,249.6	6,149.1	6,189.1	40.0	0.7
FTE					
Permanent	59.00	61.00	63.00	2.00	3.3
Temporary	0.50	0.50	0.50	0.00	0.0
TOTAL FTE POSITIONS	59.50	61.50	63.50	2.00	3.3

Performance Measures

		<u>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 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 honest and 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	75%	100%	80%	80%
Outcome	Ratio of gaming revenue generated to general funds expended	20:1	22:1	21:1	21:1
Output	Number of violations by licensed gaming operators				20%

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.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	2,253.4	2,331.1	3.4
Total Sources	2,253.4	2,331.1	3.4
Program			
State Racing Commission	2,253.4	2,331.1	3.4
Total Uses	2,253.4	2,331.1	3.4
FTE	19.70	19.70	0.0

- The Executive recommendation reflects a 3.4% increase in General Fund mainly due to increased equine drug testing.

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 of whom can be members of the same political party and no less than three of whom 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 and 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 approximately 310 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 promoting public confidence in the administration of horse racing through licensing and regulation of holding, conducting and operating 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 will be distributed to the General Fund.

In FY08, the State Racing Commission will continue the Quality Assurance Program which ensures that the contracted testing laboratory continues to meet agency standards for drug testing to maintain the integrity of racing and to protect the betting public. Due to the increasing competitiveness of racing in New Mexico, the Quality Assurance Program strengthens the regulation of horseracing in the state.

In FY07, the Gaming Control Board and the State Racing Commission centralized offices to one location to achieve synergies and cost savings between the two agencies. The State Racing Commission entered into a joint powers agreement with the Gaming Control Board for support with limited background investigations, information systems support and limited law enforcement support, when needed.

Key Elements of Recommendation

The Executive recommendation reflects an increase of 3.4% over the FY07 operating level. The Executive recommends an increase of \$80.6 for equine drug testing as higher purses at horse races (an increase in the total handle from \$118 million in 1999 to \$163 million in 2005) and increased attendance result in higher stake races and the need for more testing to ensure the integrity of the New Mexico horse racing industry. The Executive recommendation takes into account growth in the New Mexico horse racing industry as measured by an increase of 35 racing days in FY08 over FY07 levels. Increases in IT maintenance, the price of goods and services used by the State Racing Commission and increases in GSD rates offset the General Fund decrease resulting from rent savings associated with centralizing office space with the Gaming Control Board.

Performance Report

The State Racing Commission met all but two of its targets in FY06.

The target for the total amount collected from pari-mutuel revenues was \$291,000 short of the \$1,191,000 target. In FY06, SunRay Park was inaccurately classified as a Class A race track indicating it is expected to gross \$10 million in revenue and therefore contribute a \$650 daily tax fee for each race day. Consequently, FY06 targets were erroneously set higher than achievable. The SunRay Park race track should have been classified as a Class B race track. Therefore, in FY08 the Executive recommends setting the target at \$1 million collected from pari-mutuel revenues to more accurately reflect the correct contribution level of all race tracks.

The number of audit exceptions noted on the annual financial statement for FY05 was 10 exceptions. The agency has cleared all findings, most of which were minimal (i.e. misfiled documents, purchasing a lock box for cash, calculation on travel per diem) prior to the completion of the audit.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY06 <u>Actuals</u>	FY07 Operating <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	2,003.4	2,253.4	2,331.1	77.7	3.4
TOTAL SOURCES	2,003.4	2,253.4	2,331.1	77.7	3.4
USES					
Personal Services and Employee Benefits	1,050.0	1,150.1	1,153.6	3.5	0.3
Contractual Services	638.1	833.3	914.2	80.9	9.7
Other	311.4	270.0	263.3	-6.7	-2.5
TOTAL USES	1,999.5	2,253.4	2,331.1	77.7	3.4
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

		FY06 <u>Target</u>	FY06 <u>Result</u>	FY07 <u>Target</u>	FY08 <u>Recomm</u>
State Racing Commission					
To provide regulation in an equitable manner to New Mexico's pari-mutuel horseracing 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	.8%	.9%	.8%	.9%
Output	Total amount collected from pari-mutuel revenues, in millions	\$1.191	.900	1.25	1.0
Efficiency	Average regulatory cost per live race day at each racetrack	\$4,000	\$4000	\$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	10	0	0
Outcome	Percent of prior year audit findings resolved				100%
Outcome	Timely collections of penalty fees by licensee to the general fund				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.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	0.0	0.0	***
Total Sources	277.9	287.9	3.6
Program			
Board of Veterinary Medicine	277.9	287.9	3.6
Total Uses	277.9	287.9	3.6
FTE	3.00	3.00	0.0

- The Executive recommends a \$10.0 increase above the Board's FY07 operating budget to improve record keeping and communication through continuing education, cover an anticipated rent increase and fully fund inspection and investigative services.

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: (1) maintaining an efficient and effective examination, licensing and renewal system; (2) resolving all formal complaints with corrective action or discipline; and (3) 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 an increase of \$10.0 over the FY07 operating level for the Board of Veterinary Medicine. The increase will provide for continuing education seminars intended to decrease complaints and adjudication due to poor record keeping and/or communication. It includes funding for a facilitator to assist in an analysis of the Board's rules. In addition, the increase

will fund an anticipated hike in rent costs as a result of entering a new lease agreement and cover increased fuel costs included in inspection and investigative contracts.

Performance Report

The Board met only 4 of its 14 performance targets in FY06. Of the 10 targets it missed, only 3 were missed by wide margins: the percentage of formal complaints resolved without disciplinary action, the percentage of complaints resolved through adjudication and the percentage of facilities requiring adjudication to meet minimum standards.

The Executive recommends the Board adjust its targets for these measures in FY08 to reflect FY06 results. In addition, the Board will take two actions to improve its performance in these areas: (1) it will conduct continuing education seminars intended to reduce the number of complaints due to insufficient record keeping and/or communication; and (2) it will reiterate its expectations to its regulated facilities concerning the need to meet minimum standards.

Despite achieving targets for both the number of months to resolution of a disciplinary matter and the number of facility licenses issued annually, the Executive recommends leaving FY08 targets for these measures unchanged from FY07 levels. The ability of the Board to resolve disciplinary matters in a timelier manner is constrained because it meets only quarterly. The number of facility licenses issued annually is expected to slow as most of the facilities that had been operating without licenses have now been issued licenses.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY06 <u>Actuals</u>	FY07 Operating <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
Other Revenues	272.3	258.5	263.4	4.9	1.9
Fund Balance	0.0	19.4	24.5	5.1	26.3
TOTAL SOURCES	272.3	277.9	287.9	10.0	3.6
USES					
Personal Services and Employee Benefits	138.2	146.9	143.7	-3.2	-2.2
Contractual Services	74.4	80.9	89.5	8.6	10.6
Other	52.3	50.1	54.7	4.6	9.2
TOTAL USES	264.9	277.9	287.9	10.0	3.6
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

		FY06 Target	FY06 Result	FY07 Target	FY08 Recomm
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%	96%	95%	96%
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%	75%	90%	85%
Outcome	Percent of complaints resolved through adjudication	10%	25%	10%	15%
Output	Number of facilities inspected annually	144	139	144	144
Outcome	Percent of inspected facilities requiring a plan of correction	50%	45%	40%	35%
Outcome	Percent of facilities requiring adjudication to meet minimum standards	5%	15%	5%	5%
Output	Number of months to resolution of disciplinary matter	6	5.1	6	6
Outcome	Percent of facilities in full compliance	60%	55%	75%	75%
Output	Number of veterinarian licenses issued annually	60	56	60	60
Output	Number of facility licenses issued annually	25	24	10	10
Output	Number of registered veterinary technicians licenses issued annually	9	8	18	12
Output	Number of artificial insemination and pregnancy diagnosis permits issued annually	5	1	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.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	100.0	100.0	0.0
Total Sources	2,918.1	3,291.4	12.8
Program			
Cumbres and Toltec Scenic Railroad Commission	2,918.1	3,291.4	12.8
Total Uses	2,918.1	3,291.4	12.8
FTE	3.05	3.00	-1.6

- The Executive General Fund recommendation is at FY07 level.

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, thereby fostering future growth in both communities.

Key Elements of Recommendation

The Executive recommendation for General Fund is to fund the Commission at the same level as FY07.

Performance Report

The Cumbres and Toltec Scenic Railroad carried 32,534 riders in FY06, an increase of 9.3% over FY05. For FY07, the agency increased its operations from six days a week to seven. As a result of increased capacity due to additional trains and having a third locomotive in operation, the railroad is expecting to carry over 37,000 passengers this year. The Commission and the new management team, C&TS Management Corporation, have been diligent in watching and controlling costs. Additional plans for FY08 include adding a fourth locomotive to its operation.

Major track work began in FY06 with the purchase and installation of 12,000 ties and the start of a major program to purchase and install rock ballast on the track. The improvement of the overall condition of the roadbed and track will occur over five years, providing a smoother ride for patrons and reducing the need for future maintenance on passenger cars and locomotives.

Recommended Language for the General Appropriation Act

Any revenues generated by the Cumbres and Toltec scenic railroad commission in fiscal year 2008, such as ticket sales, are appropriated to the Cumbres and Toltec scenic railroad commission for use towards operating expenses of this railroad.

The general fund appropriation is not contingent on operational funding contributions by the State of Colorado.

Budget Summary Tables

	Agency Budget Summary (Dollars in Thousands)			FY08	
	FY06 Actuals	FY07 Operating Budget	Recom- mendation	Budget to Recommendation	
				Dollar/FTE Change	Percent Change
SOURCES					
General Fund Transfers	535.0	100.0	100.0	0.0	0.0
Other Transfers	260.0	510.0	510.0	0.0	0.0
Other Revenues	2,260.8	2,175.1	2,681.4	506.3	23.3
Fund Balance	0.0	133.0	0.0	-133.0	-100.0
TOTAL SOURCES	3,055.8	2,918.1	3,291.4	373.3	12.8
USES					
Personal Services and Employee Benefits	162.2	143.0	149.0	6.0	4.2
Contractual Services	2,384.3	2,736.1	3,042.4	306.3	11.2
Other	154.6	39.0	100.0	61.0	156.4
TOTAL USES	2,701.1	2,918.1	3,291.4	373.3	12.8
FTE					
Permanent	3.00	3.00	3.00	0.00	0.0
Temporary	0.05	0.05	0.00	-0.05	-100.0
TOTAL FTE POSITIONS	3.05	3.05	3.00	-0.05	-1.6

Performance Measures

		FY06	FY06	FY07	FY08
		<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	32,534	45,000	37,000
Output	Revenue generated from ticket sales, in millions	\$2.750	\$2.182	\$2.900	\$2.681

Executive Summary

The Office of Military Base Planning supports 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.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	150.0	150.0	0.0
Total Sources	150.0	150.0	0.0
Program			
Office of Military Base Planning	150.0	150.0	0.0
Total Uses	150.0	150.0	0.0
FTE	3.00	1.00	-66.7

- The Executive recommendation maintains budget at the FY07 operating level, and supports a decrease of two positions.

Agency Mission and Program Purpose

The purpose of the Office of Military Base Planning 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 supports the Executive's goal of increasing the number and quality of rural and urban jobs by working to ensure New Mexico bases are not targeted for elimination by the Base Re-alignment and Closure Commission. In FY06, the Office of Military Base Planning helped to retain and find a new mission for Cannon Air Force Base. The new mission to host an Air Force Special Operations Wing will begin operations effective October 2007. In FY08, the Office of Military Base Planning plans to continue support of our military installations including their community support groups.

Key Elements of Recommendation

The Executive recommendation maintains General Fund at the FY07 operating budget level to continue support for New Mexico military bases. The Executive recommendation provides for increases in contractual services and other, and a decrease in personal services and employee benefits. This recommendation will re-align budget to reflect actual spending patterns in FY06. The Executive recommendation decreases the agency FTE count by two positions that will not be filled in FY07 and are not being requested by the agency for FY08.

Performance Report

The Office of Military Base Planning and Support was established as an independent agency in FY07; therefore, the measures for Office of Military Base Planning and Support reflect no historical data. The Executive recommendation for FY08 provides for two measures: number of military units impacted by the activities of the Commission and the Office, and number of community support organizations that have benefited from the activities of the Commission and the Office. The bases that will be targeted are White Sands Missile Range, Holloman Air Force Base, Kirtland Air Force Base and Cannon Air Force Base. The organizations within these bases are: Las Cruces Military Affairs Committee; White Sands Test Center; Army Research Lab (targeted for BRAC last year); Navy post at White Sands Missile Range; High Energy Laser Test Facility; Tradoc Analysis Center; Alamogordo Committee of 50; 49th Fighter Wing; 46th Test Group; Kirtland Partnership Committee; all the units at Kirtland, specifically the 58th Special Operations Wing; Air Force Research Laboratory, both directorates; 377th Air Base Wing; Clovis Committee of 50; and Portales Military Affairs Committee. These bases and organizations are being targeted to assist community support organizations develop effective programs in support of the various units, and to ensure the State is addressing appropriate issues, including infrastructure, tax deductions/incentives, air space, and encroachment.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)						
	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY08		
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>	
SOURCES						
General Fund Transfers	128.2	150.0	150.0	0.0	0.0	
Fund Balance	200.0	0.0	0.0	0.0	***	
TOTAL SOURCES	328.2	150.0	150.0	0.0	0.0	
USES						
Personal Services and Employee Benefits	89.7	150.0	96.9	-53.1	-35.4	
Contractual Services	58.6	0.0	20.0	20.0	***	
Other	18.9	0.0	33.1	33.1	***	
TOTAL USES	167.2	150.0	150.0	0.0	0.0	
FTE						
Permanent	0.00	3.00	0.00	-3.00	-100.0	
Term	1.00	0.00	1.00	1.00	***	
TOTAL FTE POSITIONS	1.00	3.00	1.00	-2.00	-66.7	

Performance Measures

		<u>FY06</u> <u>Target</u>	<u>FY06</u> <u>Result</u>	<u>FY07</u> <u>Target</u>	<u>FY08</u> <u>Recomm</u>
Office of Military Base Planning					
The purpose of the Office of Military Base Planning 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
Outcome	Number of community support organizations that have benefited for the activities of the commission and the office				3

Executive Summary

The Spaceport Authority was created to support spaceport development in Southern New Mexico.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	257.7	457.7	77.6
Total Sources	257.7	457.7	77.6
Program			
Spaceport Authority	257.7	457.7	77.6
Total Uses	257.7	457.7	77.6
FTE	3.00	4.00	33.3

- The Executive recommendation for the Spaceport Authority reflects an increase of \$200.0 over the FY07 operating level to adequately prepare for the upcoming commencement of launches from Spaceport America.

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 regional spaceport; refinancing a project; and contracting with regional spaceport districts to receive municipal spaceport gross receipts tax and county regional spaceport gross receipts tax revenues.

Statutory Authority: Section 58-31-4 NMSA 1978.

Executive Recommendation*Agency Strategic Directions*

In FY06, the Spaceport Authority officially took control over, and saw real progress in, the spaceport project. The first X-Prize Cup event was held with over 20,000 people in attendance. The first Spaceport customer, UP Aerospace, committed to a long-term relationship with the State and negotiations with larger spaceport customers were initiated.

The Rocket Racing League announced its decision to locate its world headquarters in Las Cruces. A great deal of engineering, analytical and environmental sciences work was accomplished for the spaceport environmental impact statement, Federal Aviation Administration license and for mission planning of the first 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 first 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 first licensed spaceport launches will occur and UP Aerospace may launch as many as 30 rockets. Engineering, planning and mission analysis to support these and other upcoming launch operations will move forward. The Virgin Galactic lease back facility construction will be initiated. Spaceport road construction will commence. Higher levels of Spaceport and White Sands Missile Range technical integration will be achieved and a third X-Prize Cup event and the Rocket Racing League Championship finals will be held in New Mexico.

The results of these efforts will be hundreds of millions of dollars in new economic development and thousands of new high paying jobs as determined by two independent studies.

Key Elements of Recommendation

The Executive recommendation increases General Fund to the Spaceport Authority by \$200.0. The Spaceport Authority is charged with the goal of improving New Mexico’s economic base and expanding targeted industries by positioning New Mexico as a tech-intensive state. The recommended expansion will help to position the Spaceport Authority to achieve this initiative. The expansion includes \$100.0 for one FTE, an operations director, \$50.0 for a contract launch technician and \$50.0 for marketing efforts.

Performance Report

The Spaceport Authority was established as an independent agency in FY07; therefore, the measures for Spaceport Authority reflect no historical data. During the first quarter of FY08, the agency will complete the environmental impact statement. During the second quarter the agency believes the FAA license will be issued and the Spaceport Authority will begin Phase 1 construction. During the third quarter, the Spaceport Authority will hold the first licensed launch and Virgin Galactic will begin constructing its facility. During the fourth quarter the Spaceport Authority will hold the third X Prize Cup event and the Rocket Racing League finals.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	253.9	257.7	457.7	200.0	77.6
TOTAL SOURCES	253.9	257.7	457.7	200.0	77.6

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

	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent Change</u>
USES					
Personal Services and					
Employee Benefits	199.6	196.8	315.3	118.5	60.2
Contractual Services	0.0	0.0	100.0	100.0	***
Other	46.0	60.9	42.4	-18.5	-30.4
TOTAL USES	245.6	257.7	457.7	200.0	77.6
FTE					
Permanent	3.00	3.00	4.00	1.00	33.3
TOTAL FTE POSITIONS	3.00	3.00	4.00	1.00	33.3

Performance Measures

		<u>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 Recomm</u>
Spaceport Authority					
The purpose of the Spaceport Authority program is to plan, develop, and operate the New Mexico Spaceport.					
Output	Number of jobs created by aerospace and aviation companies			150	185
Efficiency	Number of key project milestones completed within established timeframes				10

Executive Summary

The Department of Cultural Affairs is responsible for the stewardship and promotion of New Mexico’s unique cultural heritage and assets.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	29,112.6	31,755.9	9.1
Total Sources	40,680.9	42,508.4	4.5
Program			
Museum and Monuments	23,977.2	25,461.2	6.2
Preservation	5,000.8	5,009.5	0.2
Library Services	5,430.8	5,221.6	-3.9
Program Support	4,086.0	4,191.3	2.6
Arts	2,186.1	2,624.8	20.1
Total Uses	40,680.9	42,508.4	4.5
FTE	565.50	578.00	2.2

- The recommendation provides an increase in funding of \$136.0 for the performing arts education program, \$165.0 for the literacy program, and \$100.0 to promote the International Folk Art Market.
- \$300.0 for the preservation of State Monuments.
- \$100.0 for the Media Industries Strategic Project for Museums to conduct a workforce development program to provide training for students to become professionals in museums media.
- \$92.9 and one FTE for General Counsel for the department.
- \$145.0 and one and a half FTE to fund operating costs, one director and a half FTE for an administrative assistant for the Film Museum.
- \$138.6 and three FTE to convert three term positions to three permanent positions to operate the Roy E. Disney Center for the Performing Arts at the National Hispanic Cultural Center.
- \$621.0 and two FTE for the new State History Museum wing of the Palace of the Governor complex to construct exhibits and prepare for opening.
- \$250.0 for the Arts Based Trails to select sites and develop trails, publish tourism guides containing maps of the trails as well as sponsor workshops and job training for artists on the trail.
- \$102.2 in General Fund, \$30.0 from other state funds and one FTE for the Media Arts Program at the National Hispanic Cultural Center.
- \$100.0 and one FTE for the Museum of Fine Arts for an Executive Assistant to the Director.
- \$50.0 for Historic Preservation Division’s Local Government Grants Program.
- \$40.0 and one FTE for Museums Support and Outreach Services.
- \$50.0 for the National Hispanic Cultural Center’s Outreach Programs.
- \$50.0 for the New Mexico Humanities Programs.
- \$48.9 and one FTE for Lincoln Monument for a facility systems operator.

- \$36.9 and one FTE for an International Folk Art Market Coordinator to provide year round coordination of the International Folk Art Market.

Agency Mission and Program Purpose

The Department of Cultural Affairs (DCA) 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, including those outside the Rio Grande corridor and in underserved communities.

The Department is also continuing and increasing its publishing, marketing and public relations initiatives. These efforts include ongoing assessment of the economic impact of cultural activities as well as development of strategies for increasing the contribution that arts make to the local economies of New Mexico.

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 Bookmobiles 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

Culture has a significant impact on New Mexico's economy as reported in its 2006 annual report to the community. The updated economic impact study estimates that the cultural industry generated \$2.8 billion in direct spending in 2005 and supported 43,000 jobs in the state. The Department's goal is to maximize that impact to support the Executive's performance and accountability policy, *Promoting and Growing New Mexico*.

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 bringing library services to remote communities throughout the state that do not have public libraries through its Bookmobile program. Additionally, efforts to preserve historic buildings help to jump-start economic revitalization in communities throughout the state.

The Department of Cultural Affairs 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. Additionally, DCA continues to try to implement new and creative programming to increase participation in its programs. Collectively, the Department services and programs reach over 1.2 million people each year.

One innovative example of new programming is the Museum of Natural History and Science's new collaboration with Microsoft co-founder Paul G. Allen. Working with Allen, the museum will offer the first exhibit in the Southwest dedicated to the history of the microcomputer and the software and hardware innovations that revolutionized the modern world. The Microcomputer Gallery, which opened in November 2006, takes visitors through important technological and cultural developments that have transformed science and society and highlights New Mexico as the birthplace of innovative computer technology.

The Department also seeks to expand awareness of New Mexico's burgeoning film industry by developing a state film museum, which was placed in the Department by the Legislature in 2006. The Department leased the former Jean Cocteau Cinema near the Railyard in Santa Fe and will share the space with the New Mexico Film Office, thus creating a resource-rich film center for New Mexican and visiting filmmakers.

Key Elements of Recommendation

The Executive recommends a 9.1% increase in General Fund support for the Department of Cultural Affairs over FY07 levels. The Executive recommendation supports the Executive's performance and accountability contract, *Promoting and Growing New Mexico*.

Program Support. The Department requires legal counsel because the agency is no longer served by the Attorney General's Office since the agency was elevated to Cabinet status. The Executive supports funding \$92.9 and one FTE for a lawyer to provide legal counsel to the Department.

The State Auditor requested that private foundations' financial audits be included as part of the agency's annual audit. As a result, the foundations associated with the Department's museums now include a "quiet presentation" in the audit, which is not part calculated as part of the totals. Since 2004, the foundations have produced a balance sheet for inclusion in the yearly audit. Both the FY05 and FY06 audits are scheduled for completion in FY07.

Museums and Monuments. The Executive recommends funding \$100.0 for the Media Industries Strategic Project for Museums. The agency will conduct a workforce development program that will provide 20 university students 90 hours of training as well as a stipend for \$1,500. The program will train students to develop portfolios of media arts technology and provide students work experience in museums media. The program seeks to retain students to work as professionals in the New Mexico media industry.

The Executive recommends funding \$145.0 and one FTE for an Executive Director of the New Mexico Film Museum and .5 FTE for an administrative assistant to the Director to promote New Mexico's film industry by implementing, directing and overseeing plans, operations and projects as well as public relations and marketing of the Museum's events and programs.

The Executive recommends \$138.6 and three FTE to convert three term positions to three permanent positions to operate the Roy E. Disney Center for the Performing Arts at the National Hispanic Cultural Center. In addition, the Executive supports \$50.0 for the National Hispanic Cultural Center's Outreach Programs that will fund marketing research consultants to improve research-based marketing efforts, increasing resident and visitor audiences for its visual arts, performing arts, media arts, and history and literary arts programs. In addition, the program will

increase outdoor programming in the Plaza Mayor and will expand program offerings in communities outside Albuquerque-Bernalillo County to establish NHCC as a state-serving institution. The Executive also recommends \$102.2 in General Fund, \$30.0 from other state funds and one FTE for the Media Arts Program at the National Hispanic Cultural Center. The funding will provide one FTE for a Director, film exhibition series about the U.S. Latino, Latin American and Iberian experience, production facilities available to local Latino independent production and to host visiting productions, and media production workforce development programs.

The Executive supports \$621.0 and two FTE for the new State History Museum wing of the Palace of the Governor complex. The funding is for two collections technicians FTE, preparatory services to install collections in the new building, opening exhibition preparation, and facility operating costs in preparation for opening the museum to the public in May 2009.

The Executive supports funding \$36.9 and one FTE for an International Folk Art Market Coordinator position that will coordinate technical services and consolidate the many logistical and financial functions affecting the Museum and the International Folk Art Market year-round. In addition, the Executive recommends \$40.0 and one FTE for a librarian position for the Museum of International Folk Art to provide information services to the public as well as to visiting researchers, teachers and staff relating to the collections of this museum. In addition, the Executive recommends \$100.0 to promote the International Folk Art Market, a First Lady's initiative.

The Executive recommends funding \$300.0 for preservation of State Monuments to be used for ongoing preservation of our cultural resources, both archeological and historic structures, in each of the monuments.

Library Services. The recommendation provides an increase in funding of \$165.0 for the literacy program, a First Lady's initiative.

Historic Preservation. The Executive recommends \$50.0 for Historic Preservation Division's Local Government Grants Program. The statewide educational outreach program will distribute funding for historic cultural preservation projects to five local communities throughout New Mexico. Awarded applicants will each receive a grant to assist their local community in cultural preservation, in order to protect and interpret historic resources and stimulate local and rural economic tourism and development in those communities and preservation in their regions.

New Mexico Arts. The Executive supports recurring funding of \$250.0 for the Arts Based Trails program. The program will develop arts trails in southern New Mexico, northeastern New Mexico and western New Mexico as well as publish and distribute tourism guides containing maps of the arts trails. In addition, New Mexico Arts will also provide technical assistance, including workshops and jobs training for artist's sites on the arts trails, as well as provide training for artists and arts organizations interested in developing other arts trails across New Mexico. When funded from a recurring source, the department will expand this program to reach all of New Mexico and serve an approximate 50 communities, 150 artists and 25,000 tourists, which would improve the agency's outreach to rural areas and its role in economic development.

Finally, the recommendation provides an increase in funding of \$136.0 for the performing arts education program, a First Lady's initiative.

New Mexico Humanities Programs. The Executive recommends \$50.0 for the New Mexico Humanities Programs to provide humanities projects in every county throughout New Mexico. Increased projects will include 30 additional proposed school programs for Chautauqua speakers program and a Smithsonian traveling exhibition program to serve rural communities.

Other funding levels have decreased due to a variety of factors. Museum and monument admissions revenue has decreased mainly due to the high price of gasoline as many of the museums and monuments are located in areas considered "drive markets" in New Mexico's tourism market. In addition, the Department will no longer receive several awards and grants. The Arts program is no longer receiving a grant from the DANA foundation. In addition, Library Services will no longer receive the Institute of Museum and Library Services Grant. The Library Services Construction and Technology Grant in the amount of \$245.6 will also expire at the end of FY07. There will also be a decrease of \$82.3 as Museum Services will no longer receive the Bureau of Land Management Grant.

The recommendation for professional services contracts reflects a decrease of \$50.0 for the African American Pavilion at the New Mexico State Fair. The funding has been transferred to the Martin Luther King Jr. Commission.

Performance Report

The Department of Cultural Affairs met all of the FY06 targets except one: percent of grant funds distributed to communities outside of Santa Fe, Albuquerque and Las Cruces. Grant dollars provided to rural arts organizations decreased during FY06 because two significant rural-based Local Arts Councils went out-of-business, decreasing the total dollars provided to rural communities. The funds that would have gone to these organizations were distributed among larger urban organizations. Although an equal number of New Mexicans were served, this affected the distribution to favor larger population centers. In addition, the change for FY07 to this performance measure is not in effect for this data count so the percentage provided to rural areas is lower as legislative special appropriations were increased in urban areas. The FY07 performance measure language rectifies that discrepancy and will give a more accurate picture of how recurring grant dollars are distributed.

The agency projects FY08 targets will be lower than recent actual results. Several divisions have noted that grant funds that support programming will not be available in the future.

Other issues such as high gasoline prices may hinder the department's ability to meet targets in FY07 and FY08 such as museum and monuments' attendance. While the department will face such issues, the Executive commends the agency for working proactively to cope with unexpected events in ways that can still allow the department to meet set targets.

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 four hundred thousand dollars (\$1,400,000) from the department of transportation for archaeological studies related to highway projects.

The department of cultural affairs may request budget increases from internal service funds/interagency transfers for archaeological services.

Any unexpended or unencumbered balance in the cultural affairs department remaining at the end of fiscal year 2008 from appropriations made from the general fund shall not revert.

Budget Summary Tables

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

	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	28,502.9	29,112.6	31,755.9	2,643.3	9.1
Other Transfers	244.5	297.7	299.5	1.8	0.6
Federal Revenues	3,462.5	3,854.1	3,428.6	-425.5	-11.0
Other Revenues	5,582.5	7,416.5	7,024.4	-392.1	-5.3
TOTAL SOURCES	37,792.4	40,680.9	42,508.4	1,827.5	4.5
USES					
Personal Services and Employee Benefits	25,963.7	28,460.6	29,216.0	755.4	2.7
Contractual Services	4,967.6	4,576.3	5,065.2	488.9	10.7
Other	6,991.3	7,644.0	8,227.2	583.2	7.6
TOTAL USES	37,922.6	40,680.9	42,508.4	1,827.5	4.5
FTE					
Permanent	429.90	436.50	449.00	12.50	2.9
Term	126.10	117.00	117.00	0.00	0.0
Temporary	12.00	12.00	12.00	0.00	0.0
TOTAL FTE POSITIONS	568.00	565.50	578.00	12.50	2.2

**Museums and Monuments
(Dollars in Thousands)**

	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	18,507.8	19,277.8	20,929.0	1,651.2	8.6
Other Transfers	15.1	198.2	198.1	-0.1	-0.1
Federal Revenues	187.1	155.3	0.0	-155.3	-100.0
Other Revenues	3,969.5	4,345.9	4,334.1	-11.8	-0.3
TOTAL SOURCES	22,679.5	23,977.2	25,461.2	1,484.0	6.2
USES					
Personal Services and Employee Benefits	16,003.2	17,328.5	17,729.4	400.9	2.3
Contractual Services	1,182.8	1,266.3	1,658.5	392.2	31.0
Other	4,742.5	5,382.4	6,073.3	690.9	12.8
TOTAL USES	21,928.5	23,977.2	25,461.2	1,484.0	6.2
FTE					
Permanent	306.20	303.80	314.80	11.00	3.6
Term	60.60	52.50	52.50	0.00	0.0
Temporary	4.00	4.00	4.00	0.00	0.0
TOTAL FTE POSITIONS	370.80	360.30	371.30	11.00	3.1

Preservation (Dollars in Thousands)			FY08		
	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	<u>Budget to Recommendation</u> Dollar <u>Change</u>	Percent <u>Change</u>
SOURCES					
General Fund Transfers	873.5	852.0	957.4	105.4	12.4
Other Transfers	229.4	99.5	101.4	1.9	1.9
Federal Revenues	1,147.3	1,357.7	1,318.9	-38.8	-2.9
Other Revenues	1,451.0	2,691.6	2,631.8	-59.8	-2.2
TOTAL SOURCES	3,701.2	5,000.8	5,009.5	8.7	0.2
USES					
Personal Services and Employee Benefits	3,335.1	4,149.8	4,093.9	-55.9	-1.3
Contractual Services	433.9	312.0	353.0	41.0	13.1
Other	430.5	539.0	562.6	23.6	4.4
TOTAL USES	4,199.5	5,000.8	5,009.5	8.7	0.2
FTE					
Permanent	36.00	36.00	36.00	0.00	0.0
Term	40.50	39.50	39.50	0.00	0.0
Temporary	6.00	6.00	6.00	0.00	0.0
TOTAL FTE POSITIONS	82.50	81.50	81.50	0.00	0.0

Library Services (Dollars in Thousands)			FY08		
	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	<u>Budget to Recommendation</u> Dollar <u>Change</u>	Percent <u>Change</u>
SOURCES					
General Fund Transfers	3,912.5	3,713.8	3,745.2	31.4	0.8
Federal Revenues	1,370.2	1,687.0	1,441.4	-245.6	-14.6
Other Revenues	34.3	30.0	35.0	5.0	16.7
TOTAL SOURCES	5,317.0	5,430.8	5,221.6	-209.2	-3.9
USES					
Personal Services and Employee Benefits	2,768.1	2,898.1	2,981.9	83.8	2.9
Contractual Services	1,296.4	1,097.3	1,022.2	-75.1	-6.8
Other	1,237.3	1,435.4	1,217.5	-217.9	-15.2
TOTAL USES	5,301.8	5,430.8	5,221.6	-209.2	-3.9
FTE					
Permanent	42.00	42.00	42.00	0.00	0.0
Term	19.50	19.50	19.50	0.00	0.0
TOTAL FTE POSITIONS	61.50	61.50	61.50	0.00	0.0

Program Support (Dollars in Thousands)			FY08		
	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	<u>Budget to Recommendation</u> Dollar <u>Change</u>	Percent <u>Change</u>
SOURCES					
General Fund Transfers	3,246.2	3,672.8	4,074.5	401.7	10.9
Federal Revenues	72.2	91.7	93.3	1.6	1.7
Other Revenues	103.4	321.5	23.5	-298.0	-92.7
TOTAL SOURCES	3,421.8	4,086.0	4,191.3	105.3	2.6

Program Support
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent</u> <u>Change</u>
USES					
Personal Services and Employee Benefits	3,119.7	3,223.4	3,467.3	243.9	7.6
Contractual Services	339.1	694.9	478.6	-216.3	-31.1
Other	438.2	167.7	245.4	77.7	46.3
TOTAL USES	3,897.0	4,086.0	4,191.3	105.3	2.6
FTE					
Permanent	44.70	44.70	46.20	1.50	3.4
Term	1.00	1.00	1.00	0.00	0.0
Temporary	2.00	2.00	2.00	0.00	0.0
TOTAL FTE POSITIONS	47.70	47.70	49.20	1.50	3.1

Arts
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	1,962.9	1,596.2	2,049.8	453.6	28.4
Federal Revenues	685.7	562.4	575.0	12.6	2.2
Other Revenues	24.3	27.5	0.0	-27.5	-100.0
TOTAL SOURCES	2,672.9	2,186.1	2,624.8	438.7	20.1
USES					
Personal Services and Employee Benefits	737.6	860.8	943.5	82.7	9.6
Contractual Services	1,715.4	1,205.8	1,552.9	347.1	28.8
Other	142.8	119.5	128.4	8.9	7.4
TOTAL USES	2,595.8	2,186.1	2,624.8	438.7	20.1
FTE					
Permanent	1.00	10.00	10.00	0.00	0.0
Term	4.50	4.50	4.50	0.00	0.0
TOTAL FTE POSITIONS	5.50	14.50	14.50	0.00	0.0

Performance Measures

	FY06 <u>Target</u>	FY06 <u>Result</u>	FY07 <u>Target</u>	FY08 <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.				
Outcome		68%		
Output		8,784		
Output	800,000		825,097	833,700
Output	897,500	902,282		
Output			64,632	66,550
Output	324,485	324,817	325,112	324,485

		<u>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 Recomm</u>
Outcome	Percent of participants attending off-site education, outreach, and special events occurring in communities outside Santa Fe, Albuquerque, and Las Cruces	60%			
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				4,900
Outcome	Percent of grant funds distributed to communities outside of Santa Fe, Albuquerque and Las Cruces	56%	57%		
Outcome	Percent of grant funds from recurring appropriations distributed to communities outside of Santa Fe, Albuquerque and Las Cruces			56%	58%
Output	Total number of new structures preserved annually utilizing preservation tax credits	45	54	45	
Output	Annually completed number of historic structures preserved, utilizing preservation tax credits				47
Output	Dollars of construction underway on historic buildings using state and federal tax credits				5.0 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 distributed to communities outside of Santa Fe, Albuquerque and Las Cruces	75%	89%		
Outcome	Percent of grant funds from recurring appropriations distributed to communities outside of Santa Fe, Albuquerque and Las Cruces			75%	75%
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	935,000	963,583	950,000	950,000
Output	Number of participants in educational, outreach and special events related to library mission				20,700
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)	75%	88%	80%	80%
Output	Number of payment vouchers accurately processed within seventy-two hours of receipt	8,700	9210		
Output	Percent reduction in number of budget adjustment requests processed annually, excluding budget adjustment requests for additional revenues			15%	16%
Arts					
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				166
Output	Number of clients (workers) provided professional development training in arts industry		new		5,240
Outcome	Percent of grant funds distributed to communities outside of Santa Fe, Albuquerque and Las Cruces	46%	32%		
Outcome	Percent of grant funds from recurring appropriations distributed to communities outside of Santa Fe, Albuquerque and Las Cruces			0	36%
Output	Attendance at programs provided by arts organizations statewide, funded by New Mexico arts from recurring appropriations			1,800,000	1,800,000
Output	Attendance at new programs partially funded by New Mexico arts, provided by arts organizations statewide	1,800,000	1,882,685		
Output	Number of musicians, music groups and businesses supporting the music industry that have registered on nmmusic.org website				600
Output	Number of participants in educational and outreach programs and workshops, including percent from rural areas				1500
Output	Number of individuals/businesses provided training in establishing arts-based cottage industries and/or marketing				600

Executive Summary

The mission of the New Mexico Livestock Board is to protect the livestock industry from loss of livestock by theft or straying, to help control the spread of contagious diseases of livestock, and provide the meat packing and processing industry an inspection service that assures consumers are receiving a clean, wholesome, and safe product.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	1,044.5	1,430.3	36.9
Total Sources	6,492.8	6,460.9	-0.5
Program			
Administration	714.9	669.8	-6.3
Livestock Inspection	4,422.0	4,292.7	-2.9
Meat Inspection	1,355.9	1,498.4	10.5
Total Uses	6,492.8	6,460.9	-0.5
FTE	95.00	91.00	-4.2

- The Executive recommendation provides \$113.0 in General Fund for two livestock inspectors. These positions will help in the prosecution of animal cruelty cases.
- The Executive recommendation provides \$46.4 in General Fund for an information technology specialist to maintain the agency's animal identification and tracking computer system.
- The Executive also supports four expansion positions in the Meat Inspection Program, and supports these positions with \$126.4 in General Fund and \$126.4 in federal funds matched by the U.S. Department of Agriculture.

Agency Mission and Program Purpose

The New Mexico Livestock Board is charged with ensuring the integrity of the livestock industry from theft and contagious disease, and to provide for inspection of the meat packing and processing industry.

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 support to the Livestock and Meat Inspection Programs.

Livestock Inspection

The Livestock Inspection Program protects the livestock industry from loss of livestock by theft or straying and helps control the spread of infectious diseases. NMLB provides technical assistance to the industry, offers information on livestock issues, disease etiology, movement, prevention, information and assistance with state and federal initiatives.

The Board is responsible for recording brands in New Mexico, which number about 30,000. Every brand is re-recorded every three years at a cost of \$75. This generates a total of approximately \$2,100.0 to the Board, with the revenue being recognized over a three-year period. The next re-recording will commence in July 2008. The remainder of the Program's revenue comes from: cattle, horse and sheep inspection fees; sheep and cattle sales; and dairy cattle and sheep levies.

Meat Inspection

The Meat Inspection Program provides the meat-packing and processing industry with inspection services to ensure that a clean, wholesome and safe product is provided for public consumption. The inspection of slaughter facilities is designed to protect the public from diseases or unwholesome meat or meat products. Additionally, the Meat Inspection Program sponsors interactive training classes for Native American communities to promote safe food handling and preparation techniques and proper slaughter and butchering techniques.

Executive Recommendation

Agency Strategic Directions

On June 26, 2006, the NMLB was successful in mitigating the largest single outbreak of Equine Viral Arthritis (EVA) in the United States since the 1984 Kentucky outbreak. This success is attributed to the swift action taken by NMLB veterinarians and livestock inspectors to investigate quarantine and address this serious issue. This disease can have significant financial repercussions, especially for the horse breeding sector.

The Livestock Inspection Program successfully implemented its new ODESSO operating system. This new computer system permits each inspector in the field to digitally transmit inspection records and other vital documents to field offices, and to agency headquarters from across the state. The funding for this operating system originated from a special appropriation during the 2004 and 2005 session.

Key Elements of Recommendation

The Executive recommendation for the New Mexico Livestock Board increases General Fund by \$385.8 over FY07. This increase provides \$113.0 for two additional positions in the Livestock Inspection Program to aid in the agency's oversight of animal cruelty cases. The increase also provides \$46.4 for an IT specialist to maintain the agency's new animal identification and tracking computer system. The Executive recommendation also provides \$126.4 in General Fund, with a direct federal match from the U.S. Department Agriculture, for four additional positions in the Meat Inspection Program. The recommendation provides an additional \$100.0 in General Fund for the purchase of vehicles. The agency would also receive an additional \$14.0 in General Fund to offset increases in GSD rates in FY08.

FY08 revenues for the agency are decreased from FY07 operating to adjust for an over appropriation of the agency's revenue sources in the 2006 General Appropriation Act. The agency also reduced its fee revenues and related expenditures to ensure that its brand re-record, which is the major source of other state funds, is not exhausted prior to the next cycle in 2008.

Performance Report

In FY06, the NMLB was successful in meeting most of its performance measures.

The Livestock Inspection Program exceeded its road stop performance measure in FY06. The agency did not meet its target for number of livestock thefts reported per one thousand head inspected; however, the overall trend of thefts has reduced considerably from 20 per one thousand head inspected in FY02 to 2 per one thousand in FY06.

The Meat Inspection Program experienced an increase in the percent of inspections where violations are found for FY06, and exceeded its performance measure for number of violations resolved within one day from a target of 210, to 300.

Recommended Language for the General Appropriation Act

The general fund appropriation to the New Mexico livestock board for its meat inspection program, including administrative costs, is contingent upon a dollar-for-dollar match of federal funds for that program.

In fiscal year 2008, 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 2008.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY06 Actuals	FY07 Operating Budget	Recom- mendation	FY08	
				Budget to Recommendation Dollar/FTE Change	Percent Change
SOURCES					
General Fund Transfers	907.6	1,044.5	1,430.3	385.8	36.9
Federal Revenues	2,069.8	857.7	921.6	63.9	7.5
Other Revenues	4,455.3	4,590.6	4,109.0	-481.6	-10.5
TOTAL SOURCES	7,432.7	6,492.8	6,460.9	-31.9	-0.5
USES					
Personal Services and Employee Benefits	4,200.7	4,732.6	4,599.1	-133.5	-2.8
Contractual Services	1,290.9	294.0	300.2	6.2	2.1
Other	1,495.3	1,466.2	1,561.6	95.4	6.5
TOTAL USES	6,986.9	6,492.8	6,460.9	-31.9	-0.5
FTE					
Permanent	84.00	95.00	91.00	-4.00	-4.2
TOTAL FTE POSITIONS	84.00	95.00	91.00	-4.00	-4.2

		Administration (Dollars in Thousands)			FY08	
		FY06	FY07	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	74.5	76.2	89.0	12.8	16.8
	Federal Revenues	73.9	91.6	73.9	-17.7	-19.3
	Other Revenues	506.9	547.1	506.9	-40.2	-7.3
	TOTAL SOURCES	655.3	714.9	669.8	-45.1	-6.3
USES						
	Personal Services and Employee Benefits	521.0	519.6	541.5	21.9	4.2
	Contractual Services	29.6	33.1	28.7	-4.4	-13.3
	Other	105.9	162.2	99.6	-62.6	-38.6
	TOTAL USES	656.5	714.9	669.8	-45.1	-6.3
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)			FY08	
		FY06	FY07	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	363.8	387.2	646.6	259.4	67.0
	Federal Revenues	1,437.3	133.7	153.0	19.3	14.4
	Other Revenues	3,891.9	3,901.1	3,493.1	-408.0	-10.5
	TOTAL SOURCES	5,693.0	4,422.0	4,292.7	-129.3	-2.9
USES						
	Personal Services and Employee Benefits	2,785.4	3,081.2	2,936.0	-145.2	-4.7
	Contractual Services	1,251.3	252.1	242.3	-9.8	-3.9
	Other	1,199.7	1,088.7	1,114.4	25.7	2.4
	TOTAL USES	5,236.4	4,422.0	4,292.7	-129.3	-2.9
FTE						
	Permanent	58.20	65.20	61.20	-4.00	-6.1
	TOTAL FTE POSITIONS	58.20	65.20	61.20	-4.00	-6.1

		Meat Inspection (Dollars in Thousands)			FY08	
		FY06	FY07	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	469.3	581.1	694.7	113.6	19.5
	Federal Revenues	558.6	632.4	694.7	62.3	9.9
	Other Revenues	56.5	142.4	109.0	-33.4	-23.5
	TOTAL SOURCES	1,084.4	1,355.9	1,498.4	142.5	10.5
USES						
	Personal Services and Employee Benefits	894.3	1,131.8	1,121.6	-10.2	-0.9
	Contractual Services	10.0	8.8	29.2	20.4	231.8
	Other	189.7	215.3	347.6	132.3	61.4
	TOTAL USES	1,094.0	1,355.9	1,498.4	142.5	10.5

**Meat Inspection
(Dollars in Thousands)**

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	Percent <u>Change</u>
FTE					
Permanent	17.80	21.80	21.80	0.00	0.0
TOTAL FTE POSITIONS	17.80	21.80	21.80	0.00	0.0

Performance Measures

		FY06 <u>Target</u>	FY06 <u>Result</u>	FY07 <u>Target</u>	FY08 <u>Recomm</u>
Administration					
To provide administrative and logistical services to employees.					
Output	Number of payment vouchers processed	3,000	3,100	3,000	3,000
Efficiency	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%	50%
Output	Number of road stops per month	40	82	30	50
Outcome	Number of livestock thefts reported per one thousand head inspected	1.0	2.0	1.0	1.0
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%	3%	2%	3%
Outcome	Number of violations resolved within one day	210	300	240	260
Output	Number of compliance visits made to approved establishments	7,500	9,500	7,500	8,000

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.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	234.2	304.2	29.9
Total Sources	34,527.8	35,187.8	1.9
Program			
Sport Hunting and Fishing	18,091.9	19,602.6	8.4
Conservation Services	8,195.5	7,626.5	-6.9
Wildlife Depredation and Nuisance Abatement	1,098.9	1,168.9	6.4
Administration	7,141.5	6,789.8	-4.9
Total Uses	34,527.8	35,187.8	1.9
FTE	300.50	301.50	0.3

- The recommendation maintains base funding at the FY07 level and reallocates funding among programs to adjust for shifts in federal grant revenue and reduced expenditure out of the Sikes Act Fund.
- An increase of \$20.0 in General Fund is provided for bird rehabilitation in the Conservation Services Program.
- The Sport Hunting and Fishing Program includes Game Protection Fund expansions of \$250.0 for the Open Gate initiative; \$225.0 in "grand slam" hunting authorizations to enhance, conserve and protect big game habitat; and \$15.0 in hunting authorizations for fish and wildlife conservation.
- Also in the Sport Hunting and Fishing Program is an expansion of \$50.0 General Fund, \$100.0 federal funds and 1 FTE to expand youth hunting and fishing education and outdoor services.

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 (GPF) is the Department's operating fund and is its largest fund. It is non-reverting and is the only fund that receives General Fund. The General Fund supports personnel in the Conservation Services Program involved in conservation of threatened or endangered species. 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 GPF 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.

Sikes Act

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

This is a non-reverting program that receives revenues from enhancement program 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 a \$3.00 habitat management stamp that is 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

Protecting and Promoting New Mexico's Environment. The Department is expanding hunting, fishing and other wildlife recreational opportunities through an access program that would lease private land to expand access for hunters and anglers. The Department is also in its third year of the Gaining Access Into Nature (GAIN) initiative that is focused on improving all aspects of wildlife appreciation in New Mexico from hunting and fishing to wildlife viewing, mountain biking and hiking.

The Department is also continuing to assist communities and private landowners with conservation of lands, open space and habitat. Part of this effort is collaboration between multiple state agencies on a five million dollar capital outlay appropriation to provide hunting and fishing access, protect wildlife habitat, help ranchers and farmers with land conservation and assist communities that want to protect open space and wildlife habitat. The Department has also begun a collaborative program with the U.S. Fish and Wildlife Service to provide landowner incentives for habitat conservation and

enhancement statewide. Finally, FY08 will be the first full year of the Habitat Management Fund validation stamp program. The funds raised through purchase of these stamps in FY08 will be twice what are available in FY07 to support habitat improvements to benefit wildlife and future generations of New Mexicans.

With regard to water issues, the Department is helping to ensure New Mexico's water supply for future economic vitality while protecting the environment by providing oversight, water management and maintenance of the 16 dams owned by the State Game Commission. In addition to recreational function of the dams, at least six of these dams and reservoirs provide irrigation water storage and some are used for municipal water. All are important to the local economies where they are located.

Finally, the Department assists in monitoring federal lands management plans to make sure they adequately balance use of the state's valuable resources with preservation for the future. The Department does this by working with federal government agencies on wildlife and habitat issues and by taking the lead for the state on protecting the unique resources of the Valle Vidal from oil and gas development.

Promoting and Growing New Mexico. The Department will continue to expand and promote tourism to New Mexico by increasing coordination and cooperation with the Tourism Department in highlighting the State's new and existing wildlife-related recreational opportunities and attractions. This cooperation will increase the economic benefit of tourism--especially in small rural communities--as it is estimated that wildlife-related activities produce an economic impact of half a billion dollars and support 15,000 jobs across the state.

A Safer New Mexico. The Department's current force of 108 commissioned Wildlife Conservation Officers, including 67 Field Officers located throughout the state, protect New Mexico wildlife resources and provide deterrence through their presence. As fully certified police officers, they also provide assistance to other law enforcement personnel in emergency situations.

Key Elements of Recommendation

The Executive recommendation is to maintain base expenditures at the FY07 level. Although the Executive recommendation for the department's base operating budget is flat in total, there are several non-General Fund budget shifts that should be noted:

Major non-General Fund differences in the base compared with FY07 include an overall \$1,084.1 increase in federal revenues from grant agreements composed of a substantial increase in the Sport Hunting and Fishing Program partially offset by a decrease in the Conservation Services Program, a \$1,019.4 decrease in Sikes Act expenditures in the Conservation Services Program and a \$684.5 increase in GPF expenditures. Loss of federal revenues and decreases in Sikes Act expenditures in the Conservation Services Program, along with increased federal revenues in the Sport Hunting and Fishing Program, causes the fluctuations in Program expenditures and reallocation of licensee fee revenues and GPF fund balance revenues.

For FY08, the Conservation Services Program will lose \$583.9 in federal grants and \$497.5 in nonrecurring fund balances. To partially offset these losses, the Executive base recommendation reduces license fee revenue in the Sport Hunting and Fishing and Administration programs, and re-allocates such revenue to the Conservation Services Program. The total net result for the Conservation Services Program is a 7.2 percent decrease in base from FY07.

The reallocation of license revenue results in a decrease in expenditures in the Administration Program; however, the Sport Hunting and Fishing Program will experience a net base budget increase because federal grants to that program are expected to increase \$1,617.1 over FY07.

The base recommendation for the Depredation and Nuisance Abatement Program increases slightly above FY07 because of an increase in use of fund balance from the GPF.

The Executive recommendation budgets vacant positions at minimum in the Sport Hunting and Fishing Program to keep the department's overall base budget flat while providing for the continuation of transfers out of that Program to the Office of the State Engineer for Eagle Nest and Ute dam caretakers in that agency.

The base recommendation provides for increased levels of service in several areas for FY08. Revenues and expenditures of the Habitat Management Stamp Program that began halfway through FY07 will double to \$500.0 during FY08, its first full year of existence. The department expected to fully implement fish production operations at the warm water hatchery in Santa Rosa and the private lands sportsperson access program during FY08. In FY08, the department will experience the first full year of the expanded conservation officer presence approved by the Legislature and Governor in 2005, following the lengthy process of law enforcement school and on-the-job training. The recommendation provides for further implementation of Gaining Access Into Nature (GAIN), improved big game population surveys, expanded capabilities for expediting habitat management projects and improved IT capabilities to support on-line license application. New for FY08 will be \$20.0 General Fund to support bird rehabilitation services in Northern New Mexico.

In addition to the department's base budget, the Executive recommendation supports several expansions. Expansion to the Sport Hunting and Fishing Program includes \$250.0 from GPF for the Open Gate initiative (formerly called the PLEASE initiative); \$15.0 from GPF for fish and wildlife conservation activities to be supported by additional hunting authorizations; \$225.0 GPF to enhance, conserve and protect big game habitat through issuance of "Grand Slam" hunting authorizations; and \$50.0 General Fund, \$100.0 federal funds and 1 FTE to expand youth hunting and fishing education and outdoor services. Expansion to the Conservation Services Program includes \$20.0 General Fund for bird rehabilitation and education services in Northern New Mexico.

Performance Report

FY06 results met or exceeded targets in all instances.

For most measures, the Executive supports the targets requested by the Department despite higher performance levels demonstrated in FY06 because the targets reflect input from staff experts, take into account environmentally dependent specie population fluctuations and/or are in line with State Game Commission strategic policies.

The State Game Commission has currently established a harvest limit on deer as an initial step to ensure that a plentiful and healthy deer population will exist for future generations given the current drought-intensified decline in deer population. The Commission has also decided to allow elk herds to mature longer to improve the hunting experience and make New Mexico more competitive with surrounding states. The result of the population variations and associated harvest limits is that the

target for number of days of elk hunting opportunities provided to New Mexico hunters for FY08 will remain unchanged. Also, while in FY06 New Mexico resident hunters drew 85% of public hunting licenses, the FY08 target will continue to be set at 80%. This level balances the need to make the majority of licenses available to New Mexico residents while also encouraging tourism opportunities to non-residents. The target for number of acres of wildlife habitat conserved by the Department and the number of threatened or endangered species monitored, studied or involved in the recovery plan process will remain unchanged. The Department expects to monitor or study 35 threatened and endangered species involved in the recovery plan process in FY08, which is below the FY06 result of 58. This is because a number of plans have been completed and more are near completion resulting in an FY08 target that reflects only the anticipated number of active cases. The target for the number of Gaining Access Into Nature (GAIN) opportunities offered will increase substantially over FY06 levels to 30 in FY08.

Recommended Language for the General Appropriation Act

The Executive recommends the following language for the Sport Hunting and Fishing Program:

The other state funds appropriations to the sport hunting and fishing program of the department of game and fish include one hundred thousand dollars (\$100,000) from the game protection fund for Ute dam operation. Any unexpended balance remaining at the end of fiscal year 2008 from this appropriation shall revert to the game protection fund.

The other state funds appropriations to the sport hunting and fishing program of the department of game and fish include eighty two thousand three hundred dollars (\$82,300) from the game protection fund for Eagle Nest dam operation. Any unexpended balance remaining at the end of fiscal year 2008 from this appropriation shall revert to the game protection fund.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY08	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	179.6	234.2	304.2	70.0	29.9
Other Transfers	2.3	5.0	5.0	0.0	0.0
Federal Revenues	12,467.7	11,379.1	12,563.2	1,184.1	10.4
Other Revenues	19,316.7	20,848.8	20,860.3	11.5	0.1
Fund Balance	406.3	2,060.7	1,455.1	-605.6	-29.4
TOTAL SOURCES	32,372.6	34,527.8	35,187.8	660.0	1.9
USES					
Personal Services and Employee Benefits	16,622.0	18,987.0	19,107.4	120.4	0.6
Contractual Services	2,441.3	3,199.5	3,431.5	232.0	7.3
Other	9,911.3	11,944.0	12,151.6	207.6	1.7
Other Financing Uses	315.0	397.3	497.3	100.0	25.2
TOTAL USES	29,289.6	34,527.8	35,187.8	660.0	1.9

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

	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent Change</u>
FTE					
Permanent	283.00	284.00	285.00	1.00	0.4
Term	12.00	12.00	12.00	0.00	0.0
Temporary	4.50	4.50	4.50	0.00	0.0
TOTAL FTE POSITIONS	299.50	300.50	301.50	1.00	0.3

**Sport Hunting and Fishing
(Dollars in Thousands)**

	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	0.0	45.0	95.0	50.0	111.1
Federal Revenues	8,772.1	6,904.1	8,621.2	1,717.1	24.9
Other Revenues	9,753.4	10,828.2	10,711.4	-116.8	-1.1
Fund Balance	70.7	314.6	175.0	-139.6	-44.4
TOTAL SOURCES	18,596.2	18,091.9	19,602.6	1,510.7	8.4
USES					
Personal Services and Employee Benefits	10,728.1	12,193.5	12,190.5	-3.0	0.0
Contractual Services	814.9	789.6	1,423.5	633.9	80.3
Other	4,432.1	4,711.5	5,491.3	779.8	16.6
Other Financing Uses	315.0	397.3	497.3	100.0	25.2
TOTAL USES	16,290.1	18,091.9	19,602.6	1,510.7	8.4
FTE					
Permanent	189.00	190.00	191.00	1.00	0.5
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	195.00	196.00	197.00	1.00	0.5

**Conservation Services
(Dollars in Thousands)**

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	179.6	189.2	209.2	20.0	10.6
Other Transfers	2.3	5.0	5.0	0.0	0.0
Federal Revenues	3,037.2	3,913.1	3,329.2	-583.9	-14.9
Other Revenues	3,113.5	2,507.6	3,000.0	492.4	19.6
Fund Balance	0.0	1,580.6	1,083.1	-497.5	-31.5
TOTAL SOURCES	6,332.6	8,195.5	7,626.5	-569.0	-6.9
USES					
Personal Services and Employee Benefits	2,150.2	2,438.1	2,489.1	51.0	2.1
Contractual Services	782.9	1,367.6	1,304.7	-62.9	-4.6
Other	2,622.6	4,389.8	3,832.7	-557.1	-12.7
TOTAL USES	5,555.7	8,195.5	7,626.5	-569.0	-6.9

Conservation Services
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</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)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u>	
				<u>Dollar</u>	<u>Percent</u>
				<u>Change</u>	<u>Change</u>
SOURCES					
Federal Revenues	23.0	0.0	0.0	0.0	***
Other Revenues	790.5	973.2	971.9	-1.3	-0.1
Fund Balance	97.9	125.7	197.0	71.3	56.7
TOTAL SOURCES	911.4	1,098.9	1,168.9	70.0	6.4
USES					
Personal Services and Employee Benefits	268.5	305.0	314.4	9.4	3.1
Contractual Services	88.2	179.7	179.7	0.0	0.0
Other	554.7	614.2	674.8	60.6	9.9
TOTAL USES	911.4	1,098.9	1,168.9	70.0	6.4
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)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u>	
				<u>Dollar</u>	<u>Percent</u>
				<u>Change</u>	<u>Change</u>
SOURCES					
Federal Revenues	635.4	561.9	612.8	50.9	9.1
Other Revenues	5,659.3	6,539.8	6,177.0	-362.8	-5.5
Fund Balance	237.7	39.8	0.0	-39.8	-100.0
TOTAL SOURCES	6,532.4	7,141.5	6,789.8	-351.7	-4.9
USES					
Personal Services and Employee Benefits	3,475.2	4,050.4	4,113.4	63.0	1.6
Contractual Services	755.3	862.6	523.6	-339.0	-39.3
Other	2,301.9	2,228.5	2,152.8	-75.7	-3.4
TOTAL USES	6,532.4	7,141.5	6,789.8	-351.7	-4.9
FTE					
Permanent	57.00	57.00	57.00	0.00	0.0
Term	2.00	2.00	2.00	0.00	0.0
TOTAL FTE POSITIONS	59.00	59.00	59.00	0.00	0.0

Performance Measures

		FY06 Target	FY06 Result	FY07 Target	FY08 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%	84%	80%	80%
Outcome	Number of days of elk hunting opportunity provided to New Mexico resident hunters on an annual basis	160,000	196,419	165,000	165,000
Outcome	Percent of public hunting licenses drawn by New Mexico resident hunters	80%	85%	80%	80%
Output	Annual output of fish from the department's hatchery system, in pounds	400,000	441,707	400,000	441,707
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	58	35	35
Outcome	Number of gaining access into nature opportunities offered	2	5	2	30
Outcome	Number of acres of wildlife habitat conserved, enhanced or positively affected statewide	100,000	106,921	100,000	100,000
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%	95%	95%	95%
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		30,163	5,000	
Output	Percent of vacancies filled within one hundred eighty days of occurrence		97.6%	90%	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		98.5%	95%	95%

Executive Summary

The Energy, Minerals and Natural Resources Department is charged with oversight and protection of the natural and energy resources in New Mexico.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	22,553.3	24,098.4	6.9
Total Sources	62,569.2	59,448.9	-5.0
Program			
Renewable Energy and Energy Efficiency	2,791.8	1,687.4	-39.6
Healthy Forests	13,740.8	8,002.5	-41.8
State Parks	28,153.5	29,589.9	5.1
Mine Reclamation	4,353.2	4,433.5	1.8
Oil and Gas Conservation	7,728.2	9,821.3	27.1
Leadership and Support Program	5,801.7	5,914.3	1.9
Total Uses	62,569.2	59,448.9	-5.0
FTE	511.00	521.00	2.0

- The Executive recommendation provides two FTE for Red Rocks State Park in Gallup, and provides funding of \$150.0 in General Fund. The recommendation also supports an increase of \$150.0 in General Fund for contractual needs associated with Red Rocks State Park.
- The Executive recommendation provides two FTE for the Renewable Energy Program for greater promotion of alternative energy initiatives and supports these positions with \$140.6 in General Fund.
- The Executive recommendation provides three positions and an additional \$172.3 in General Fund in the Oil and Gas Conversation Program for compliance staffing.
- The Executive recommendation provides and one FTE for Manzano State Park outside of Albuquerque, and one FTE to provide support to the program as a training coordinator across the state. These positions are supported with an increase of \$96.8 in General Fund.
- The recommendation provides for an additional FTE in Program Support to coordinate federal grant proposals for the agency and supports this position with \$50.0 in General Fund.

Agency Mission and Program Purpose

The Energy, Minerals and Natural Resources Department's (EMNRD) mission 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 which 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 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; 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 (HF) 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 disease which affect trees. The Program helps in restoration efforts by developing resource management plans and by promoting tree-planting programs. HF also promotes safe forests through a "20 Communities Strategy." The Strategy assesses the communities most vulnerable to damage from wild fires and designs 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

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*

The Energy, Minerals and Natural Resources Department 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 five 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, 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 (representing over \$500 million in capital investment) on New Mexico's eastern plains; (2) administering over 40 clean energy grants fund grants totaling over \$5 million; (3) 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; and (4) implementing the new solar marketing tax credit.

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 local governments and tribal entities; (3) establishing an Energy Smart 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 new clean energy technologies that have both practical widespread application and economic development potential throughout the state.

Healthy Forests. The Forestry Division continued to lead statewide efforts to restore forest and watershed health. The Division created three new staff positions dedicated to forest and watershed health issues and working with local, state, tribal, federal and private partners. The 2006 spring and summer fire season was the busiest in several years. During that time, the Division and its cooperator fire departments responded to 1,196 fires that burned approximately 465,780 acres.

The seedling program distributed 176,731 trees in FY06, compared to just over 163,000 in FY05. The Forest Re-Leaf Program will be able to fund eight projects in FY07, providing \$38,504.38 in privately raised grant funding.

The Forest Legacy Program was able to close on two projects: the Horse Springs Ranch and the Vallecitos Mountain Refuge. The federally-funded Legacy program purchases development rights to private land so that its natural resources and wildlife habitat can be preserved and never developed or subdivided.

State Parks. The State Park Division (SPD) now manages 34 parks located in 25 of New Mexico's 33 counties. Annual visitation is just over 4 million. State Park programs generate in excess of \$200 million for New Mexico's economy and are part of the Executive's plan for sustainable economic development in New Mexico, especially in rural areas.

After eight straight years of visitation declines, State Parks posted visitation increases in FY04 and FY05 and maintained those gains in FY06 despite the challenges posed by drought and rising gas prices. Self-generated revenues increased in FY05 and FY06, reversing five straight years of declines.

Highlights of park expansion during FY06 included: dedication of the Vietnam Veterans Memorial State Park in Angel Fire (the only state park in the nation exclusively dedicated to Vietnam veterans); groundbreaking at Mesilla Valley Bosque State Park near Las Cruces; Sugarite Canyon State Park being named one of the Top Ten state parks in the nation; and construction of two astronomy observatories. Also in 2006, State Parks was honored by the National Transportation Safety Board for New Mexico's new boating safety law and the New Mexico Historic Preservation Alliance recognized the Division's night sky education program as the best in the nation.

The strategic direction for State Parks that lies ahead includes: increased visitation; improved statewide recreational opportunities; protection of natural and cultural heritage sites; increased boating safety; increased outdoor education programs for children; expanded revenue stream; 100 miles of new trails; and Rio Grande River Trail development.

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 mine reclamation projects, including the major reclamation of mine tailings at the Phelps Dodge Tyrone Mine. For coal mines, the Program issued a permit for a large, new mine north of Grants which will be the first new surface coal mine to open in 15 years in New Mexico. Under a federal grant, the Program reclaimed several large coal mine waste piles near Raton and Lumberton this year and safeguarded over 160 abandoned mine openings in the past two years.

With increases in commodity prices, the Program is seeing an increase in exploration projects and is taking steps to prepare for a possible return of uranium mining in northwest New Mexico.

Oil Conservation. The Oil Conservation Program continued to reap the benefits of new enforcement and compliance rules enacted during the prior year. The number of compliance orders issued jumped from 49 to 78, a 65% increase. The dollar value of fines collected went from \$130,000 to \$224,000, a 72% increase. The number of non-compliant wells at the beginning of the year was 2,931. The number of wells that fell into non-compliance during the fiscal year was 1,219, or a total of 4,150 wells. OCD efforts have resulted in all but 1,442 of those wells being brought into compliance, or a 51% reduction from the beginning of the year and a 65% reduction in the number of non-compliant wells during the period.

Key Elements of Recommendation

The Executive recommendation provides ten additional positions in FY08. With the additional responsibilities associated with the acquisition of Red Rocks State Park in Gallup, the Executive recommendation supports two FTE to provide year-round assistance at the park. These positions are funded with \$150.0 in General Fund. The recommendation also provides \$150.0 in General

Fund to meet contractual obligations associated with the acquisition of the facility in FY08. The Executive also supports an additional FTE for Manzano State Park outside of Albuquerque. This position is supported with \$41.8 in General Fund. The Executive recommendation provides \$55.0 in General Fund for one FTE to serve as a training coordinator for State Parks. To enforce state and federal oil compliance laws the Executive also provides three FTE in the Oil and Gas Conservation Program for oil compliance specialists. These positions are supported with \$172.3 in General Fund. The Executive recommendation provides two FTE in the Renewable Energy Program to promote and expand upon the alternative energy and energy conservation efforts of the department. These positions are supported with \$140.6 in General Fund. The Executive recommendation also provides \$50.0 in General Fund for one FTE in Program Support to coordinate federal grant writing across divisions.

The Executive recommendation also provides for an increase of \$785.4 in General Fund for GSD rate increases for health insurance, blanket property and general liability coverage, as well as increases in personal services and employee benefits, and for maintenance and equipment increases for State Parks. The recommendation assumes a 6% vacancy factor for the State Parks Division, a 3% vacancy for the Healthy Forests Division, and a 2% vacancy for the Oil and Gas Conservation Program and Program Support.

The agency request reflected an over \$8 million decrease in federal funds for FY08. The agency historically underestimates the amount of federal funds that each of the six programs receive. Accounting transfers between funds have not been included in the recommendation, which eliminates double-counting within the budget. The current presentation of the operating budget in FY07 does not incorporate this change, as it mirrors the appropriations found in the General Appropriation Act of 2006.

Performance Report

The agency overall met or exceeded its performance measures for FY06. The Renewable Energy program continues to strive to lower the utility costs of state buildings. The measure was missed by over \$7,600.0 in FY06, however the program is optimistic that it will continue to lower utility costs across the state into the future. The Healthy Forests program exceeded its measure for number of nonfederal wild land firefighters provided technical fire training. The program continues to work with counties and cities across the state in its continuing attempts to prevent the risk of wild fires which threaten communities and property. The State Parks program exceeded its measure for number of visitors, and self-generated revenue per visitor. The program attributes this increase to the number of events held in the parks, such as the very successful "Night Skies" program held across the state. The Oil and Gas Conservation program increased the number of oil and gas wells across the state. The program has several new measures which will be reported on for the first time next fiscal year.

Recommended Language for the General Appropriation Act

The internal service funds/interagency transfers appropriation to the healthy forests program includes three hundred and ninety-two thousand two hundred dollars (\$392,200) from the healthy forest inmate work camp program fund and the forest land protection fund.

The internal service funds/interagency transfers appropriation to the mine reclamation program includes eight hundred and eleven thousand three hundred dollars (\$811,300) from the mine reclamation surface mining permits fund and the mine reclamation surface mining penalties fund.

The internal service funds/interagency transfers appropriation to the oil and gas conservation program includes two million eight hundred thousand dollars (\$2,800,000) from the oil conservation fund.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY08	
				<u>Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	20,869.4	22,553.3	24,098.4	1,545.1	6.9
Other Transfers	801.2	0.0	2,629.2	2,629.2	***
Federal Revenues	16,791.5	24,991.8	16,307.9	-8,683.9	-34.7
Other Revenues	14,540.1	15,024.1	14,914.1	-110.0	-0.7
Fund Balance	0.0	0.0	1,499.3	1,499.3	***
TOTAL SOURCES	53,002.2	62,569.2	59,448.9	-3,120.3	-5.0
USES					
Personal Services and Employee Benefits	25,393.9	27,417.7	28,302.1	884.4	3.2
Contractual Services	8,369.8	13,107.8	12,172.9	-934.9	-7.1
Other	17,537.2	20,164.1	14,556.2	-5,607.9	-27.8
Other Financing Uses	868.5	1,879.6	4,417.7	2,538.1	135.0
TOTAL USES	52,169.4	62,569.2	59,448.9	-3,120.3	-5.0
FTE					
Permanent	414.00	421.00	431.00	10.00	2.4
Term	39.00	42.00	42.00	0.00	0.0
Temporary	52.00	48.00	48.00	0.00	0.0
TOTAL FTE POSITIONS	505.00	511.00	521.00	10.00	2.0

Renewable Energy and Energy Efficiency (Dollars in Thousands)					
	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY08	
				<u>Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	765.0	856.8	1,136.6	279.8	32.7
Federal Revenues	1,220.0	1,455.9	550.8	-905.1	-62.2
Other Revenues	89.9	479.1	0.0	-479.1	-100.0
TOTAL SOURCES	2,074.9	2,791.8	1,687.4	-1,104.4	-39.6
USES					
Personal Services and Employee Benefits	992.6	1,101.7	1,272.9	171.2	15.5
Contractual Services	963.7	1,402.2	325.9	-1,076.3	-76.8
Other	118.6	287.9	88.6	-199.3	-69.2
TOTAL USES	2,074.9	2,791.8	1,687.4	-1,104.4	-39.6
FTE					
Permanent	9.00	9.00	11.00	2.00	22.2
Term	2.00	2.00	2.00	0.00	0.0
Temporary	2.00	0.00	0.00	0.00	***
TOTAL FTE POSITIONS	13.00	11.00	13.00	2.00	18.2

Healthy Forests
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u>	
				<u>Dollar</u>	<u>Percent</u>
				<u>Change</u>	<u>Change</u>
SOURCES					
General Fund Transfers	3,172.9	3,387.8	3,394.4	6.6	0.2
Federal Revenues	8,415.3	9,771.1	3,944.8	-5,826.3	-59.6
Other Revenues	1,050.5	581.9	564.0	-17.9	-3.1
Fund Balance	0.0	0.0	99.3	99.3	***
TOTAL SOURCES	12,638.7	13,740.8	8,002.5	-5,738.3	-41.8
USES					
Personal Services and					
Employee Benefits	3,760.9	3,863.0	3,993.9	130.9	3.4
Contractual Services	1,925.5	2,635.2	1,750.0	-885.2	-33.6
Other	6,951.8	7,242.6	2,258.6	-4,984.0	-68.8
TOTAL USES	12,638.2	13,740.8	8,002.5	-5,738.3	-41.8
FTE					
Permanent	54.00	57.00	57.00	0.00	0.0
Term	11.00	11.00	11.00	0.00	0.0
TOTAL FTE POSITIONS	65.00	68.00	68.00	0.00	0.0

State Parks
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u>	
				<u>Dollar</u>	<u>Percent</u>
				<u>Change</u>	<u>Change</u>
SOURCES					
General Fund Transfers	9,429.3	10,574.1	11,526.9	952.8	9.0
Other Transfers	0.0	0.0	2,499.2	2,499.2	***
Federal Revenues	2,304.3	7,721.5	5,829.5	-1,892.0	-24.5
Other Revenues	10,113.7	9,857.9	8,334.3	-1,523.6	-15.5
Fund Balance	0.0	0.0	1,400.0	1,400.0	***
TOTAL SOURCES	21,847.3	28,153.5	29,589.9	1,436.4	5.1
USES					
Personal Services and					
Employee Benefits	11,386.3	12,397.9	12,545.3	147.4	1.2
Contractual Services	779.6	4,646.8	3,978.2	-668.6	-14.4
Other	8,913.8	11,108.8	10,567.2	-541.6	-4.9
Other Financing Uses	0.0	0.0	2,499.2	2,499.2	***
TOTAL USES	21,079.7	28,153.5	29,589.9	1,436.4	5.1
FTE					
Permanent	229.00	233.00	237.00	4.00	1.7
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	283.00	287.00	291.00	4.00	1.4

		Mine Reclamation (Dollars in Thousands)			FY08	
		FY06	FY07	Recom-	<u>Budget to Recommendation</u>	
		<u>Actuals</u>	<u>Budget</u>	men-	Dollar	Percent
				dation	Change	Change
SOURCES						
	General Fund Transfers	384.8	411.0	445.1	34.1	8.3
	Other Transfers	801.2	0.0	0.0	0.0	***
	Federal Revenues	3,082.0	3,130.9	3,072.6	-58.3	-1.9
	Other Revenues	0.0	811.3	915.8	104.5	12.9
	TOTAL SOURCES	4,268.0	4,353.2	4,433.5	80.3	1.8
USES						
	Personal Services and					
	Employee Benefits	2,178.2	2,310.1	2,458.2	148.1	6.4
	Contractual Services	1,748.7	1,753.4	1,598.9	-154.5	-8.8
	Other	321.6	289.7	376.4	86.7	29.9
	TOTAL USES	4,248.5	4,353.2	4,433.5	80.3	1.8
FTE						
	Permanent	16.00	16.00	16.00	0.00	0.0
	Term	15.00	15.00	15.00	0.00	0.0
	TOTAL FTE POSITIONS	31.00	31.00	31.00	0.00	0.0

		Oil and Gas Conservation (Dollars in Thousands)			FY08	
		FY06	FY07	Recom-	<u>Budget to Recommendation</u>	
		<u>Actuals</u>	<u>Budget</u>	men-	Dollar	Percent
				dation	Change	Change
SOURCES						
	General Fund Transfers	4,110.0	4,111.0	4,283.3	172.3	4.2
	Other Transfers	0.0	0.0	80.0	80.0	***
	Federal Revenues	313.7	373.3	358.0	-15.3	-4.1
	Other Revenues	3,192.8	3,243.9	5,100.0	1,856.1	57.2
	TOTAL SOURCES	7,616.5	7,728.2	9,821.3	2,093.1	27.1
USES						
	Personal Services and					
	Employee Benefits	3,739.5	4,180.3	4,322.3	142.0	3.4
	Contractual Services	2,942.7	2,633.9	4,503.3	1,869.4	71.0
	Other	878.1	795.5	877.2	81.7	10.3
	Other Financing Uses	18.8	118.5	118.5	0.0	0.0
	TOTAL USES	7,579.1	7,728.2	9,821.3	2,093.1	27.1
FTE						
	Permanent	61.00	61.00	64.00	3.00	4.9
	Term	2.00	5.00	5.00	0.00	0.0
	TOTAL FTE POSITIONS	63.00	66.00	69.00	3.00	4.5

Leadership and Support Program
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar Change	Percent Change
SOURCES					
General Fund Transfers	3,007.4	3,212.6	3,312.1	99.5	3.1
Other Transfers	0.0	0.0	50.0	50.0	***
Federal Revenues	1,456.2	2,539.1	2,552.2	13.1	0.5
Other Revenues	93.2	50.0	0.0	-50.0	-100.0
TOTAL SOURCES	4,556.8	5,801.7	5,914.3	112.6	1.9
USES					
Personal Services and Employee Benefits	3,336.4	3,564.7	3,709.5	144.8	4.1
Contractual Services	9.6	36.3	16.6	-19.7	-54.3
Other	353.3	439.6	388.2	-51.4	-11.7
Other Financing Uses	849.7	1,761.1	1,800.0	38.9	2.2
TOTAL USES	4,549.0	5,801.7	5,914.3	112.6	1.9
FTE					
Permanent	45.00	45.00	46.00	1.00	2.2
Term	3.00	3.00	3.00	0.00	0.0
Temporary	2.00	0.00	0.00	0.00	***
TOTAL FTE POSITIONS	50.00	48.00	49.00	1.00	2.1

Performance Measures

		FY06 <u>Target</u>	FY06 <u>Result</u>	FY07 <u>Target</u>	FY08 <u>Recomm</u>
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	12,371,850	19,991,908	13,023,000	13,708,000
Outcome	Percent decrease in gasoline consumption by state and local government fleets through the application of alternative transportation fuel technologies	10%	20%	15%	15%
Outcome	Percent reduction in energy use in public facilities receiving energy, minerals, and natural resources department funding for efficiency retrofit projects	5%	20%	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	5%	N/A		
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	2	N/A		
Outcome	Percent of inventoried alternative energy projects evaluated annually 30%				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 technical fire training appropriate to their incident command system	500	1,384	500	500
Output	Number of fire and insect vulnerability assessments and number of implemented mitigation programs in high-risk communities	47 of 217	57		
Outcome	Percent of at-risk communities assisted in mitigating and protecting their communities from the effects of catastrophic wildfire			25%	25%

		<u>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 Recomm</u>
Output	Number of agreements established, workshops and training conducted and plans developed to support and maintain small diameter and woody biomass industries			15	15
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.					
Explanatory	Number of visitors to state parks	4,000,000	4,157,169	4,000,000	4,000,000
Explanatory	Self-generated revenue per visitor, in dollars	\$0.86	\$0.94	\$0.83	\$0.94
Output	Number of interpretive programs available to park visitors	2,500	2,285	2,500	2,500
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	6	N/A		
Outcome	Percent of permitted mines with approved reclamation plans and adequate financial assurance posted to cover the cost of reclamation			96%	100%
Outcome	Percent of required inspections conducted per year to ensure mining is being conducted in compliance with approved permits and regulations			100%	100%
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	60	35		
Outcome	Percent of inventoried orphaned wells plugged annually	30%	27.8%	25%	30%
Output	Number of inspections of oil and gas wells and associated facilities	24,750	28,553	21,750	28,000
Efficiency	Percent of remediation plans for major releases approved within sixty days after notification	75%	N/A		
Outcome	Percent reduction in number of spills caused by infrastructure failures	5%	N/A		
Efficiency	Percent of applications for administrative orders reviewed within thirty days	80%	80%		
Output	Number of formal notices of violation issued	84	80		
Outcome	Percentage of violations resolved in ninety days	95%	N/A		
Explanatory	Number of inventoried orphaned wells statewide			21,750	21,750
Explanatory	Number of complaints received from landowners or lessees regarding split-estate or producer impact activities			12	12
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	95%	N/A	100%	100%
Output	Number of waste isolation pilot plant related emergency responder and shipment inspection trainings and practice exercises conducted	40	N/A	40	40
Outcome	Percent of time local area computer network is available	95%	N/A	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 and enhancement of the State’s natural resources with lasting community benefits.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	0.0	0.0	***
Total Sources	2,408.9	2,421.5	0.5
Program			
Youth Conservation Corps	2,408.9	2,421.5	0.5
Total Uses	2,408.9	2,421.5	0.5
FTE	2.00	2.00	0.0

- The Executive recommendation provides additional funding of \$10.0 for the agency to expand its marketing efforts statewide.
- The recommendation also provides an additional \$2.6 to cover increases in GSD rates.

Agency Mission and Program Purpose

The Corps provides employment for young persons in public projects that conserve New Mexico's natural resources and provide community benefits of lasting value. The Corps is administratively attached to the Energy, Minerals and Natural Resources Department (EMNRD).

To be eligible to work for the Corps a person must be a New Mexico resident, unemployed and between the ages of 14 and 25.

Statutory Authority: Sections 9-5B-1 through 9-5B-11 NMSA 1978.

Executive Recommendation

Agency Strategic Directions

The Youth Conservation Corps works towards ensuring the Executive's performance and accountability policy, *A Safer New Mexico*, by developing employment opportunities for at-risk youth in collaboration with local service organizations.

Key Elements of Recommendation

The Executive recommendation for this agency provides for additional funding of \$2.6 to cover increases in GSD rates and an additional \$10.0 promote the services of the Youth Conservation Corps.

Performance Report

In FY06, YCC participated in 32 projects at a total cost of \$2,763.0. These projects provided short-term employment and job skill training for 546 youths. Projects around New Mexico include watershed protection, fire prevention, a regional Hispanic Heritage Park and a cultural project related to the study of the Tewa language sponsored by the Indigenous Language Institute.

The Youth Conservation Corps Act allows for Corps members to receive an additional \$500 cash bonus or a \$1,500 tuition voucher good at any New Mexico institution of higher education. To qualify, a Corps member must serve for a period not to exceed 48 months and must have received satisfactory evaluations throughout their employment. The educational tuition voucher is valid for two years. In FY06, 11 awards were granted. In FY07 YCC will use more web-based systems to promote program services and to better track Corps member service credits. YCC will also provide a new web-based proposal process, which is intended to increase the number and quality of project proposals.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY08	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
Other Revenues	2,591.4	2,408.9	2,421.5	12.6	0.5
TOTAL SOURCES	2,591.4	2,408.9	2,421.5	12.6	0.5
USES					
Personal Services and Employee Benefits	128.7	135.2	139.8	4.6	3.4
Contractual Services	2,281.7	2,175.9	2,174.5	-1.4	-0.1
Other	50.8	47.8	57.2	9.4	19.7
Other Financing Uses	50.0	50.0	50.0	0.0	0.0
TOTAL USES	2,511.2	2,408.9	2,421.5	12.6	0.5
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>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 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	40	32	45	45
Outcome	Percent of projects completed during the year	90%	92%	95%	95%
Output	Number of youth employed annually	500	546	625	625
Outcome	Percent of grant awards used toward wages for corps members	65%	75%	65%	75%
Outcome	Percent of training hours to total hours provided to corps members	12%	10%	15%	
Output	Number of cash bonuses and tuition vouchers awarded	15	11	18	18

Executive Summary

The Intertribal Ceremonial Office administers and promotes an annual intertribal ceremonial.

	FY07 Operating Budget	FY08 Recommendation	% Change
General Fund	175.0	175.0	0.0
Total Sources	175.0	175.0	0.0
Program			
Intertribal Ceremonial Office	175.0	175.0	0.0
Total Uses	175.0	175.0	0.0
FTE	2.00	2.00	0.0

- The Executive supports this office with \$175.0 in General Fund for FY08.

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. It 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 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 for this agency includes 2 FTE and recurring funding of \$175.0 in General Fund originally provided in Laws 2006, Chapter 110.

Performance Report

The Tourism Department, in conjunction with the Department of Finance and Administration and the Legislative Finance Committee, created measures for this agency during the 2006 interim. These measures will help monitor the progress of this reestablished agency, and will be adjusted accordingly over the next several fiscal years.

Budget Summary Tables

		Agency Budget Summary (Dollars in Thousands)			FY08	
		FY06 <u>Actuals</u>	FY07 <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	47.5	175.0	175.0	0.0	0.0
	TOTAL SOURCES	47.5	175.0	175.0	0.0	0.0
USES						
	Personal Services and Employee Benefits	0.0	90.0	102.0	12.0	13.3
	Contractual Services	0.0	75.0	63.0	-12.0	-16.0
	Other	47.5	10.0	10.0	0.0	0.0
	TOTAL USES	47.5	175.0	175.0	0.0	0.0
FTE						
	Permanent	0.00	2.00	2.00	0.00	0.0
	TOTAL FTE POSITIONS	0.00	2.00	2.00	0.00	0.0

Performance Measures

		FY06 <u>Target</u>	FY06 <u>Result</u>	FY07 <u>Target</u>	FY08 <u>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		17,503	18,500	20,000
Output	Dollar value of sponsorships		\$114,600	\$135,000	\$150,000
Outcome	Percent of operating revenue sources other than general fund				10%
Output	Number of sponsorships		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 the other beneficiary institutions while also protecting and preserving the lands for future generations.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	0.0	0.0	***
Total Sources	13,276.2	13,386.2	0.8
Program			
Commissioner of Public Lands	13,276.2	13,386.2	0.8
Total Uses	13,276.2	13,386.2	0.8
FTE	155.00	155.00	0.0

- The Executive recommendation incorporates a 2% vacancy rate in personnel services and benefits.

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 office 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 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.

Administrative Services administers and manages performance reviews, planning, budget, finance and accounting. It also oversees the print shop, 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 continues to increase the revenue generated from the utilization of public lands and resources to the Land Grant Permanent Fund, and the State's beneficiaries, such as public schools, universities and hospitals across New Mexico.

Key Elements of Recommendation

The Executive recommendation supports the agency's request which provides funding of \$13,356.2 in other state funds and assumes a 2% vacancy rate. Overall increases for the State Land Office include higher GSD rates associated with its use of the ONGARD system, as well as reallocating its base funding from the other category to personal services and employee benefits, and contractual services.

Performance Report

The State Land Office set new records for revenue collection during FY06. A record \$495.2 million in revenue was collected, processed and deposited. Over \$13.3 million of the total for FY06 came from audits which found underpayments from lease holders, and a record \$57.4 million due to bonus earnings on oil and gas leases issued by the agency during competitive bids. The value of state trust lands which are leased for oil and gas activities, mineral activities, as well as commercial and agricultural use has increased due to cyclical highs associated with supply and demand, natural disasters and world events.

Of the total amount collected for FY06, \$493.8 million in revenue was distributed to beneficiaries. The State Land Office plans to continue its internal goal to audit 80% of oil and gas royalties in four to five year cycles in FY07. The advancement and development of renewable energy supplies on state trust lands is a continuing goal for FY07.

The agency continues to exceed its targets with the exception of the number of lease and attachment documents imaged. The State Land Office is undergoing internal changes in the way it processes imaged documents. While it only made 40% of its performance measure for FY06, the agency is confident that it will meet its targets in the future once its new system is operational.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	0.0	0.0	30.0	30.0	***
Other Revenues	12,938.2	13,276.2	13,356.2	80.0	0.6
TOTAL SOURCES	12,938.2	13,276.2	13,386.2	110.0	0.8
USES					
Personal Services and Employee Benefits	8,664.6	9,784.4	9,825.1	40.7	0.4
Contractual Services	661.1	413.5	858.2	444.7	107.5
Other	1,508.6	2,561.2	2,185.8	-375.4	-14.7
Other Financing Uses	665.7	517.1	517.1	0.0	0.0
TOTAL USES	11,500.0	13,276.2	13,386.2	110.0	0.8
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>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 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	\$240.1	\$495.2	\$300.9	\$450.0
Output	Percent of total trust revenue generated allocated to beneficiaries		97%	96%	97%
Outcome	Bonus income per leased acre from oil and gas activities	\$106.29	\$255.69	\$160.66	\$225.00
Outcome	Dollars generated through oil, natural gas and mineral audit activities, in millions	\$5.0	\$13.3	\$5.0	\$5.0
Output	Average income per acre from oil, natural gas and mineral activities	\$74.90	\$131.76	\$95.04	\$125.00
Output	Average income per acre from agriculture leasing activities	\$93	\$97	\$92	\$95
Output	Average income per acre from commercial leasing activities	\$19.32	\$19.70	\$19.32	\$22.80
Output	Number of lease and attachment documents imaged	600,000	237,800	900,000	600,000

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.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	22,000.7	27,703.6	25.9
Total Sources	46,764.7	53,051.0	13.4
Program			
Irrigation Works Construction Fund	7,380.3	7,670.4	3.9
Debt Service Fund	270.0	270.0	0.0
Hydrographic Income Fund	7,050.0	7,050.0	0.0
Improvement to the Rio Grande Income Fund	935.0	935.0	0.0
Water Resource Allocation Program	10,833.6	12,886.9	19.0
Interstate Stream Compact Compliance	9,716.8	13,181.5	35.7
Litigation and Adjudication	6,804.8	7,018.7	3.1
Program Support	3,774.2	4,038.5	7.0
Total Uses	46,764.7	53,051.0	13.4
FTE	331.00	356.00	7.6

- The Hearing Unit consisting of three FTEs is moved from the Litigation and Adjudication Program to Program Support.
- The recommendation supports \$4,615.9 in General Fund expansions to build several important and on-going activities previously funded through nonrecurring appropriations into the agency's base budget and relieve the agency's over-burdened trust funds.
- Four additional General Fund expansions to increase service levels include: \$300.0 for three additional water masters; \$400.0 to update regional water plans; \$62.6 and one FTE for an assistant Ute reservoir dam caretaker; and \$269.9 and four FTE to establish a Middle Rio Grande bureau in the Litigation and Adjudication Program.

Agency Mission and Program Purpose

The Office of the State Engineer (OSE) and the Interstate Stream Commission (ISC) are charged with administering the State's water resources and actively protecting and managing beneficial use of water by its citizens, in accordance with law. They have authority over the supervision, measurement, appropriation and distribution of the surface and ground water in New Mexico, including streams and rivers that cross state boundaries. The State Engineer also serves as the secretary to the Interstate Stream Commission. The Interstate Stream Commission's staff and budget are functionally aligned under the State Engineer as the Interstate Compact Compliance and Water Development Program, which is described below.

Agency Trust Funds

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.

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.

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.

Statutory Authority: Sections 72-2-1 through 72-2-18 and 72-14-1 through 72-14-23 NMSA 1978.

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 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

This Program provides and coordinates administrative and management support services to the OSE/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 help to achieve the Executive'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 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 update the plan every five years.

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 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, Chapter 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 supervise 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 and water rights litigation 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 from past to present and into the future. The WATERS database is a geographic information system (GIS) 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, which amounts to 52% of all currently known water rights files.

The third 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 regulations. General framework and water master district-specific rules and regulations 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 eleven fundamental statewide common priorities related to water. There are currently eleven active water rights adjudication lawsuits 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, and 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 eleven 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 staff of the United States District Court for New Mexico to prioritize allocation of available resources in order to facilitate completion of the active adjudications of Rio Pueblo de Taos/Rio Hondo, Rio Chama, Rio Santa Cruz/Rio Truchas and the Zuni River water rights.

A third initiative is adjudication procedures reform. OSE attorneys are working with the New Mexico Supreme Court Ad Hoc Stream Adjudication Rules Committee 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 water rights claims of Indian Pueblos and the Navajo Nation in three separate adjudications that involve the Pueblos of Nambe, Pojoaque, Tesuque and San Ildefonso; the Navajo Nation; and Taos Pueblo. The Mescalero Apache, with a minor exception, and Jicarilla Apache have had their claims adjudicated.

With regard to the Aamodt Settlement, on February 5, 2004, the settlement parties released for public review a draft proposed settlement agreement and a briefing paper on the proposed settlement. Significant community opposition was immediately heard. On January 12, 2005, the United States Government indicated that it would be unwilling to fund the proposed settlement. Negotiations nevertheless continued, and on June 1, 2005, the Executive announced that a conceptual agreement had been reached between the negotiating parties which attempted to address both the concerns of the community and the funding shortfalls. The settlement agreement has since been revised along those lines and a final revised settlement agreement has been developed and awaits federal funding.

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. The settlement agreement 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 and Department of Justice officials and the New Mexico congressional delegation to refine the federal legislation that will be needed to authorize the Navajo-Gallup Water Supply Project and to approve the settlement agreement.

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 continues to participate in the International Boundary and Water Commission to work with Mexico on water-related issues as required by treaty.

Key Elements of Recommendation

The recommendation substantially expands the agency's recurring operating activities and level of service as part of the Executive's budget in the Year of Water. The majority of the increases build several important and on-going activities previously funded through nonrecurring appropriations into the agency's base budget. They will allow the agency to increase the rate of water rights application processing, to continue to develop an electronic database of all water rights in the state, ensure the State can meet its interstate delivery requirements and maximize the amount of water available to New Mexico users while providing good environmental stewardship. The three additional expansions will improve the agency's ability to fulfill its mission.

The Executive recommendation provides four General Fund expansions to the Water Resource Allocation Program: \$900.0, 5.5 permanent and 2.5 term FTE to continue entering information into WATERS, an electronic database of all water rights in the state; \$250.0 and four FTE to address the backlog of water rights applications and to increase the rate of processing; \$500.0 and four perm FTE to continue groundwater monitoring and consumptive use studies in support of AWRM and adjudication efforts; and \$300.0 and three FTE to increase the number of AWRM water masters across the state.

The Executive recommendation supports four General Fund expansions in the Interstate Stream Compact and Compliance and Water Development Program: \$1,500.0 in contractual services to allow New Mexico to proactively engage the Endangered Species Act and National Environmental Policy Act processes to encourage water use decisions that meet both human and environmental goals; \$1,465.9 to fund improvements to the Rio Grande that continue to minimize evaporation and non-beneficial uses of water thereby increasing the amount of water available for use by New Mexico; \$400.0 to update regional water plans; and \$62.6 and one FTE for an assistant Ute reservoir dam caretaker. The Executive recommendation also converts one currently funded term Eagle Nest dam caretaker position to permanent status.

In the Litigation and Adjudication Program the Executive recommendation provides one expansion of \$269.9 and four FTE. This expansion will be used to establish middle Rio Grande Bureau. The new bureau will allow the agency to begin the process of adjudicating water rights in the Middle Rio Grande.

In addition, the Executive recommendation reallocates General Fund and uses slightly increased overall non-General Fund revenues to make relatively minor inter-program changes. The recommendation moves the Hearing Unit's three staff and associated expenses from the Litigation and Adjudication Program to Program Support, maintains prior year transfers from the Department of Game and Fish to the agency for two dam caretaker FTE, and imposes vacancy rates between three and six and a half percent that vary by program and are lower than actual vacancy rates experienced by each program.

A key challenge for OSE is the depletion of the agency's trust funds. By 1998, the two funds had accumulated a reserve balance of approximately \$40 million, but since that time both have continuously decreased because of appropriations out of the funds to meet expenses associated with a number of activities, including federal mandates such as the Endangered Species Act and the National Environmental Protection Act. The agency relies on these trust funds to cover a substantial portion of its operating expenses. In FY08, the recommendation for the IRGIF trust fund maintains the FY07 reduced expenditure level below projected revenues in order to allow the fund to replenish its fund balance. While the recommendation for the IWCF trust fund increases expenditures slightly above FY07 levels, FY08 expenditures still remain below longer-term historic expenditure levels.

Performance Report

The Executive recommends retaining or increasing application processing targets for the Water Resource Allocation Program based on FY06 actuals. The targets for the two measures having to do with the backlog of unprotested and unaggrieved water rights applications and for protested and aggrieved water rights applications have been increased 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 of applications abstracted into the WATERS database has been raised to 58%, and the targets for 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 93%, 65% and 60%, 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 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 inter-state compact delivery requirements. New this year are two measures relating to the implementation phase of the Pecos Settlement. The Executive recommends targeting completion of both activities prior to the end of FY08 as shown by 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 FY08 target of 1,000 for the number of offers to defendants in adjudications measure is a reduction from both FY07 and FY06 to take into account that 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 set at 45%. This target represents an increase of four percentage points over FY06 results and is in line with the performance gains experienced between FY05 and FY06.

The number of water rights needing adjudication is ever-increasing and even this relatively small increase in the percentage with judicial determinations may prove to prove challenging to achieve.

Recommended Language for the General Appropriation Act

For the Water Resource Allocation Program:

The internal services funds/interagency transfers appropriations to the water resource allocation program of the state engineer include one hundred forty-seven thousand six hundred dollars (\$147,600) from the improvement of the Rio Grande income fund and four hundred twenty-nine thousand eight hundred dollars (\$429,800) from the irrigation works construction fund.

For the Interstate Stream Compact Compliance and Water Development Program:

The internal services funds/interagency transfers appropriations to the interstate stream compact compliance and water development program of the state engineer include seven hundred eighty-two thousand six hundred dollars (\$782,600) from the improvement of the Rio Grande income fund and four million eight hundred sixty-three thousand seven hundred dollars (\$4,863,700) from the irrigation works construction fund.

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 a transfer from the department of game and fish for Ute dam operation. Any unexpended balance remaining at the end of fiscal year 2008 from this appropriation shall revert to the game protection fund.

The internal services funds/interagency transfers appropriation to the interstate stream compact compliance and water development program of the state engineer includes eighty two thousand three hundred dollars (\$82,300) from a transfer from the department of game and fish for Eagle Nest dam operation. Any unexpended balance remaining at the end of fiscal year 2008 from this appropriation shall revert to the game protection fund.

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.

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.

The appropriations to the irrigation works construction 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 eighty-twenty 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 other than loans may be used to meet the association's twenty percent share of the total cost of the project; and (2) 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.

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.

For the Litigation and Adjudication Program:

The internal services funds/interagency transfers appropriations to the litigation and adjudication program of the state engineer include one million nine hundred thirteen thousand dollars (\$1,913,000) from the irrigation works construction fund.

For Program Support:

The internal services funds/interagency transfers appropriations to the program support program of the state engineer include four hundred sixty-three thousand nine hundred dollars (\$463,900) from the irrigation works construction fund.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY08	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	19,415.7	22,000.7	27,703.6	5,702.9	25.9
Other Transfers	26,122.7	17,584.1	17,899.2	315.1	1.8
Federal Revenues	41.3	0.0	0.0	0.0	***
Other Revenues	1,438.2	735.9	639.1	-96.8	-13.2
Fund Balance	44,108.8	6,444.0	6,809.1	365.1	5.7
TOTAL SOURCES	91,126.7	46,764.7	53,051.0	6,286.3	13.4

Agency Budget Summary
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
USES					
Personal Services and Employee Benefits	20,596.8	21,635.0	22,638.1	1,003.1	4.6
Contractual Services	11,483.5	5,220.5	9,478.0	4,257.5	81.6
Other	21,094.1	4,543.9	5,279.5	735.6	16.2
Other Financing Uses	18,975.0	15,365.3	15,655.4	290.1	1.9
TOTAL USES	72,149.4	46,764.7	53,051.0	6,286.3	13.4
FTE					
Permanent	296.00	331.00	353.50	22.50	6.8
Term	0.00	0.00	2.50	2.50	***
TOTAL FTE POSITIONS	296.00	331.00	356.00	25.00	7.6

IWCF
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
Other Transfers	4,479.5	1,871.3	1,796.3	-75.0	-4.0
Other Revenues	599.1	0.0	0.0	0.0	***
Fund Balance	5,188.7	5,509.0	5,874.1	365.1	6.6
TOTAL SOURCES	10,267.3	7,380.3	7,670.4	290.1	3.9
USES					
Other Financing Uses	10,267.3	7,380.3	7,670.4	290.1	3.9
TOTAL USES	10,267.3	7,380.3	7,670.4	290.1	3.9
FTE					
TOTAL FTE POSITIONS	0.00	0.00	0.00	0.00	***

Debt Service Fund
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation Dollar Change</u>	<u>Percent Change</u>
SOURCES					
Other Transfers	270.0	270.0	270.0	0.0	0.0
TOTAL SOURCES	270.0	270.0	270.0	0.0	0.0
USES					
Other	0.0	270.0	270.0	0.0	0.0
Other Financing Uses	270.0	0.0	0.0	0.0	***
TOTAL USES	270.0	270.0	270.0	0.0	0.0
FTE					
TOTAL FTE POSITIONS	0.00	0.00	0.00	0.00	***

Hydrographic Income Fund
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
Other Transfers	7,914.6	7,050.0	7,050.0	0.0	0.0
TOTAL SOURCES	7,914.6	7,050.0	7,050.0	0.0	0.0
USES					
Other Financing Uses	6,678.5	7,050.0	7,050.0	0.0	0.0
TOTAL USES	6,678.5	7,050.0	7,050.0	0.0	0.0
FTE					
TOTAL FTE POSITIONS	0.00	0.00	0.00	0.00	***

IRGIF
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
Other Transfers	1,400.6	0.0	0.0	0.0	***
Other Revenues	149.9	0.0	0.0	0.0	***
Fund Balance	215.3	935.0	935.0	0.0	0.0
TOTAL SOURCES	1,765.8	935.0	935.0	0.0	0.0
USES					
Other Financing Uses	1,759.2	935.0	935.0	0.0	0.0
TOTAL USES	1,759.2	935.0	935.0	0.0	0.0
FTE					
TOTAL FTE POSITIONS	0.00	0.00	0.00	0.00	***

Water Resource Allocation
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	8,192.8	9,735.2	11,785.3	2,050.1	21.1
Other Transfers	589.5	577.4	577.4	0.0	0.0
Federal Revenues	41.3	0.0	0.0	0.0	***
Other Revenues	474.3	521.0	524.2	3.2	0.6
Fund Balance	2,750.8	0.0	0.0	0.0	***
TOTAL SOURCES	12,048.7	10,833.6	12,886.9	2,053.3	19.0
USES					
Personal Services and Employee Benefits	9,158.2	9,534.8	10,362.2	827.4	8.7
Contractual Services	1,186.1	450.0	1,062.0	612.0	136.0
Other	1,617.6	848.8	1,462.7	613.9	72.3
TOTAL USES	11,961.9	10,833.6	12,886.9	2,053.3	19.0
FTE					
Permanent	135.00	162.00	178.50	16.50	10.2
Term	0.00	0.00	2.50	2.50	***
TOTAL FTE POSITIONS	135.00	162.00	181.00	19.00	11.7

**Interstate Stream Compact Compliance and Water Development
(Dollars in Thousands)**

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u>	
				Dollar <u>Change</u>	Percent <u>Change</u>
SOURCES					
General Fund Transfers	3,094.5	3,773.3	7,238.0	3,464.7	91.8
Other Transfers	9,218.8	5,728.6	5,828.6	100.0	1.7
Other Revenues	214.9	214.9	114.9	-100.0	-46.5
Fund Balance	35,386.1	0.0	0.0	0.0	***
TOTAL SOURCES	47,914.3	9,716.8	13,181.5	3,464.7	35.7
USES					
Personal Services and Employee Benefits	3,672.6	3,988.2	4,050.6	62.4	1.6
Contractual Services	8,316.7	3,080.7	6,455.1	3,374.4	109.5
Other	18,377.3	2,647.9	2,675.8	27.9	1.1
TOTAL USES	30,366.6	9,716.8	13,181.5	3,464.7	35.7
FTE					
Permanent	45.00	53.00	55.00	2.00	3.8
TOTAL FTE POSITIONS	45.00	53.00	55.00	2.00	3.8

**Litigation and Adjudication
(Dollars in Thousands)**

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u>	
				Dollar <u>Change</u>	Percent <u>Change</u>
SOURCES					
General Fund Transfers	4,892.4	5,131.6	5,105.7	-25.9	-0.5
Other Transfers	1,826.3	1,673.2	1,913.0	239.8	14.3
Fund Balance	184.0	0.0	0.0	0.0	***
TOTAL SOURCES	6,902.7	6,804.8	7,018.7	213.9	3.1
USES					
Personal Services and Employee Benefits	4,545.1	4,968.1	4,922.2	-45.9	-0.9
Contractual Services	1,723.6	1,469.9	1,731.0	261.1	17.8
Other	571.8	366.8	365.5	-1.3	-0.4
TOTAL USES	6,840.5	6,804.8	7,018.7	213.9	3.1
FTE					
Permanent	75.00	75.00	76.00	1.00	1.3
TOTAL FTE POSITIONS	75.00	75.00	76.00	1.00	1.3

**Program Support
(Dollars in Thousands)**

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u>	
				Dollar <u>Change</u>	Percent <u>Change</u>
SOURCES					
General Fund Transfers	3,236.0	3,360.6	3,574.6	214.0	6.4
Other Transfers	423.4	413.6	463.9	50.3	12.2
Fund Balance	383.9	0.0	0.0	0.0	***
TOTAL SOURCES	4,043.3	3,774.2	4,038.5	264.3	7.0
USES					
Personal Services and Employee Benefits	3,220.9	3,143.9	3,303.1	159.2	5.1
Contractual Services	257.1	219.9	229.9	10.0	4.5
Other	527.4	410.4	505.5	95.1	23.2
TOTAL USES	4,005.4	3,774.2	4,038.5	264.3	7.0

**Program Support
(Dollars in Thousands)**

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Dollar Change</u>	<u>Percent Change</u>
FTE					
Permanent	41.00	41.00	44.00	3.00	7.3
TOTAL FTE POSITIONS	41.00	41.00	44.00	3.00	7.3

Performance Measures

		<u>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 Recomm</u>
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 unprotected new and pending applications processed per month	75	67	80	80
Output	Average number of protested and aggrieved applications processed per month	12	11	12	12
Explanatory	Number of unprotected and unaggrieved water right applications backlogged	600	765	600	800
Explanatory	Number of protested and aggrieved water rights backlogged	175	246	198	300
Outcome	Percent of applications abstracted into the water administration technical engineering resource system database	50%	50.9%	54%	58%
Outcome	Percent readiness to perform active water resource management within lower San Juan river basin	60%	89%	65%	93%
Outcome	Percent readiness to perform active water resource management within lower Pecos river basin	50%	51%	60%	65%
Outcome	Percent readiness to perform active water resource management within lower Rio Grande river basin	45%	51%	55%	60%

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	41,200	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	37,100	0	0

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	2,200	1,733	1,800	1,000
Outcome	Percent of all water rights that have judicial determinations	30%	41%	40%	45%

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%
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Executive Summary

The Organic Commodity Commission certifies organic products and is an advocate for organic production in New Mexico.

	FY07 Operating Budget	FY08 Recommendation	% Change
General Fund	289.0	293.8	1.7
Total Sources	375.0	379.8	1.3
Program			
Organic Commodity Commission	375.0	379.8	1.3
Total Uses	375.0	379.8	1.3
FTE	4.00	4.00	0.0

- The recommendation provides an additional \$4.8 in General Fund to cover increases in GSD rates.
- The Executive recommendation does not assume any vacancy savings for this agency in FY08.

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; 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. 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 Commission 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 Commission 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.

Key Elements of Recommendation

The Executive recommendation supports a \$4.8 General Fund increase for GSD rates and services.

Performance Report

In FY06, OCC maintained its accreditation within the National Organic Program, which is required for an agency to operate as a certifier of organically grown foods within the United States. OCC also retained accreditation within the International Organization for Standardization, which allows large-scale organic commodity producers to export New Mexico crops to the European Union. This has in turn attracted large-scale commodity producers to certify with the OCC rather than out-of-state agencies, and therefore increasing the agencies revenues.

Budget Summary Tables

	Agency Budget Summary (Dollars in Thousands)				
	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY08	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	271.7	289.0	293.8	4.8	1.7
Other Transfers	27.0	0.0	66.0	66.0	***
Federal Revenues	5.4	86.0	20.0	-66.0	-76.7
TOTAL SOURCES	304.1	375.0	379.8	4.8	1.3
USES					
Personal Services and Employee Benefits	198.5	215.1	216.4	1.3	0.6
Contractual Services	46.8	85.8	79.4	-6.4	-7.5
Other	58.8	74.1	84.0	9.9	13.4
TOTAL USES	304.1	375.0	379.8	4.8	1.3
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

		<u>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 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%	10%	15%	15%
Output	Number of organic farms that are inspected annually 100%	100%	100%	100%	100%
Output	Number of certified organic businesses	120	160	120	160
Output	Number of spot-checks performed	20	25	20	25
Output	Number of attendees at the annual organic farming conference	400	450	500	500
Output	Number of client requests for assistance	400	500	400	550

Executive Summary

The Commission on the Status of Women addresses women's issues and promotes women's self-sufficiency.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	560.2	590.4	5.4
Total Sources	2,103.9	2,134.1	1.4
Program			
Commission on the Status of Women	2,103.9	2,134.1	1.4
Total Uses	2,103.9	2,134.1	1.4
FTE	14.00	14.00	0.0

- The Executive recommendation reflects a 5.4% increase in General Fund to adequately fund GSD rate increases.

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. These include: reduced income; high rate of unemployment due to age, lack of work experience and 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 of 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 program 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.

In 2005, the Commission added a new activity called "Year of the New Mexico Girl." This activity encompasses a conference and numerous activities directly focused on issues affecting New Mexico girls, as determined by 2,000 survey responses from girls around the state. CSW will repeat this conference for New Mexico girls on an annual basis beginning in 2006. In addition, the Commission has been successful in securing the host bid for the "National Year of the Girl" conference in Albuquerque in July 2008.

Statutory Authority: Sections 28-3-1 through 28-3-11 NMSA 1978.

Executive Recommendation

Agency Strategic Directions

In FY06, the Commission on the Status of Women focused on several issues to promote women's issues. The Commission: (1) partnered with the New Mexico Department of Veterans' Services to host the first New Mexico state-sponsored Women Veterans' Conference, Proud Heritage: New Mexico Women Veterans Conference (240 women attended); (2) held the second annual statewide conference, Believe in New Mexico Girls 2006 (418 girls and 100 adult mentors attended); (3) completed GIRLS: Challenges/Choices, an hour-long interactive documentary about teenage girls in New Mexico (the documentary aired on KOAT-TV, KRWG-PBS, and KIVA-ABC and received 1st place national recognition in July 2006 from the National Association of Commissions for Women); (4) published and distributed Growing Older: Challenges and Choices, a new publication; (5) was instrumental in the establishment of the Governor's Women's Health Advisory Council; (6) conducted the state's most distinguished women's award recognition banquet honoring twenty Governor's Award for Outstanding New Mexico Women recipients from throughout the State; and (7) as a function of its referral/clearinghouse activity, received approximately 5,000 incoming calls from women needing assistance from the Displaced Homemaker's Office or other state agencies and community organizations.

In July 2008, the Commission will host the National Association of Commissions for Women National Convention in Albuquerque. As follow up activity to its Believe in New Mexico Girls project, the Commission will host a statewide Girls Leadership activity. The Commission will collaborate with state agencies and community organizations to provide an outreach/awareness conference for the women of New Mexico; collaborate with the Department of Health and other appropriate agencies on addressing health care disparities for women in New Mexico through statewide activities (the major focus will include facilitating communication among various state agencies and programs, regional health offices and community organizations); and will maintain on-going mandates on advocacy/awareness activities and workplace development with an emphasis on hard-to-reach communities.

Key Elements of Recommendation

The Executive recommendation provides for a \$30.2 General Fund increase over FY07 to adequately cover General Services Department rate increases for employers liability coverage.

Performance Report

The Commission on the Status of Women achieved its targeted performance in fourteen of sixteen performance areas. The remaining two measures, percent of TeamWorks participants employed at nine months after initial employment placement and average hourly rate for TeamWorks employees in Albuquerque are being addressed by the Commission. The Commission worked in conjunction with the Income Support Division of the Human Services Department to increase the number of referrals by contracting for a more comprehensive database to track referrals in an effort to address the missed target of percent of TeamWorks participants employed at nine months after initial employment placement. The agency believes the new database will also help address the missed average hourly rate target. The Executive recommends maintaining the target level in support of the agency efforts in this area. In addition, the Executive recommends the elimination of number of completed surveys or questionnaires as a measure.

Recommended Language for the General Appropriation Act

The Commission on the Status of Women is mandated by statute to host award ceremonies celebrating the accomplishments of women. Additionally, CSW hosts informational seminars and summits for which it raises revenue through charitable donations and ticket sales. The Executive recommends the following language in order to generate beginning balances to fund ceremonies, seminars and summits:

Revenue collected from ticket sales for conferences, awards programs, seminars and summits shall not revert, but are appropriated for conferences, seminars and award programs celebrating the accomplishments of women.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY08	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	472.1	560.2	590.4	30.2	5.4
Federal Revenues	1,406.9	1,440.0	1,440.0	0.0	0.0
Other Revenues	60.8	103.7	103.7	0.0	0.0
TOTAL SOURCES	1,939.8	2,103.9	2,134.1	30.2	1.4
USES					
Personal Services and Employee Benefits	697.9	686.3	752.4	66.1	9.6
Contractual Services	807.6	860.7	885.2	24.5	2.8
Other	428.8	556.9	496.5	-60.4	-10.8
TOTAL USES	1,934.3	2,103.9	2,134.1	30.2	1.4
FTE					
Permanent	7.00	7.00	7.00	0.00	0.0
Term	7.00	7.00	7.00	0.00	0.0
TOTAL FTE POSITIONS	14.00	14.00	14.00	0.00	0.0

Performance Measures

		FY06	FY06	FY07	FY08
		<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 organizations so they can improve the economic, health and social status of women in New Mexico.					
Outcome	Number of paid employment teamworks placements	300	580	315	580
Outcome	Percent of teamworks participants employed at nine months after initial employment placement	70%	63%	70%	70 %
Output	Number of temporary assistance for needy families clients served through the teamworks program	1,000	1,073	1,000	1,100
Outcome	Percent of teamworks employment placements at \$7.00 per hour	35%	37%	45%	45 %
Output	Number of teamworks 12-week classes conducted	18	22	18	25
Outcome	Average hourly rate for teamworks employments in Albuquerque	\$7.50	\$7.30	\$7.50	\$7.50
Outcome	Average hourly rate for teamworks employments in Las Cruces	\$6.50	\$6.52	\$6.50	\$6.60
Output	Number of collaborations and meetings coordinated or conducted with other agencies and organizations	100	210	150	210
Output	Number of major publications distributed annually	1	1	1	1
Output	Number of award programs conducted annually	1	2	1	1
Output	Number of workforce conferences or trainings sponsored	8	9	10	10
Output	Number of informational conferences conducted	2	2	2	2
Outcome	Number of information fairs	1	1	2	2
Outcome	Number of completed surveys or questionnaires	500	643	750	
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	2	1	2

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.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	683.3	779.3	14.0
Total Sources	683.3	779.3	14.0
Program			
Office of African American Affairs	683.3	779.3	14.0
Total Uses	683.3	779.3	14.0
FTE	5.00	5.00	0.0

- The Executive fully funds all five FTE.
- The Executive allows for increases in operating costs including insurance and rent.
- The Executive recommends \$50.0 to continue the administration and promotion of the African American Performing Arts Center at 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 of concern 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.

Key Elements of Recommendation

The Executive recommendation for the Office of African American Affairs fully funds the five agency positions along with the increases in group insurance, retiree health care and rent.

The Executive supports an increase of \$50.0 to continue the administration and promotion of the African American culture and history collection for the African American Performing Arts Center and Exhibit Hall at Expo New Mexico. This appropriation has been funded in FY06 and FY07 in the budget of the Cultural Affairs Department. The Executive proposes transferring this base funding from the Cultural Affairs Department to OAAA.

Performance Report

The Office of African American Affairs met all its performance targets for FY06. 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. OAAA was one of the primary agencies to assist hurricane Katrina and Rita survivors who are temporarily housed in New Mexico. OAAA organized over 20 community organizations, denominations and City of Albuquerque agencies to form the New Mexico Response and Relief Partnership to assist these survivors. OAAA hosted the annual African American Awards Banquet to recognize African Americans statewide; held the third annual minority business "Meet the Buyers" Workshop; and published a major book "Accelerating African American Student Achievement in New Mexico Public schools, Grades 9-12". OAAA continues to sponsor and host a weekly radio show "Voices" on AM KRKE 1600 and continues to increase the network of churches, organizations and counties receiving outreach and information.

Recommended Language for the General Appropriation Act

The Office of African American Affairs shall voucher through the program support program of the department of finance and administration.

Budget Summary Tables

	Agency Budget Summary (Dollars in Thousands)			FY08	
	FY06	FY07	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	422.6	683.3	779.3	96.0	14.0
Other Transfers	175.2	0.0	0.0	0.0	***
TOTAL SOURCES	597.8	683.3	779.3	96.0	14.0

Agency Budget Summary
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY08	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
USES					
Personal Services and Employee Benefits	219.7	271.7	312.5	40.8	15.0
Contractual Services	153.8	153.2	203.2	50.0	32.6
Other	195.4	104.9	110.1	5.2	5.0
Other Financing Uses	0.0	153.5	153.5	0.0	0.0
TOTAL USES	568.9	683.3	779.3	96.0	14.0
FTE					
Permanent	3.00	5.00	5.00	0.00	0.0
TOTAL FTE POSITIONS	3.00	5.00	5.00	0.00	0.0

Performance Measures

		<u>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 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	5	5	5
Output	Number of New Mexican African Americans recognized per year, statewide, for their achievements	25	25	25	25
Output	Number of African American organizations and churches statewide to be included in a database	375	475	375	475
Output	Number of town hall meetings conducted per year	7	7	7	7
Output	Number of churches, organizations and counties receiving information	375	375	375	375
Output	Number of forums within the state to mobilize citizens to address issues in prior-year town hall meetings	5	7	5	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.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	0.0	0.0	***
Total Sources	3,811.2	3,878.9	1.8
Program			
Commission for Deaf and Hard-of- Hearing Persons	3,811.2	3,878.9	1.8
Total Uses	3,811.2	3,878.9	1.8
FTE	13.00	15.00	15.4

- The Executive recommends a base decrease of 1.2% due to FY07 one time costs.
- An additional \$50.0 is included in the Executive recommendation for a licensure board to increase credentials for deaf and hard-of-hearing interpreters.

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 hearing 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 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 and 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 Telecommunication Access Fund (TAF) was transferred to the Commission in FY06 from the General Services Department. 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.

TAF revenue continues to outpace expenditures. Revenue collection is expected to be \$3,669.0 in FY07 and \$4,115.8 in FY08. Given the current expenditure level, the TAF fund balance is projected to be \$7,252.8 million, sustaining a 2.5% growth in FY08.

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 recommended budget decrease of 1.2% is attributed to the reduction of one-time expenses funded in FY07 that will not be required in FY08. These expenses include website design and a contract for policy development. The Executive recommendation includes a \$50.0 increase for a licensure board to increase credentials for deaf and hard-of-hearing interpreters.

The Executive supports an expansion of \$115.9 to expand its satellite office in Las Cruces, New Mexico. This expansion will increase constituency services to southern New Mexico and serve an additional 130 deaf and hard-of-hearing individuals. In addition, itinerant case management services will be provided in northern New Mexico.

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)					
	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY08	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
Other Transfers	3,621.8	3,811.2	3,878.9	67.7	1.8
TOTAL SOURCES	3,621.8	3,811.2	3,878.9	67.7	1.8
USES					
Personal Services and Employee Benefits	567.7	715.2	818.6	103.4	14.5
Contractual Services	1,484.8	2,650.0	2,475.0	-175.0	-6.6
Other	439.5	271.0	360.3	89.3	33.0
Other Financing Uses	146.5	175.0	225.0	50.0	28.6
TOTAL USES	2,638.5	3,811.2	3,878.9	67.7	1.8
FTE					
Permanent	13.00	13.00	15.00	2.00	15.4
TOTAL FTE POSITIONS	13.00	13.00	15.00	2.00	15.4

Performance Measures

		<u>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 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	24	15	
Output	Number of outreach events coordinated	0		0	
Output	Number of information referrals, outreach and clients served	5,000	5,351	7,500	10,000
Output	Number of review and audits of the New Mexico telephone relay service conducted	0		0	
Output	Hours provided by the sign language interpreter referral service	30,000	31,488	40,000	
Output	Number of sign language interpreting mentors	8	8	16	
Output	Number of accessible technology equipment distributions				7,750
Outcome	Percent reduction in telephonic communication barriers				60%
Output	Staff hours devoted to reducing communication barriers				7,500
Outcome	Percent reduction of general communication barriers				50%

Executive Summary

The Martin Luther King, Jr. Commission promotes non-violence as a philosophy to all the people of New Mexico to improve interracial cooperation and reduce youth conflicts in communities.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	283.6	372.5	31.3
Total Sources	283.6	372.5	31.3
Program			
Martin Luther King, Jr. Commission	283.6	372.5	31.3
Total Uses	283.6	372.5	31.3
FTE	2.00	3.00	50.0

- The Executive provides full funding for the Commission staff along with increases in GSD rates and operating costs.
- The Executive recommends an expansion of \$60.0 for a new FTE to assist with outreach.

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:

Nonviolence is a way of life for courageous people.

Nonviolence seeks to win friendship and understanding.

Nonviolence seeks to defeat injustice not people.

Nonviolence holds that suffering can educate and transform.

Nonviolence chooses love instead of hate.

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; 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 non-violence.

Key Elements of Recommendation

The Executive recommendation fully funds the Commission's two staff positions along with increases in benefits and some increases in operating costs. These increases will allow the Commission to continue to meet its performance targets and to continue to teach Dr. King's principles of non-violence.

The Executive supports an increase of \$60.0 in General Fund originally appropriated to the Commission through Laws 2006, Chapter 109, Section 5, for an administrative assistant. The new FTE will work with schools in the Albuquerque area allowing the Executive Director to expand Dr. King's message of non-violence to other areas of the state.

Performance Report

The Commission met and exceeded its performance targets during FY06. The Commission supported 15 statewide holiday commemorations; held nine youth anti-violent workshops around the state; and again held its Annual Youth Conference that was attended by 300 participants, increasing last year's attendance by 100 participants.

Recommended Language for the General Appropriation Act

The Martin Luther King' Jr. commission shall voucher through the program support program of the department of finance and administration.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)						
	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY08		
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>	
SOURCES						
General Fund Transfers	281.2	283.6	372.5	88.9	31.3	
TOTAL SOURCES	281.2	283.6	372.5	88.9	31.3	
USES						
Personal Services and Employee Benefits	119.2	136.0	191.1	55.1	40.5	
Contractual Services	41.2	39.0	39.4	0.4	1.0	
Other	105.8	108.6	142.0	33.4	30.8	
TOTAL USES	266.2	283.6	372.5	88.9	31.3	
FTE						
Permanent	2.00	2.00	3.00	1.00	50.0	
TOTAL FTE POSITIONS	2.00	2.00	3.00	1.00	50.0	

Performance Measures

		<u>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 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 everyone gets 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	14	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.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	1,919.4	1,919.4	0.0
Total Sources	8,768.4	8,375.5	-4.5
Program			
Commission for the Blind	8,768.4	8,375.5	-4.5
Total Uses	8,768.4	8,375.5	-4.5
FTE	107.50	107.50	0.0

- The Executive recommendation reduces the total budget by 4.5% due to anticipated reductions in the sale of goods.
- Revenue from the General Fund and Federal revenue is recommended at the FY07 operating budget level.

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 of individuals that is non-competitive and non-integrated work 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 4.5% solely attributed to an anticipated decline in revenue generated from the sale of goods produced by the Employment Development Center. General Fund and federal funds are recommended at the FY07 operating budget level.

A 3% vacancy rate is applied to personal services and employee benefits. The recommended decrease of \$21.2 in this category is attributed to changes in personnel and is an accurate reflection of anticipated costs in this category.

The contractual services category is recommended at the FY07 operating budget level.

An overall reduction in other costs is the direct result of the Commission transitioning individuals currently manufacturing items for resale at the Employment Development Center into more meaningful and appropriate employment within their community.

Performance Report

The Commission reports a high percentage of competitively-employed clients served, along with high starting wages earned by clients, when compared to 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.

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 2007 from appropriations made from the general fund shall not revert.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY08	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	1,570.9	1,919.4	1,919.4	0.0	0.0
Federal Revenues	4,540.0	5,824.0	5,824.0	0.0	0.0
Other Revenues	540.4	1,025.0	632.1	-392.9	-38.3
TOTAL SOURCES	6,651.3	8,768.4	8,375.5	-392.9	-4.5
USES					
Personal Services and Employee Benefits	4,333.8	4,991.4	4,970.2	-21.2	-0.4
Contractual Services	120.5	207.4	207.4	0.0	0.0
Other	3,031.8	3,569.6	3,197.9	-371.7	-10.4
TOTAL USES	7,486.1	8,768.4	8,375.5	-392.9	-4.5
FTE					
Permanent	106.50	106.50	106.50	0.00	0.0
Term	1.00	1.00	1.00	0.00	0.0
TOTAL FTE POSITIONS	107.50	107.50	107.50	0.00	0.0

Performance Measures

		<u>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 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	35	43	36	45
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	400	595	600	600
Outcome	Average employment wage for the blind or visually impaired person	\$11.00	14.26	\$12.00	\$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	30	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.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	2,711.6	2,829.3	4.3
Total Sources	3,211.6	3,329.3	3.7
Program			
Indian Affairs Department	3,211.6	3,329.3	3.7
Total Uses	3,211.6	3,329.3	3.7
FTE	14.00	15.00	7.1

- The Executive recommendation reflects a General Fund increase of 4.3% over FY07 operating levels.
- The recommendation includes \$500.0 from the Tobacco Settlement Program Fund for tobacco cessation and prevention programs benefiting Native American communities throughout the state.
- Funding for grants to tribes and pueblos is maintained at the FY07 operating level of \$1,640.5.
- The Executive recommends the addition of one FTE for policy analysis in order to expand the Department’s capacity and capability to work with tribes, to disseminate information, develop policy and collaborate on legislative priorities.
- The Executive recommendation includes \$50.0 in General Fund to designate a cemetery site for the reburial of unmarked Native American remains and funerary objects.

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. 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 is in the process of establishing a Tribal Leadership Program 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 proposing a youth sports-and-wellness program aimed at reducing the onset of diabetes among Native American youth while promoting important cultural values.

To implement and fulfill its mission, IAD strives to build a productive and cohesive team by establishing internal policies and procedures that improve communication, providing training for staff development and growth, and improving agency functionality. Agency 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.

Key Elements of Recommendation

The Executive recommendation reflects a General Fund increase of \$117.7 over the FY07 operating budget level. Grants to the tribes are maintained at the FY07 operating budget level of \$1,640.5. The base recommendation includes full funding for all approved positions in the personal services and benefits category, \$500.0 from the Tobacco Settlement Program Fund for tobacco cessation and prevention programs benefiting Native American communities throughout the state, and \$215.0 in General Fund for the continuation of four programs initiated in FY07: economic development

(\$50.0); legal advocacy and counseling for victims of domestic abuse in New Mexico communities of the Navajo Nation (\$40.0); reading materials for head start and senior center programs at Becenti Chapter, Navajo Nation (\$20.0), and the summer leadership and public policy academy (\$105.0).

The Executive recommendation includes \$62.3 in General Fund for one FTE to expand IAD capacity to provide information, education, training and assistance to tribal entities concerning policy matters and programs that affect tribal communities and \$50.0 in General Fund to designate a cemetery site for the reburial of unmarked Native American human remains and funerary objects. There are over 400 human remains currently in the state's museum repositories.

Performance Report

IAD had five performance targets for FY06. IAD achieved its output goal of developing 100% of its grants and service contracts with more than two performance measures. IAD also achieved its goal of receiving no audit findings for FY06. IAD was unsuccessful in obtaining 100% completion of performance development appraisal plans by the employee's anniversary date. Given the small number of employees, this represented only one employee who did not have a completed performance development plan in place by his anniversary date. IAD only achieved 20% of its goal for the number of capital projects over fifty thousand dollars completed and closed and half of its goal for the number of capital outlay process training sessions conducted for tribes. The high number of staff vacancies clearly had an impact on the results for FY06. Since the agency has filled all vacancies and added an engineer to oversee capital outlay projects, the agency should meet or exceed its FY07 performance goals in these two areas.

Performance measures for FY07 include the number of capital outlay training sessions conducted for tribes and the percent of grants and service contracts with more than two performance measures. Significantly, measurement of the completion of capital outlay projects has been broken into two separate measures: the number of capital projects over fifty thousand dollars completed and closed versus the number of capital projects below fifty thousand dollars completed and closed.

As the number of incomplete capital outlay projects continues to be a serious concern, the Executive recommends maintaining the performance targets for completion of projects over and under \$50,000 respectively and increasing the number of capital outlay training sessions from four to six in FY08.

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)					
	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY08	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	3,316.0	2,711.6	2,829.3	117.7	4.3
Other Transfers	0.0	500.0	500.0	0.0	0.0
TOTAL SOURCES	3,316.0	3,211.6	3,329.3	117.7	3.7
USES					
Personal Services and Employee Benefits	716.2	1,121.3	1,195.7	74.4	6.6
Contractual Services	1,312.5	276.2	326.4	50.2	18.2
Other	1,287.3	1,814.1	1,807.2	-6.9	-0.4
TOTAL USES	3,316.0	3,211.6	3,329.3	117.7	3.7
FTE					
Permanent	0.00	14.00	15.00	1.00	7.1
TOTAL FTE POSITIONS	0.00	14.00	15.00	1.00	7.1

Performance Measures

		<u>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 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%	80%	100%	100%
Outcome	Number of audit findings	0	0	0	0
Output	Number of capital projects over fifty thousand dollars completed and closed	70	14	40	40
Output	Number of capital outlay process training sessions conducted for tribes	4	8	4	6
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	*	7	30	30

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.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	41,337.1	47,086.2	13.9
Total Sources	58,441.2	64,596.3	10.5
Program			
Program Support	2,853.6	3,018.3	5.8
Consumer and Elder Rights	1,923.3	2,112.9	9.9
Adult Protective Services	15,162.1	15,821.0	4.3
Aging Network	32,823.3	35,449.5	8.0
Long-Term Services	5,678.9	8,194.6	44.3
Total Uses	58,441.2	64,596.3	10.5
FTE	279.00	293.00	5.0

- The Executive recommendation increases the agency's FY08 base by \$711.9 and provides \$5,037.2 in General Fund for the expansion of services.
- The Executive supports an increase of \$711.9 in General Fund to cover increases in GSD rates, higher transportation and occupancy costs, and the costs of maintaining a new information technology system for the Adult Protective Services Program.
- The recommendation provides an increase of \$242.5 in General Fund, \$242.5 in federal match, and eight FTE to administer the Mi Via waiver program.
- The Executive recommendation supports an increase of \$1,877.5 in General Fund to provide community-based services to persons with brain injury under the Mi Via waiver program.
- The Executive recommendation supports \$2,470.0 in General Fund to expand services for seniors through Area Agencies on Aging programs.
- The recommendation supports an increase of four FTE to oversee fiscal, information management and program operations of the remaining functions of the Adult Protective Services (APS) program to be transitioned to ALTSD in FY08.
- The Executive recommendation includes \$96.6 in General Fund and two FTE to expand and enhance volunteer recruitment and quality assurance initiatives for the Long-Term Care Ombudsman program.
- Also included in the Executive recommendation is \$100.0 to expand the Gold Mentor Program in which seniors provide mentoring services to unemployed and underemployed citizens of New Mexico.

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 (APS) 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. In FY08, ALTSD will assume responsibility for all APS intake functions from CYFD for elderly adults and adults with disabilities.

Executive Recommendation

Agency Strategic Directions

ALTSD 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.

One key 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.

ALTSD is also focused on assisting seniors and others in accessing free or low-cost prescription drug coverage. The agency facilitated the enrollment of low-income Medicare beneficiaries, especially those dually eligible for Medicaid, in the new federal Medicare Part D prescription drug benefit, which became effective January 1, 2006. In addition, ALTSD will implement a discount prescription drug card for uninsured persons under age 65. The agency also provides education on the MEDBANK program to enable seniors to access free drugs donated by pharmaceutical companies.

Combating hunger and improving nutrition is another strategic area for ALTSD. The agency plans to expand meal programs for breakfast, weekend, home delivered and special-diet meals. The agency's goal is to encourage the provision of meals, at congregate sites and home-delivered, to nutritionally at-risk seniors, particularly those with low incomes. In addition, the agency plans to expand wellness and fitness programs.

With the approval of the Mi Via waiver in November 2006, ALTSD is in the national vanguard of states providing opportunities for the self-direction of waiver services. New Mexico is unique in

both the range of services provided and the diversity of the populations served under this new waiver. Individuals with developmental disabilities, persons with brain injuries and the disabled and elderly may now elect to self-direct the provision of services. New Mexico is also a leader in the development and implementation of coordinated long-term care programs that are designed to provide home and community-based alternatives to institutional placements such as nursing homes. Such programs are especially important as the population of individuals over the age of 65 grows and society seeks humane and cost-effective alternatives to institutional care.

Key Elements of Recommendation

The Executive recommendation reflects a General Fund increase of 13.9% over FY07 operating levels to provide for the operational costs of several major initiatives that are scheduled to be implemented in FY08. The recommendation includes \$1,877.5 in General Fund to provide long-term care services for individuals with brain injuries through the Mi Via waiver and \$242.5 in General Fund, \$242.5 in federal matching funds, and eight FTE to establish the administrative infrastructure necessary to fully implement the Mi Via self-directed waiver. The recommendation also includes an increase of \$2,470.0 in General Fund to Area Agencies on Aging in order to safeguard a range of services to New Mexico's elderly and disabled citizens. The Executive recommends an increase of \$250.6 in General Fund and four FTE to complete the transition of the Adult Protective Services Program from CYFD to ALTSD and \$96.6 in General Fund and two FTE to expand the State's ombudsman system for residents of nursing homes and assisted living facilities. Finally, the recommendation includes \$100.0 to expand ALTSD's Golden Opportunities for Lifelong Development (GOLD) program which provides seniors with jobs as employment mentors for some of New Mexico's most disadvantaged citizens. The Executive recommendation supports the conversion of seven FTE from term to permanent positions. All of the positions are currently funded 100% by the General Fund.

Program Support. The Executive recommends an increase of \$111.5 in General Fund. Approximately \$14.9 of the General Fund increase will be used as a match for \$53.2 in increased federal funds that will be directed to the administration of the Senior Community Service Employment Program. The recommendation includes a 4.2% vacancy rate for personal services and employee benefits.

Consumer and Elder Rights. The budget for the Consumer and Elder Rights Program reflects an increase of \$121.0 in General Fund and \$68.6 in federal funds through the Systems Change grant. The General Fund increase supports two additional permanent positions for the Consumer and Elder Rights Program. One FTE would be dedicated to expanding the number of volunteers trained to perform ombudsman activities; the other position would analyze resident complaint data and conduct internal performance improvement activities. The budgeted vacancy factor for the program is maintained at the FY07 level of 3%.

Aging Network. The recommendation for the Aging Network Program reflects an increase of \$2,592.0 in General Fund over the FY07 operating level. This includes \$2,470.0 in General Fund for continued support of Area Agencies on Aging programs. Services provided include: meals and nutrition programs; employment, volunteer and mentoring programs; and legal services to support grandparent caregivers. Also included within the \$2,592.0 General Fund recommendation is \$100.0 in General Fund to expand the Golden Opportunities for Lifelong Development (GOLD) senior

employment and mentoring program. The Executive supports the inclusion of \$90.0 in other state funds for the Annual Conference on Aging in order to eliminate the need for the agency to request budget increase authority each year.

Adult Protective Services. The Executive recommendation reflects an increase of \$658.9 in General Fund to support basic operations of the program and to fund four additional positions in support of the remaining administrative and program operations of adult protection services that are scheduled to be transitioned to the agency from CYFD in FY08. These positions include an information technology generalist to provide information technology support to APS workers, a management analyst to review and approve weekly attendant care payments and provide contract management services; a social and community coordinator to provide single point of entry for APS referrals during non-business hours, and a manager to provide clinical oversight of intake activities, ensure system accountability, manage customer concerns and conduct quality improvement activities. The Executive recommendation also includes the transfer of \$800.0 from the other costs category to the contractual services category in order to increase the availability of homecare and adult daycare services, particularly in the more rural areas of the State. The Executive also recommends expenditures of \$200.0 in General Fund to support the increased costs associated with recurring information technology maintenance. The recommendation includes a vacancy rate of 4.5% for personal services and employee benefits.

Long-Term Services. The Executive recommends the funding of two major initiatives in long-term services. The Executive recommends an increase of \$1,877.5 to provide services to approximately 200 individuals with brain injuries through the Mi Via waiver. Funding for brain injury services is currently authorized from nonrecurring General Fund in Section 2 of Chapter 243 of Laws 2005, with the timeframe for expenditure of funds extended through FY07 by Section 5 of Chapter 109 of Laws 2006. The General Fund increase will be matched by approximately \$4,800.0 in federal Medicaid funds. In addition, the Executive recommends an increase of \$242.5 in General Fund and an increase of \$242.5 in other transfers (federal matching funds) to support the creation of eight positions to oversee and manage the operations of the Mi Via waiver.

Performance Report

ALTSD met or exceeded 19 out of 35 or 54% of its performance targets for FY06. 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 98% 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. Given its success in increasing the number of contractors assessed with no significant findings, the Executive recommends increasing this performance target to 100% in FY08.

The Consumer and Elder Rights Program met or exceeded all but two of its performance targets for FY06. The program was particularly successful in recruiting and training volunteers and providing 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. The number of resident contacts made through the ombudsman program exceeded the targeted performance criteria by 56%. Two performance targets

were not met. The number of clients receiving assistance to access low or no-cost prescription drugs was consistent with FY05 results but lower than FY06 targets. This result was affected by staff turnover and a reduction in the number of Americorps volunteers trained to provide this service. As the result of a decline in the number of clients seeking legal representation or advice, the performance measure for this activity was 92% of target. The Executive recommends five new performance measures for FY08: the number of ombudsman cases resolved, the number of granny cams loaned, the number of persons accessing the department's resource center, the number of persons calling the resource center in need of two or more services who receive follow-up services and the number of individuals receiving free or low-cost prescription drugs through the resource center.

The Aging Network Program met 10 of its 21 performance goals for FY06. The program provided mentoring services to 1,472 individuals in FY06, well above the performance target of 1,200 individuals. Mentoring activities were directly linked to the program's success in exceeding targets for the number of individuals placed in meaningful employment and the percent of Temporary Assistance to Needy Families (TANF) clients placed in employment. The program also exceeded performance targets for the number of children served in the foster grandparent program, the number of community service hours provided by the older work program as a percent of work hours budgeted and the number of individuals participating in senior Olympic games. Several important measures met or exceeded had a direct impact on the health and well being of seniors. Respite service hours were increased by 8.5%. Over 120,000 additional congregate and home-delivered meals were provided above target levels. All senior centers in the state continue to provide meals.

The agency did not meet its targets in some key areas. The number of individuals receiving meals in congregate settings declined below targeted levels even as the number of individuals receiving meals at home increased. As noted above, mentors continue to have a positive impact on several key performance outcomes but the number of mentors has declined below targets as a result of reductions in federal funding. The number of one-way trips provided for access to community services increased over FY05 levels but did not reach targeted performance levels primarily as a result of increased travel costs such as the price of gasoline. The number of individuals enrolled in the federal older worker program and the number of participants obtaining employment appears to have been negatively impacted by changes in federal regulations that are not as conducive to the operation of this program in rural areas of the state. The agency did not achieve targeted results for the number of persons and the percent of individuals aged sixty and over served through community programs. These results may be attributable, in part, to past inconsistencies in data collection methods across aging network programs and increases in the estimated population of persons aged sixty and older within the state. Data collection inconsistencies may also be a contributing factor in the agency's failure to reach targeted measures for the number of home-bound clients served through the senior companion program and the number of volunteer hours provided by seniors. The agency has vowed to work with providers to improve data consistency in FY07. Finally, there were two direct service measures that did not reach targeted performance levels for FY06 even though the results represent significant increases over FY05 performance levels. The number of homemaker hours provided seniors was 95% of the targeted goal and the number of adult daycare hours provided was 99% of goal.

The Executive recommends the addition of two new performance measures for FY08: a measurement of the percent of individuals aged sixty and over receiving aging network services and of the number of families served through the “grandparents raising grandchildren” program. In addition, by focusing on key outcome measures, the Executive recommends the consolidation of the twenty-one FY07 measures into thirteen key measures of performance.

The Long-Term Services Division achieved two of its three performance outcomes for FY06. The agency almost doubled the number and percentage of personal-care options that were consumer directed and performed compliance reviews on 100% of service providers. On the third measure, the percent of disabled and elderly waiver clients receiving services within ninety days of eligibility determinations, all but 21 individuals out of a population of 1,203 received services within ninety days of eligibility determination. Given the expansion of services resulting from the Mi Via waiver and other long-term care initiatives, the Executive recommends the adoption of four new performance measures for FY08. These performance measures are designed to capture the number of individuals with brain injury and the total number of individuals receiving services under the Mi Via waiver as well as the number of persons reintegrated from nursing homes into home and community-based Medicaid services. The fourth measure, the average number of months that individuals are on the disabled and elderly registry prior to receiving an allocation for services, is an important indicator of progress related to several initiatives undertaken by ALTSD to enhance coordination of long-term care services for New Mexico's disabled and elderly citizens.

The Adult Protective Services program was transferred to ALTSD in FY06. Only one performance measure was established for the program for FY06: a measurement of the percent of adults with repeat maltreatment. Results for FY06 indicate the percent of repeat maltreatment was successfully reduced below performance target levels. The Executive supports further reducing this percentage to 9% of all cases in FY08, and adding four new performance measures. These new performance measures include targets for the number of adult protective services reports investigated, substantiated and receiving protective service interventions as well as a performance target for the percent of cases closed within ninety days of referral.

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 Tables

Agency Budget Summary (Dollars in Thousands)					
	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY08	
				<u>Dollar/FTE Change</u>	<u>Budget to Recommendation Percent Change</u>
SOURCES					
General Fund Transfers	36,702.8	41,337.1	47,086.2	5,749.1	13.9
Other Transfers	5,464.9	6,795.4	7,092.6	297.2	4.4
Federal Revenues	9,751.0	10,308.7	10,327.5	18.8	0.2
Other Revenues	102.3	0.0	90.0	90.0	***
TOTAL SOURCES	52,021.0	58,441.2	64,596.3	6,155.1	10.5
USES					
Personal Services and Employee Benefits	13,463.6	14,649.5	15,899.8	1,250.3	8.5
Contractual Services	4,984.7	5,335.9	6,335.9	1,000.0	18.7
Other	33,661.6	38,175.5	40,202.8	2,027.3	5.3
Other Financing Uses	243.0	280.3	2,157.8	1,877.5	669.8
TOTAL USES	52,352.9	58,441.2	64,596.3	6,155.1	10.5
FTE					
Permanent	227.00	245.00	266.00	21.00	8.6
Term	28.00	34.00	27.00	-7.00	-20.6
TOTAL FTE POSITIONS	255.00	279.00	293.00	14.00	5.0

Program Support (Dollars in Thousands)					
	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY08	
				<u>Dollar/FTE Change</u>	<u>Budget to Recommendation Percent Change</u>
SOURCES					
General Fund Transfers	1,737.9	1,990.5	2,102.0	111.5	5.6
Other Transfers	311.9	174.4	174.4	0.0	0.0
Federal Revenues	685.4	688.7	741.9	53.2	7.7
Other Revenues	0.6	0.0	0.0	0.0	***
TOTAL SOURCES	2,735.8	2,853.6	3,018.3	164.7	5.8
USES					
Personal Services and Employee Benefits	2,314.5	2,444.4	2,567.6	123.2	5.0
Contractual Services	96.9	135.5	135.5	0.0	0.0
Other	307.6	273.7	315.2	41.5	15.2
TOTAL USES	2,719.0	2,853.6	3,018.3	164.7	5.8
FTE					
Permanent	30.00	30.00	30.00	0.00	0.0
Term	5.00	5.00	5.00	0.00	0.0
TOTAL FTE POSITIONS	35.00	35.00	35.00	0.00	0.0

Consumer and Elder Rights
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	625.2	731.7	852.7	121.0	16.5
Other Transfers	10.0	0.0	0.0	0.0	***
Federal Revenues	1,288.4	1,191.6	1,260.2	68.6	5.8
Other Revenues	101.7	0.0	0.0	0.0	***
TOTAL SOURCES	2,025.3	1,923.3	2,112.9	189.6	9.9
USES					
Personal Services and Employee Benefits	1,303.1	1,402.1	1,573.3	171.2	12.2
Contractual Services	79.2	88.1	88.1	0.0	0.0
Other	612.1	433.1	451.5	18.4	4.2
TOTAL USES	1,994.4	1,923.3	2,112.9	189.6	9.9
FTE					
Permanent	10.00	10.00	13.00	3.00	30.0
Term	10.00	12.00	11.00	-1.00	-8.3
TOTAL FTE POSITIONS	20.00	22.00	24.00	2.00	9.1

Aging Network
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	21,495.7	24,714.0	27,306.0	2,592.0	10.5
Other Transfers	296.6	325.6	325.6	0.0	0.0
Federal Revenues	7,777.2	7,783.7	7,727.9	-55.8	-0.7
Other Revenues	0.0	0.0	90.0	90.0	***
TOTAL SOURCES	29,569.5	32,823.3	35,449.5	2,626.2	8.0
USES					
Personal Services and Employee Benefits	227.8	208.4	247.9	39.5	19.0
Contractual Services	4.0	0.0	15.0	15.0	***
Other	29,156.1	32,334.6	34,906.3	2,571.7	8.0
Other Financing Uses	243.0	280.3	280.3	0.0	0.0
TOTAL USES	29,630.9	32,823.3	35,449.5	2,626.2	8.0
FTE					
Permanent	0.00	0.00	4.00	4.00	***
Term	4.00	4.00	0.00	-4.00	-100.0
TOTAL FTE POSITIONS	4.00	4.00	4.00	0.00	0.0

Long-Term Services
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	1,848.1	1,888.2	4,153.9	2,265.7	120.0
Other Transfers	2,327.8	3,146.0	3,443.2	297.2	9.4
Federal Revenues	0.0	644.7	597.5	-47.2	-7.3
TOTAL SOURCES	4,175.9	5,678.9	8,194.6	2,515.7	44.3

		Long-Term Services (Dollars in Thousands)			FY08	
		FY06	FY07	Recom-	Budget to Recommendation	
		Actuals	Budget	mendation	Dollar	Percent
					Change	Change
USES						
	Personal Services and					
	Employee Benefits	2,456.0	2,550.3	3,192.8	642.5	25.2
	Contractual Services	1,867.5	2,428.3	2,413.3	-15.0	-0.6
	Other	332.8	700.3	711.0	10.7	1.5
	Other Financing Uses	0.0	0.0	1,877.5	1,877.5	***
	TOTAL USES	4,656.3	5,678.9	8,194.6	2,515.7	44.3
FTE						
	Permanent	19.00	35.00	45.00	10.00	28.6
	Term	9.00	13.00	11.00	-2.00	-15.4
	TOTAL FTE POSITIONS	28.00	48.00	56.00	8.00	16.7

		Adult Protective Services (Dollars in Thousands)			FY08	
		FY06	FY07	Recom-	Budget to Recommendation	
		Actuals	Budget	mendation	Dollar	Percent
					Change	Change
SOURCES						
	General Fund Transfers	10,995.9	12,012.7	12,671.6	658.9	5.5
	Other Transfers	2,518.6	3,149.4	3,149.4	0.0	0.0
	TOTAL SOURCES	13,514.5	15,162.1	15,821.0	658.9	4.3
USES						
	Personal Services and					
	Employee Benefits	7,162.2	8,044.3	8,318.2	273.9	3.4
	Contractual Services	2,937.1	2,684.0	3,684.0	1,000.0	37.3
	Other	3,253.0	4,433.8	3,818.8	-615.0	-13.9
	TOTAL USES	13,352.3	15,162.1	15,821.0	658.9	4.3
FTE						
	Permanent	168.00	170.00	174.00	4.00	2.4
	TOTAL FTE POSITIONS	168.00	170.00	174.00	4.00	2.4

Performance Measures

		FY06	FY06	FY07	FY08
		Target	Result	Target	Recomm
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	80	102	95	
Output	Number of attendees at annual conference on aging	1,680	1,361	1,700	
Output	Percent of contractors assessed with no significant findings	85%	96%	100%	100%
Output	Number of program performance and financial expenditure reports analyzed and processed within established deadlines	1,150	1,128	1,150	
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	30,100	37,392	35,000	
Output	Number of volunteers trained in the state fiscal year to provide health insurance and benefits assistance	80	309	150	
Output	Number of outreach events providing prescription education	21	51	30	

Aging and Long-Term Services Department

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		<u>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 Recomm</u>
Output	Number of clients who receive assistance to access low- or no-cost prescription drugs through MEDBANK and brownbag events	5,000	4,370	5,200	
Output	Number of resident contacts by ombudsmen	3,990	6,242	83,000	
Output	Number of hours of legal representation provided including legal advice and education	17,000	15,667	17,200	
Output	Number of ombudsman cases resolved				5,000
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
Output	Number of granny cams loaned				65
Output	Number of persons accessing the aging and long-term services department's resource center				7,500
Output	Number of individuals receiving free or low cost prescription drugs through the resource center prescription drug assistance program				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	97	79	80	
Outcome	Percent of individuals participating in the federal older worker program obtaining unsubsidized permanent employment	23%	20.29%	16%	20.5%
Outcome	Community service hours provided by the state older worker program as a percent of work hours budgeted	84%	90%	94%	90%
Outcome	Percent of temporary assistance for needy families clients placed in meaningful employment	25%	35.22%	32%	36%
Output	Annual number of mentors	47	44	40	
Output	Annual number of clients placed in meaningful employment	300	426	300	450
Output	Annual number of clients mentored	1,200	1,472	1,200	
Output	Unduplicated number of persons served through community services	140,000	128,391	120,000	
Output	Number of adult daycare service hours provided	191,100	188,681	187,500	190,000
Output	Number of hours of respite care provided	123,375	159,281	147,000	160,000
Outcome	Percent of individuals aged sixty and over served through community services	44%	39%	40%	
Output	Number of one-way trips provided for access to community services	850,000	826,397	810,000	828,000
Output	Unduplicated number of persons receiving congregate meals	33,075	31,094	30,000	
Output	Number of congregate and home-delivered meals served to eligible participants	3,450,000	3,572,975	3,500,000	
Output	Number of senior centers providing meals	212	212	212	
Output	Number of homemaker hours provided in the state fiscal year	130,000	122,942	120,000	130,000
Output	Number of participants in local and national senior olympic games	2,800	3,303	5,400	
Output	Number of children served through the foster grandparent program	2,500	2,549	2,300	2,575
Output	Number of volunteer hours provided by retired and senior volunteers	1,350,000	1,104,512	1,480,000	
Output	Number of home-bound clients served through the senior companion program	1,550	1,421	1,600	
Output	Unduplicated number of persons receiving home-delivered meals	13,125	13,778	15,000	
Outcome	Percent of individuals aged sixty and over receiving aging network community services				40%
Output	Number of congregate meals provided through the aging network				1,650,000
Output	Number of home-delivered meals provided through the aging network				1,950,000
Output	Number of families served through the grandparents raising grandchildren initiative				300

		<u>FY06</u> <u>Target</u>	<u>FY06</u> <u>Result</u>	<u>FY07</u> <u>Target</u>	<u>FY08</u> <u>Recomm</u>
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	4%	7.6%	6%	8%
Outcome	Percent of disabled and elderly medicaid waiver clients who receive services within ninety days of eligibility determination	100%	98.28%	100%	100%
Output	Number of traumatic brain injury compliance reviews performed annually	10	10	10	
Outcome	Average number of months that individuals are on the disabled and elderly waiver registry prior to receiving an allocation for services				25
Output	Number of brain injury clients served through the self-directed waiver				100
Output	Number of individuals on the self-directed (mi via) waiver				300
Output	Number of persons reintegrated from nursing homes into home and community-based medicaid services				121
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	10.8%	10.44%	9.5%	9%
Outcome	Percent of investigated cases closed within thirty-five days			53%	
Output	Number of clients receiving services			1,275	
Outcome	Percent of cases closed within 90 days of referral				70%
Output	Number of abuse, neglect and exploitation allegations substantiated				650
Output	Number of adult protective services reports investigated				6,600
Output	Number of adults receiving adult protective services intervention				1,000

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 600,000 of New Mexico's most needy citizens each year.

	FY07	FY08	
	<u>Operating</u>	<u>Recommendation</u>	<u>% Change</u>
	<u>Budget</u>		
General Fund	727,337.1	833,626.2	14.6
Total Sources	3,415,398.2	3,882,503.3	13.7
Program			
Behavioral Health Services Division	59,009.6	69,764.6	18.2
Program Support Summary	40,684.6	42,134.4	3.6
Child Support Enforcement	29,819.3	31,256.9	4.8
Medical Assistance	2,724,962.2	3,225,641.3	18.4
Income Support	560,922.5	513,706.1	-8.4
Total Uses	3,415,398.2	3,882,503.3	13.7
FTE	1,815.00	1,945.00	7.2

- The Executive base budget recommendation for the Medicaid program increased \$394,647.5 (\$69,000.0 General Fund) because of anticipated increases in health care costs, enrollment growth and the annualized impact of several Executive initiatives begun in FY07 to increase the number of children and pregnant woman receiving healthcare from the Medicaid program.
- The Executive recommendation for the Medicaid program contains expansion funding of \$103,930.8 (\$20,000.0 General Fund) to increase adult eligibility from 33% of the federal poverty level (FPL) to 100% FPL, and increase eligibility for working adults in the State Coverage Insurance (SCI) program from 200% to 300% of FPL.
- The Executive recommendation includes the transfer of the Behavioral Health Services Division (BHSD) from the Department of Health (DOH) to the Human Services Department (HSD) to consolidate behavior health services administered through the state Behavioral Health Purchasing Collaborative for which HSD is the lead agency. The transfer resulted in a base budget increase for HSD of \$59,009.6 (\$37,584.0 General Fund).
- The Executive recommendation for the Behavioral Health Program includes a \$1,000.0 General Fund expansion to pay the cost of psychotropic medication for patients released from incarceration, residential treatment or hospitals who are unable to afford the medication they need.
- The Executive recommendation for the Behavioral Health Program includes a \$5,000.0 General Fund expansion to support community substance abuse treatment and prevention plans.
- The Executive recommendation for the Behavioral Health Program includes a \$750.0 General Fund expansion to provide housing assistance for low-income individuals.
- The Executive recommendation for the Behavioral Health Program includes a \$200.0 General Fund expansion to provide behavioral health services to veterans.
- The Executive recommendation for the Behavioral Health Program includes a \$425.0 General Fund expansion to provide behavioral health services for persons who suffer from compulsive gambling disorders.

- The Executive base budget recommendation for the Income Support Program includes a federal funds reduction of \$51,986.2 due to a decrease in the Food Stamp program.
- The Executive recommendation for the Income Support Program includes a \$2,007.3 (\$851.1 General Fund) expansion to hire 75 additional FTE to implement Medicaid expansion initiatives.
- The Executive recommendation for the Income Support Program includes a \$628.1 General Fund expansion to fund growth in the General Assistance program.
- The Executive recommendation for the Income Support Program includes a \$600.0 General Fund expansion to increase the monthly minimum food stamp benefit above the federal minimum.
- The Executive recommendation for the Income Support Program includes a \$1,000.0 General Fund expansion to help pay heating and cooling costs for low-income New Mexicans.
- The Executive recommendation for the Income Support Program includes a \$1,750.0 General Fund expansion to increase the number of contract case managers that must ensure that Temporary Assistance for Needy Families (TANF) participants meet the new, more stringent federal work requirements.
- The Executive recommendation for the Behavioral Health Program includes a \$2,000.0 General Fund appropriation for residential and community substance abuse treatment at a new Central New Mexico substance abuse treatment and training facility at Los Lunas contingent on capital funding for the facility.

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

Provide Small Employers With More Options For Affordable Health Insurance. Through *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.

State Coverage Insurance. In FY07, HSD is expanding outreach through the State Coverage Insurance (SCI) program which offers coverage to working adults with incomes below 200% of the Federal Poverty Level (FPL). By the end of FY07, HSD hopes to enlist as many as 750 small business and non-profit employers and up to 10,000 employees into this Medicaid waiver program that utilizes federal and state funding plus contributions by employers and employees on a sliding scale income basis to purchase commercial health insurance. HSD is proposing a further multi-year expansion of SCI to cover even more uninsured working adults up to 300% of FPL, with appropriate cost sharing at higher income levels.

Small Employer Insurance Program (SEIP). Begun July 1, 2006, HSD is working to fully implement this self-funded, state administered program with a comprehensive benefit package for small employers (including nonprofits) that have not offered health insurance for 12 months. By the end of FY07, HSD expects that SEIP will provide health insurance for approximately 500 New Mexicans not previously covered.

Premium Assistance for Children and Pregnant Women. HSD received a General Fund Appropriation of \$2,700.0 for FY07 to provide premium assistance to pregnant women and children up to the age of five who are not Medicaid eligible and do not have health insurance. Children up to age 12 can be covered in a sibling group that includes a child five or under. The Department is in the process of implementing the Premium Assistance for Maternity (PAM) and has implemented Premium Assistance for Kids (PAK) programs during FY07. The intent of PAM is to give babies a healthy start in life by providing prenatal care for hundreds of pregnant women.

The PAK program will focus on providing preventative care primarily for children from zero to five years of age. Well-child physician visits, pharmacy benefits, behavioral healthcare and immunizations will be the focus of the program. Like PAM, this program pays a portion of a comprehensive health insurance policy through a commercial carrier. It is not an entitlement. An increasing number of children will obtain health insurance through the PAK program during FY07.

Increase 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 by creating a paternity establishment unit within the Child Support Enforcement (CSED) Program.

Increase Medicaid Eligibility for Families With Children. In FY07, HSD is targeting additional children (at all eligible income levels), and parents under 33% 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.

Increase Outreach to Medicaid Eligible Children and Adults. By focusing increased outreach to families with very young children, HSD estimates additional children can be reached by the Medicaid program. During FY07, the Department will enhance its outreach efforts to achieve this goal.

Change Medicaid Recertification Requirements. For FY07, HSD has changed its Medicaid recertification requirement from once every six months to once every twelve months. By the end of the fiscal year, HSD believes that this change will allow more people to stay on the Medicaid program for longer periods of time, resulting in additional children and adults having health insurance.

Increase Prenatal Care. HSD has increased income disregards for pregnant women so that Medicaid eligibility for such women is effectively increased from 185% to 235% of FPL. Ensuring a healthy beginning to a child's life is how HSD will help to realize favorable health outcomes for New Mexico children.

Increase Outreach to Native Americans. 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 Shiprock, Crownpoint and Gallup.

Increase Medicaid Eligibility for Adults. By the end of FY08, HSD proposes to increase the number of adults enrolled in the Medicaid program by nearly 26,000 by raising the eligibility requirements for adults from 33% to 100% of FPL. This initiative will require a General Fund investment of nearly \$16,000.0.

Improve Health Outcomes and Family Support for New Mexicans. By focusing on newborns, elderly and disabled individuals, HSD is working to improve the health of New Mexico's most vulnerable individuals.

Improve Health, Developmental and Educational Outcomes for Newborns. HSD will increase paternity acknowledgement contracts at hospitals and document child support case records through the use of social and community support coordinators. These coordinators will train New Mexico hospitals and birthing institutions on how to increase voluntary paternity establishment.

HSD will also continue to facilitate agreements between custodial and non-custodial parents that waive some payments of overdue child support that have accrued high interest charges in order to promote the payment of current child support obligations through Governor Richardson's *Fresh Start* program.

Combat Hunger and Improve Nutrition. By simplifying application processes and increasing outreach to food stamp eligible New Mexicans, HSD is working to reduce food insecurity in New Mexico.

Provide Meals for Seniors and Disabled Citizens. 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 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 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.

Improve Behavioral Health Services Through an Interagency and Collaborative Model. The Executive is proposing to move the Behavioral Health Services Division (BHSD), currently located at the Department of Health (DOH) to HSD, transferring with it the treatment, consumer and community support and planning programs. Programs dealing with prevention will remain at DOH.

The program 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 move will allow the state to streamline its behavioral health services network and foster a strong, local voice that will create partnerships among consumers, family members, advocates, local agencies and consumer groups. It will also allow the Department of Health to focus on the public health aspects of behavioral health, including prevention messaging, licensure to assure high quality providers and direct provision of safety net services in state facilities, public health offices and in some cases, local jails.

As the lead agency for both the Behavioral Health Collaborative and the *Insure New Mexico* initiative, moving BHSD to HSD will ensure 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. It will also help New Mexico to maximize state and federal funds through the Medicaid program and the federal substance abuse and mental health block grants to make the most of limited state and federal funds for community-based behavioral health services.

BHSD will support and enhance the use of “evidence-based” (validated by clinical research) practices for new and promising treatment options. BHSD will train peer support specialists and assist communities in planning to implement these practices. BHSD will also work in conjunction with the proposed Consortium for Behavioral Health Training and Research (CBHTR) to address behavioral health workforce issues in New Mexico. 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.

By assuring that the current workforce is exposed to national research and information about practices that have been shown to have the highest likelihood of success, BHSD and CBHTR will help improve the quality of behavioral health services. By assuring that practices that have not been appropriately evaluated or researched are put to these rigorous tests, CBHTR will contribute to the growing body of knowledge about service delivery excellence for New Mexico. BHSD will help practitioners and providers learn about and be able to implement these new practices and change current services to meet new demands.

Improve Health Care and Human Services. By employing more advanced technologies, HSD will simplify and enhance the process by which New Mexicans can access needed services.

Provide No Wrong Door” to State Services Through Enterprise Eligibility Information Technology and Common Resource Directory Capacity. HSD will implement a web-based portal allowing New Mexicans to access services through a common portal, complete applications and determine eligibility for multiple programs on-line. HSD is the lead agency for over 26 programs in eight agencies working together to implement this enterprise technology solution for staff and for persons in New Mexico seeking services from multiple departments. HSD will implement this enterprise eligibility system that combines eligibility criteria from multiple state programs and replaces the aging ISD2 eligibility system currently in use at HSD’s eligibility field offices.

Key Elements of Recommendation

Program Support. In FY07, Program Support was funded for an additional 12 FTE over FY06, mostly information systems positions to implement the Statewide Immunization System and support the Child Support Enforcement system with permanent state employees rather than contract employees. These new positions were requested at and funded for only 75% of the yearly salary. In addition, the FY07 appropriation for salaries and benefits took an 11% vacancy savings factor.

The Executive recommendation for this program for FY08 annualizes the salaries and benefits for the new positions and restores funding for excess vacancy savings taken in FY07. A 6% vacancy savings factor was applied to the Executive FY08 recommendation. Most of the FY08 increase for Program Support of \$1,282.6 (\$449.6 General Fund) was due to the restoration of salaries and benefits.

The FY08 recommendation also includes an expansion of \$167.2 (\$67.9 General Fund) for one human resource specialist and one information systems application developer.

Since FY04, the HSD FTE count has increased by 303 (including the FY08 proposed transfer of 44 FTE from the Behavioral Health Services Division of the Department of Health, and a recommended FTE expansion of 72 for FY08) without an increase in the human resources staff. Most of the increase in FTE over this period was necessary to support the Governor’s initiative to *Insure New Mexico*. In order to help recruit and retain quality employees to support the goals of HSD, the addition of one Human Resources Specialist is recommended.

The Information Systems Application Developer is recommended to implement an enterprise eligibility system and common resource directory. Providing this position to design and operate a

web-based eligibility system will result in more timely access for the public to information concerning benefits offered by HSD.

Behavioral Health Program. The FY08 recommendation for HSD includes the addition of the Behavioral Health Services Division (BHSD), to be transferred from the Department of Health (DOH) as part of the consolidation of behavioral health services under the new Interagency Behavioral Health Purchasing Collaborative begun in FY07. BHSD oversees integrated and comprehensive behavioral health diagnosis, treatment and prevention services that promote the health and resilience of New Mexicans and fosters healthy participation in community life.

BHSD will bring to HSD 44 permanent employees and an FY07 operating budget of \$59,009.6. For FY08, the Executive recommendation includes a base budget increase of \$1,350.0 (\$995.6 General Fund). The increase resulted primarily from making a non-recurring FY07 contingency appropriation of \$2,000.0 General Fund recurring for FY08. The appropriation was to fund direct mental health and substance abuse treatment and prevention services in schools and communities. A \$1,000.0 portion of the FY07 BHSD operating budget is proposed to be transferred to the New Mexico Corrections Department for FY08 for transitional centers for inmates released from incarceration.

The FY08 Executive recommendation for the Behavioral Health Program includes an expansion of \$1,000.0 in General Fund to provide psychotropic medications otherwise unavailable to individuals who are not eligible for Medicaid. Many of those who may benefit from this assistance have been released from hospitals, residential treatment centers and correctional facilities and are at risk of returning without this assistance. This recommendation supports the Behavioral Health Collaborative's goal of providing enhanced services for high-need individuals.

Too often, substance abuse prevention, treatment and enforcement efforts in New Mexico are disjointed, resulting in the ineffective and inefficient delivery of services to deal with substance abuse. To improve access, quality and value of mental health and substance abuse services, the Executive recommendation for FY08 includes a \$5,000.0 General Fund appropriation to support Governor Richardson's "total community approach" to deal with substance abuse.

The Executive recommendation for the Behavioral Health Program includes a \$2,000.0 General Fund appropriation to pay for residential and community substance abuse treatment at a new central New Mexico substance abuse treatment and training facility at Los Lunas. This funding is contingent on capital funding of \$7,000.0 General Fund to build the facility.

Providing social services to homeless persons is much more costly than providing services to individuals in the same income category who are not homeless. The FY08 Executive recommendation includes a program expansion of \$750.0 General Fund to provide housing assistance to individuals served by the Behavioral Health Collaborative, some of whom are ineligible for housing assistance under federal housing programs offered by the Department of Housing and Urban Development (HUD) and the US Department of Agriculture (USDA).

The \$750.0 in recurring funds would supplement \$10,000.0 of nonrecurring funds from the Housing Trust Fund. The capital funding (matched 50% by the Department of Housing and Urban Development) will be requested during the 2007 legislative session and will be used to fund the cost of three to five low income housing projects.

The recurring funding of \$750.0 General Fund will support two contract housing development specialists (\$250.0) and \$500.0 in rental subsidies for an estimated 200 people at or below 20% of FPL.

The Executive recommendation for BHSD includes an expansion of \$200.0 General Fund to provide therapist training, veterans outreach and treatment vouchers to veterans to improve the quality of and access to behavioral health services for New Mexico veterans and their families. The training provided by this funding will improve treatment for post traumatic stress disorder and other disorders, and the vouchers will assist servicemen and women otherwise unable to pay for treatment.

To help deal with the growing problem of compulsive gambling and its consequences in New Mexico, the Executive recommendation includes funding to train behavioral health providers in evidence-based therapies that are effective at treating compulsive gambling disorders. Of a total recommendation of \$425.0 General Fund, approximately \$100.0 will be used for training and \$325.0 will assist those needing treatment services.

The Executive recommendation for the Behavioral Health Services Program also includes an expansion of \$30.0 General Fund to assist consumers and family members in paying travel and lodging expenses while attending Behavioral Health Planning Council meetings.

Child Support Enforcement Program. The base budget recommendation for the Child Support Enforcement Division (CSED) increased by \$1,269.6 (\$938.3 General Fund). Rental costs increased during FY07 (\$900.0) as some CSED field offices moved to larger facilities. Twenty eight expansion FTEs funded at 75 percent of salaries for FY07 are funded at 100 percent for FY08 which increases the base budget by \$250.0. The remainder of the base budget increase was due to a \$160.0 increase in the cost of liability insurance.

The FY08 Executive recommendation includes two expansion items for CSED. Funding of \$81.3 (\$27.7 General Fund) is recommended to hire two staff trainers to improve staff proficiency, customer service and compliance with federal and state rules. One additional general manager is recommended so that each of the five regional CSED offices will have one office manager making remote supervision no longer necessary. Funding for this expansion is \$86.7 (\$29.5 General Fund).

Income Support Program. The most substantial change in the FY08 base budget recommendation from FY07 for the Income Support Program is a reduction of \$51,986.2 of federal Food Stamp funds. The Food Stamp Program is 100% federal funds. The FY07 operating budget overestimated the enrollment growth of the program and the FY08 recommendation brings the amount more in line with FY06 actual expenditures. The FY08 recommendation for food stamps still represents an increase over FY06 of \$19,436.3.

The Executive recommendation includes funding to expand the staff of the Income Support Division (ISD) by 71 eligibility workers to support the implementation of other expansion items recommended for the Medicaid program. Enhancements recommended for the Medicaid program will require increasing the ISD staff to process applications, determine eligibility and conduct recertifications for an estimated enrollment increase of more than 34,000 New Mexicans. The staff expansion is recommended at a total funding amount of \$2,007.3 (\$851.1) General Fund.

The General Assistance (GA) program provides assistance to disabled adults and dependent, needy children to help support the basic daily needs of some of New Mexico's most vulnerable citizens. Because of enrollment growth, the Executive recommendation includes expansion funding of \$628.1 General Fund to maintain the current monthly benefit of \$231.0.

While a significant number of individuals served by the GA program eventually qualify for the federal Supplemental Security Income (SSI) program, determining eligibility for SSI can take years, leaving individuals with serious physical or mental health impairments without a means to pay for housing, medication and other basic needs.

Under the federal Food Stamp program, states can only pay a minimum benefit of \$10 per month for an eligible household. If a state wishes to increase this benefit above the federal minimum it must do so using only state funds. The Executive recommendation for FY08 includes a General Fund appropriation of \$600.0 to raise the minimum monthly benefit from \$10.0 to \$20.0 so that more of New Mexico's elderly will receive greater assistance meeting their dietary needs.

A disproportionate share of Native Americans live in poverty, facing food insecurity and lacking proper medical care. In FY07, HSD received funding to place eight eligibility workers at Navajo Area Indian Health Service facilities to improve outreach to Native Americans. The FY07 appropriation was intended to increase enrollment in the Food Stamp and Medicaid program in these target areas.

For FY08, the Executive recommendation proposes to expand this effort by placing additional eligibility workers at Indian Health Hospitals included in the Albuquerque Area Indian Health Service. The recommendation includes \$206.2 (\$87.14 General Fund) to fund four additional eligibility workers to serve 19 Pueblos, two Apache Tribes and three Navajo communities within the Albuquerque area.

The federally funded Low Income Home Energy Assistance Program (LIHEAP) helps low-income (under 150% FPL) New Mexicans pay heating and cooling bills. Because of a decrease in federal funds for this program expected for FY08, the Executive recommendation includes an expansion of \$1,000.0 General Fund so that low-income households will not have to be dropped from the program once federal funds are exhausted.

The federal Deficit Reduction Act imposes more stringent work requirements for individuals participating in the New Mexico Works program administered through the federal Temporary Assistance for Needy Families (TANF) program. Supervision and monitoring of program participants is performed by contract case managers paid through contracts with New Mexico State University, New Mexico Highlands University, the State Office of Workforce Development and the Mid Region New Mexico Council of Governments.

If participants in the New Mexico Works program do not meet the new work requirements for TANF participation, New Mexico runs the risk of federal TANF block grant funding sanctions. To help meet the new federal work requirements, the Executive recommendation includes funding of \$1,750.0 GF to hire 40 additional contract case managers to increase the number of program participants that obtain gainful employment.

Medical Assistance Program. The Executive recommendation for the Medical Assistance Program contains expansion recommendations aimed at providing Medicaid and State Coverage Insurance health coverage for more than 34,000 uninsured New Mexican adults.

Currently, 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 recommendation includes expansion funding of \$78,322.0 (\$15,900 General Fund) to begin implementing an eligibility change to 100% of FPL (\$16,600 for family of three). 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.

The FY08 Executive recommendation also proposes to expand the State Coverage Insurance Program (SCI), a Medicaid waiver program that provides commercial health insurance coverage on a sliding-scale income basis for adults with annual income of up to 200% of FPL (\$33,200 for family of three). A portion of the total premiums are paid by employers, employees, and the state and federal government. The recommendation would increase to 300% FPL the adults eligible for SCI at a projected increased cost of \$25,608.8 (\$4,100.0 General Fund).

Both of the these proposed Executive expansions to the Medical Assistance Program support 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.

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.

The Executive recommendation for the Medical Assistance Division (MAD) proposes to fund an *Insure New Mexico* call center with the addition of three MAD staff members to accept calls and counsel employers and employees on the various *Insure New Mexico* health insurance solutions. The recommended funding for this expansion is \$414.9 (\$311.2 General Fund).

Performance Report

Program Support. The measures that have been established for Program Support are indicators primarily of how well HSD is performing its accounting, financial reporting and auditing functions. In FY07, HSD will administer in excess of \$2,500,000.0 of federal funds. Filing timely federal financial reports is critical to the process of administering programs of this size. For FY06, 100% of all the federal financial reports filed by HSD were on time and accurate.

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 in correcting this deficiency. For FY06, HSD set a goal of resolving 100%

of all FY05 audit findings. Even though the target was not met (94% audit findings resolved), this represents a strong commitment to producing an unqualified, timely, year-end audit report.

Behavioral Health. Implementation of the New Mexico Behavioral Health Purchasing Collaborative began July 2006. To consolidate the oversight of all publicly funded behavioral health services, the Executive recommendation includes a proposal to move the current Behavioral Health Services Division (BHSD) from the Department of Health (DOH) to HSD, the lead agency for the Collaborative. HSD has developed some new performance measures for which no targets were established for FY06. Most of the new measures pertain to performance by the Collaborative and thus were not established for FY06. Targets for FY07 and FY08 are included in this document.

Child Support Enforcement. Collections of child support 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 met its goal of 58% collections for FY06, but is increasing its expectations for FY08 to 70%.

The percent of current child support owed that is collected is an important success indicator for the program. In FY06, 54% of support owed was collected which fell short of the goal of 60%. With the establishment of a Paternity Establishment Unit and Governor Richardson *Fresh Start* program proposal, HSD expects to see a substantial improvement in collections in both FY07 and FY08.

Medical Assistance. Several of the FY06 targets set for performance of the Medical Assistance Program were not met. The measures of the percent of children receiving dental exams, the percent of children receiving early and periodic screening, diagnosis and treatment services, and the percent of age appropriate women receiving cervical and breast cancer screening all fell short of targets. HSD needs to work with DFA and LFC to evaluate the targets to see if they are unrealistic and also to develop corrective action plans where appropriate.

The Medical School Based Services (MSBS) program was successful in FY06 meeting the target that measures the number of children receiving services from the program. HSD exceeded its 16,000 children served target by more than 1,000 children.

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 retain jobs and meet federal work requirements helps HSD monitor the success of this program. For FY06, a goal of the Income Support Program was to have at least 70% of all TANF participants retain a job for three months or longer. Actual performance was 78% and HSD expects to improve that performance in subsequent fiscal years.

The work performance of single parent families is monitored separately from that of two parent families. For FY06, HSD measured the percent of this group that met federally work participation requirements. Fifty percent was the target set and results indicated that 49.4% met the federal standard. The federal Deficit Reduction Act has set higher performance requirements and HSD has responded by increasing the target performance to 60% for FY07 and FY08.

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. Even though HSD fell 1,854 short of its 97,785 target for FY06, it has increased expectations for food stamp participation to 103,800 for FY08 as the Department increases outreach and streamlines the process of applying 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 human services department shall provide the department of finance and administration and the legislative finance committee quarterly reports on the expenditures of the federal temporary assistance for needy families' block grant and the state maintenance-of-effort expenditures.

The period of time for expending the seven hundred thousand dollars (\$700,000) appropriated from the general fund and two million one hundred thousand dollars (\$2,100,000) in federal funds contained in Subsection 13 of Section 6 of Chapter 76 of Laws 2003 as extended by Subsection 25 of Section 8 of Chapter 114 of Laws 2004 as extended by Subsection 17 of Section 7 of Chapter 33 of Laws 2005, and as extended by Subsection 16 of Section 7 of Chapter 109 of Laws of 2006 is extended through fiscal year 2008 for the medical assistance program for computer system enhancements to enable healthcare and human services agencies to comply with the federal health insurance portability and accountability act information security rules.

The period of time for expending the one million dollars (\$1,000,000) appropriated from the computer systems enhancement fund and six million two hundred thousand dollars (\$6,200,000) in federal funds contained in Subsection 16 of Section 7 of Chapter 33 of Laws of 2005 as extended by Subsection 17 of Section 7 of Chapter 109 of Laws of 2006 is extended through fiscal year 2008 to convert the current human services systems into the layered structure specified in the social services architecture plan. This appropriation includes two term full-time-equivalent positions. This appropriation is contingent upon approved social services architecture plan and a federally approved advance planning document.

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.

The period of time for expending the seven million eight hundred thousand dollars (\$7,800,000) appropriated from the computer systems enhancement fund and four million five hundred thousand dollars (\$4,500,000) in federal funds contained in Subsection 4 of Section 7 of Chapter 76 of Laws 2003 as extended by Subsection 15 of Section 8 of Chapter 114 of Laws 2004 as extended by Subsection 17 of Section 7 of Chapter 33 of Laws 2005 as extended by Subsection 16 of Section 7 of Chapter 109 of Laws 2006 is extended through fiscal year 2008 for the medical assistance program for computer system enhancements to enable healthcare and human services agencies to comply with the federal health insurance portability and accountability act information security rules.

The human services department may request budget increases from other state funds for the purpose of maximizing federal funds match.

The human services department may request category transfers among personal service and employee benefits, contractual services, other and other financing uses.

The human services department may request budget increases from other state funds, internal services funds/interagency transfers, federal funds, and cash balances.

The human services department may request budget increases from other state funds and interagency transfers, transfers from counties, cities, and other intergovernmental transfers.

The human services department and the department of health may request budget increases in the contractual services category from other state funds up to three million dollars (\$3,000,000) for the purpose of paying the revenue maximization contractor.

Two million dollars (\$2,000,000) of the general fund appropriation to the behavioral health services program for residential and community substance abuse treatment is contingent on the appropriation of seven million dollars (\$7,000,000) of capital funding to build a central New Mexico substance abuse treatment and training facility in Los Lunas.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY08	
				<u>Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	687,242.9	727,337.1	833,626.2	106,289.1	14.6
Other Transfers	100,937.4	101,808.2	107,511.8	5,703.6	5.6
Federal Revenues	2,352,791.5	2,524,012.7	2,865,091.9	341,079.2	13.5
Other Revenues	56,513.6	62,240.2	76,273.4	14,033.2	22.5
TOTAL SOURCES	3,197,485.4	3,415,398.2	3,882,503.3	467,105.1	13.7
USES					
Personal Services and Employee Benefits	130,066.6	89,767.0	94,277.8	4,510.8	5.0
Contractual Services	112,248.4	119,472.0	139,380.7	19,908.7	16.7
Other	2,905,985.1	3,097,555.4	3,539,392.8	441,837.4	14.3
Other Financing Uses	97,169.8	108,603.8	109,452.0	848.2	0.8
TOTAL USES	3,245,469.9	3,415,398.2	3,882,503.3	467,105.1	13.7
FTE					
Permanent	1,702.00	1,792.00	1,889.00	97.00	5.4
Term	23.00	23.00	56.00	33.00	143.5
TOTAL FTE POSITIONS	1,725.00	1,815.00	1,945.00	130.00	7.2

Behavioral Health Services (Dollars in Thousands)					
	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY08	
				<u>Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	36,199.4	37,584.0	47,984.6	10,400.6	27.7
Other Transfers	15.2	569.2	528.6	-40.6	-7.1
Federal Revenues	18,910.9	20,812.9	21,209.4	396.5	1.9
Other Revenues	2.7	43.5	42.0	-1.5	-3.4
TOTAL SOURCES	55,128.2	59,009.6	69,764.6	10,755.0	18.2

Behavioral Health Services
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent Change</u>
USES					
Personal Services and Employee Benefits	2,560.2	2,560.2	2,621.4	61.2	2.4
Contractual Services	50,333.8	49,155.1	63,761.3	14,606.2	29.7
Other	1,048.5	6,039.8	1,709.8	-4,330.0	-71.7
Other Financing Uses	1,185.7	1,254.5	1,672.1	417.6	33.3
TOTAL USES	55,128.2	59,009.6	69,764.6	10,755.0	18.2
FTE					
Permanent	21.00	21.00	31.00	10.00	47.6
Term	23.00	23.00	13.00	-10.00	-43.5
TOTAL FTE POSITIONS	44.00	44.00	44.00	0.00	0.0

Program Support
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	12,605.3	10,781.3	11,298.8	517.5	4.8
Federal Revenues	26,421.9	25,706.8	27,006.3	1,299.5	5.1
Other Revenues	894.6	4,196.5	3,829.3	-367.2	-8.8
TOTAL SOURCES	39,921.8	40,684.6	42,134.4	1,449.8	3.6
USES					
Personal Services and Employee Benefits	63,750.1	15,169.1	16,271.5	1,102.4	7.3
Contractual Services	16,469.9	12,834.1	12,847.8	13.7	0.1
Other	10,557.4	12,631.4	12,965.1	333.7	2.6
Other Financing Uses	42.5	50.0	50.0	0.0	0.0
TOTAL USES	90,819.9	40,684.6	42,134.4	1,449.8	3.6
FTE					
Permanent	235.00	247.00	249.00	2.00	0.8
TOTAL FTE POSITIONS	235.00	247.00	249.00	2.00	0.8

Child Program Enforcement
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	5,823.5	6,505.9	7,501.4	995.5	15.3
Federal Revenues	17,324.4	18,549.3	19,252.9	703.6	3.8
Other Revenues	4,832.4	4,764.1	4,502.6	-261.5	-5.5
TOTAL SOURCES	27,980.3	29,819.3	31,256.9	1,437.6	4.8
USES					
Personal Services and Employee Benefits	15,842.6	18,125.4	18,950.7	825.3	4.6
Contractual Services	6,539.9	7,463.0	7,463.0	0.0	0.0
Other	4,477.4	4,230.9	4,843.2	612.3	14.5
TOTAL USES	26,859.9	29,819.3	31,256.9	1,437.6	4.8
FTE					
Permanent	371.00	399.00	402.00	3.00	0.8
TOTAL FTE POSITIONS	371.00	399.00	402.00	3.00	0.8

Medical Assistance
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	Percent <u>Change</u>
SOURCES					
General Fund Transfers	566,604.1	629,036.0	718,310.4	89,274.4	14.2
Other Transfers	100,922.2	101,239.0	106,983.2	5,744.2	5.7
Federal Revenues	1,887,652.7	1,944,487.2	2,335,892.2	391,405.0	20.1
Other Revenues	47,485.1	50,200.0	64,455.5	14,255.5	28.4
TOTAL SOURCES	2,602,664.1	2,724,962.2	3,225,641.3	500,679.1	18.4
USES					
Personal Services and Employee Benefits	8,820.7	10,068.4	10,451.0	382.6	3.8
Contractual Services	18,244.1	25,852.2	31,235.6	5,383.4	20.8
Other	2,509,563.2	2,619,102.6	3,113,698.1	494,595.5	18.9
Other Financing Uses	66,036.1	69,939.0	70,256.6	317.6	0.5
TOTAL USES	2,602,664.1	2,724,962.2	3,225,641.3	500,679.1	18.4
FTE					
Permanent	139.00	144.00	147.00	3.00	2.1
Term	0.00	0.00	9.00	9.00	***
TOTAL FTE POSITIONS	139.00	144.00	156.00	12.00	8.3

Income Support
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	Percent <u>Change</u>
SOURCES					
General Fund Transfers	66,010.6	43,429.9	48,531.0	5,101.1	11.7
Federal Revenues	402,481.6	514,456.5	461,731.1	-52,725.4	-10.2
Other Revenues	3,298.8	3,036.1	3,444.0	407.9	13.4
TOTAL SOURCES	471,791.0	560,922.5	513,706.1	-47,216.4	-8.4
USES					
Personal Services and Employee Benefits	39,093.0	43,843.9	45,983.2	2,139.3	4.9
Contractual Services	20,660.7	24,167.6	24,073.0	-94.6	-0.4
Other	380,338.6	455,550.7	406,176.6	-49,374.1	-10.8
Other Financing Uses	29,905.5	37,360.3	37,473.3	113.0	0.3
TOTAL USES	469,997.8	560,922.5	513,706.1	-47,216.4	-8.4
FTE					
Permanent	936.00	981.00	1,060.00	79.00	8.1
Term	0.00	0.00	34.00	34.00	***
TOTAL FTE POSITIONS	936.00	981.00	1,094.00	113.00	11.5

Performance Measures

		FY06 Target	FY06 Result	FY07 Target	FY08 Recomm
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.					
Output	Percent of youth served who have contact with juvenile justice systems		4.3%	TBD	TBD
Outcome	Youth suicide rate among 15 to 19 year olds served by statewide entity		1.0	TBD	
Outcome	Percent of children and adolescents receiving behavioral health services who are successful in school		67.4%	68%	68%
Outcome	Youth Suicide rate among 15 to 19 year olds per 100,000 (calendar year)		17.0	15.0	14.0
Outcome	Percent of individuals with mental illness and/or substance abuse disorders receiving services with decent, safe and affordable housing		77.73%	78%	78%
Outcome	Number of DWI arrests among persons receiving substance abuse treatment/services		8%	TBD	TBD
Output	Percent of adults served who have contact with adult correctional systems		21.3%	TBD	TBD
Output	Number of individuals served annually in substance abuse and/or mental health programs		70,473	72,000	73,000

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 financial reports completed accurately by due date	100%	100%	100%	100%
Outcome	Percent of invoices paid within thirty days of receipt of the invoice	100%	84%	100%	100%
Outcome	Percent of prior-year audit finding resolved in the current fiscal year	100%	94%	100%	100%
Outcome	Percent of audit findings that are material weaknesses	0.0%	39.3%	0%	0%
Outcome	Number of office of inspector general claims over thirty-six months old	0	4,285	0	0
Outcome	Percent of reconciling items resolved within fifteen days of completion of reconciliation	95%	76%	95%	95%

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	58%	58%	65%	70%
Outcome	Amount of child support collected, in millions	\$88.0	\$89.4	\$95.0	\$97.0
Outcome	Percent of current support owed that is collected	60%	54%	65%	67%
Outcome	Percent of cases with support orders	60%	62.7%	65%	67%
Outcome	Percent of children born out of wedlock with voluntary paternity acknowledgment	60%	65%	75%	78%
Outcome	Percent of children with court-ordered medical support covered by private health insurance	30%	35%	37%	38%

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		4,759	10,000	10,000
Outcome	Percent of children enrolled in medicaid managed care who have a dental exam within the performance measure year	90%	52.73%	92%	95%
Outcome	Percent of readmissions to the same level of care or higher for individuals in managed care discharged from residential treatment centers	15%	5.1%	12%	10%
Outcome	Number of children receiving services in the medicaid school-based services program	16,000	17,004	16,500	17,000
Output	Number of employers participating in State Coverage Insurance			750	1,200
Outcome	Percent of children in medicaid managed care receiving early	80%	55%	85%	60%

		<u>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 Recomm</u>
Outcome	and periodic screening, diagnosis and treatment services Percent of adolescents in medicaid managed care receiving well-care visits	50%	23.7%	52%	52%
Outcome	Percent of age appropriate women enrolled in medicaid managed care receiving breast cancer screens	70%	42.2%	75%	60%
Outcome	Percent of age appropriate women enrolled in medicaid managed care receiving cervical cancer screens	75%	56.6%	75%	75%

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 participants who retain a job three or more months	70%	78%	75%	80%
Outcome	Percent of temporary assistance for needy families single-parent recipients meeting federally required work participation requirements	50%	49.4	60%	60%
Outcome	Percent of temporary assistance for needy families two-parent recipients meeting federally required work participation requirements			80%	90%
Outcome	Percent of food-stamp eligible children participating in the program	90%	72%	93%	80%
Outcome	Percent of expedited food stamp cases meeting federally required measure of timeliness within seven days	96%	98.3%	98%	98%
Outcome	Number of New Mexico Families receiving food stamps	97,785	95,931	100,000	103,800
Outcome	Number of temporary assistance for needy families clients who receive a job	9,500	6,889	9,500	9,500

Executive Summary

The Labor Department collaborates with existing and potential employers to increase employment, job retention and earnings of the citizens of New Mexico.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	3,260.5	6,017.7	84.6
Total Sources	38,414.4	35,072.1	-8.7
Program			
Unemployment Administration	9,538.4	9,609.9	0.7
Operations	15,971.8	12,768.1	-20.1
Program Support Summary	10,028.6	9,689.2	-3.4
Compliance Program	2,875.6	3,004.9	4.5
Total Uses	38,414.4	35,072.1	-8.7
FTE	627.50	554.50	-11.6

- The Executive recommendation transfers \$691.5 from the Workers' Compensation Fund balances to the Labor and Industrial and Humans Rights Divisions within the Compliance Program.
- Use of the balance of \$2,500.0 in non-recurring Reed Act funds is assumed in the Executive recommendation.
- The Executive recommendation supports an overall operating budget decrease of 8.7% primarily due to the loss of the Temporary Assistance for Needy Families (TANF) contract, Reed Act funds and Wagner Peyser federal funds.
- The recommendation includes an expansion of \$430.7 and five FTE for continuation of the High School Career Centers program.
- The Executive recommends General Fund expansions of \$520.0 and nine FTE for continuation of the High School Career Centers program; \$500.0 and 10 FTE for the Unemployment Insurance program; \$120.0 and two FTE for Dial-A-Teen; and \$200.0 and two FTE for the Business Outreach program.

Agency Mission and Program Purpose

The Labor Department 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.

Unemployment Administration

The Unemployment Administration (UA) program disseminates labor market information measuring employment, unemployment, economic health, and the supply of and demand for labor. UA administers federal unemployment compensation programs to fund those individuals who, through no fault of the own, become unemployed and thereby eligible for unemployment benefits.

Operations Program

The Operations Program is comprised of the Labor Market Services and the Economic Research programs. The Program provides unemployment insurance, workforce development, and labor market services that meet the needs of job seekers and employers.

The Labor Market Services Program encompasses the Field Services Bureau (FSB) of the Employment Security Division. FSB provides labor market services statewide to job seekers and employers seeking employees. In some areas of the state, this program conducts job training and educational activities in local offices through the Workforce Investment Act (WIA).

The Economic Research and Analysis Program provides detailed data on the nature of employment in New Mexico, including numbers of employees by trade and occupation, unemployment rates by sector and geographic area, and detailed economic data regarding the economy and employment. The data produced by the Information Program is used to develop trend information over time to better predict future trends in the nature of business activity and employment.

Program Support

Program Support is comprised of Executive Policy, Administrative Services Division and Information Technology and provides overall leadership, direction, and administrative support to each agency program to achieve their programmatic goals.

The Executive Policy Program consists of the Office of the Secretary and the Legal Section. It provides the Department with administrative direction and overall management as well as legal guidance on all program activities.

The Administrative Services Division consists of the Financial Management Bureau, the General Services Bureau, the Human Resource Bureau and the Office of Internal Audit. The Division provides administrative support, including financial processing, budget, personnel services, property management and internal audits to the Department.

The Information Technology (IT) Program provides the information technology system and data management at all field offices and to central office staff.

Compliance Program

The Compliance Program is comprised of the Labor and Industrial Division and the Human Rights Division (HRD). The Program monitors and evaluates compliance with labor law including nonpayment of wages, unlawful discrimination, child labor, apprentices, and wage rates for public works projects.

The Labor and Industrial Division ensures that New Mexico employers adhere to standards for safe working conditions, wage requirements and working hours, while the Human Rights Division investigates allegations of discrimination or harassment of employees at the state level. The Program takes action against those individuals and employers who violate laws and regulations prohibiting such practices and actions.

Executive Recommendation*Agency Strategic Directions*

The Labor Department is working directly on two of the Governor's Performance and Accountability policies. The Department supports *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.

Further, it supports *Services to New Mexicans* by maximizing collection of fees, fines, employer taxes and gross receipts taxes owed to the state. The Department is also working to streamline reporting and payment requirements for businesses, and ensuring that all companies doing business in New Mexico comply with applicable laws and regulations.

Key Elements of Recommendation

The Executive recommends a total budget reduction of \$3,342.38 or 0.7% exclusively due to the loss of federal revenue including: \$3,668.7 in Temporary Assistance for Needy Families (TANF) revenue; \$260.6 in Reed Act funding and \$1,003.5 from Wagner Peyser federal funding. An overall increase of \$2,757.2 from the General Fund is recommended to replace projected reductions in federal funds.

Unemployment Administration Program. The Executive recommends an overall increase of \$71.5 or 0.7% above the FY07 operating level. Reductions in federal revenue are attributable to anticipated funding cuts in Reed Act and Unemployment Insurance federal funding. The recommendation includes an increase of \$500.0 from the General Fund and nine permanent positions for continuation of the Unemployment Insurance program, previously supported by federal funds.

An increase of \$24.1 for personal services and employee benefits includes the recommended deletion of 11 positions which have been vacant for a year or more and were previously supported with federal funds. The recommendation applies a vacancy factor of 5.3%. The recommended reduction in contractual services of \$25.5 reflects professional service contracts that will not be required in FY08. An increase of \$72.9 in other costs is recommended to replace computers which are beyond a five year useful life and increased equipment lease and maintenance costs.

Operations Program. The Executive recommends an overall reduction of \$3,203.7 or 20.1% attributed to the loss of TANF, Reed Act and Wagner Peyser federal revenue. The Temporary Assistance for Needy Families (TANF) program will be administered by the Human Services Department in FY08. The Executive recommendation supports the continued funding of veteran's support services through the veteran's services grant. A base increase of \$1,669.0 from the General Fund is recommended to support current operations.

The Executive recommends a reduction of \$2,508.4 in personal services and employee benefits to account for 58 FTE transferred to HSD for administration of the TANF program and an additional 18 FTE deleted as a result of being vacant for a year or more. The Recommendation reflects a vacancy factor of 7.6%. A reduction of \$343.4 in contractual services reflects decreases in professional service contracts related to interactive information technology for job seekers. In the other costs category, a reduction of \$351.9 is recommended for travel costs, office supplies, equipment lease costs, building maintenance repair and grounds keeping costs.

The recommendation includes an increase of \$520.0 from the General Fund and nine permanent positions for continuation of the High School Career Centers program, previously funded with Reed Act funds. This program provides services to 19,000 high school students in Santa Fe, Las Vegas, Ruidoso, Roswell and Las Cruces.

An increase of \$120.0 from the General Fund and two permanent positions is recommended for the Dial-a-Teen program, previously funded from Wagner Peyser federal funds. This program provides youth employment services to 6,500 youth statewide.

The Executive recommends an increase of \$200.0 from the General Fund and two permanent positions for the Business Outreach program, previously funded from Wagner Peyser federal funds. This program provides outreach to employees to increase the number of job placements throughout the state.

Program Support. The Executive recommends an overall reduction of \$339.4 or 3.4% due to the loss of federal revenue across the agency which results in fewer funds available to support administrative services. An increase of \$428.3 in General Fund is recommended to support current salaries.

The personal services and employee benefits category supports a reduction of \$183.3 and five FTE vacant for a year or more. The recommendation applies a vacancy factor of 8.5%. A recommended increase in contractual reflects current software licenses and maintenance agreements. This amount appears in other costs in the operating budget; therefore, the recommendation includes an equal reduction in other costs for FY08. In addition, the Executive recommends a reduction of \$75.0 in contractual services for fiscal agent fees that will not be realized in FY08 due to negotiated reductions in rates.

Compliance Program. The Executive recommends an increase of 4.5% or \$129.3. The recommendation includes \$691.5 from the Workers' Compensation fund balances to support base operations in the Labor and Industrial and Human Rights programs. An increase of \$68.1 from the General Fund is recommended to support current operations.

The Executive recommends the deletion of two permanent positions which have been vacant for more than a year accounting for the full reduction in personal services. A 6.2% vacancy factor is assumed.

Performance Report

The Labor Department met or exceeded most of its targets; however, it was unable to meet others. For example, in the Operations Program the target for number of individuals served by labor market services who found employment was not met. Because the Department now has a virtual one-stop system, many of the jobs are obtained through self-service, and until recently, were not able to be tracked and reported.

In the Compliance Program, the target for number of targeted public works inspections completed was missed by 20%. This was due to a vacancy of one labor law administrator for a full year. The position was not filled due to Department austerity measures in FY06. The Executive encourages the Department to focus on achieving all targets in the upcoming year.

Recommended Language for the General Appropriation Act

The internal services/interagency transfers appropriation to the compliance program of the labor department includes six hundred thousand ninety-one thousand five hundred dollars (\$691.5) from fund balances in the workers' compensation administration fund.

The federal funds appropriation to program support of the labor department includes two million five hundred dollars (\$2,500,000) of federal Reed Act funds.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY08	
				<u>Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	831.0	3,260.5	6,017.7	2,757.2	84.6
Other Transfers	5,933.8	6,908.7	2,955.2	-3,953.5	-57.2
Federal Revenues	30,984.1	26,050.0	23,843.1	-2,206.9	-8.5
Other Revenues	2,067.1	2,195.2	2,256.1	60.9	2.8
TOTAL SOURCES	39,816.0	38,414.4	35,072.1	-3,342.3	-8.7
USES					
Personal Services and Employee Benefits	27,247.5	29,157.1	26,377.6	-2,779.5	-9.5
Contractual Services	4,823.6	2,494.2	2,415.8	-78.4	-3.1
Other	7,599.6	6,763.1	6,278.7	-484.4	-7.2
Other Financing Uses	145.3	0.0	0.0	0.0	***
TOTAL USES	39,816.0	38,414.4	35,072.1	-3,342.3	-8.7
FTE					
Permanent	516.00	516.00	508.00	-8.00	-1.6
Term	109.00	110.50	46.50	-64.00	-57.9
Temporary	3.00	1.00	0.00	-1.00	-100.0
TOTAL FTE POSITIONS	628.00	627.50	554.50	-73.00	-11.6

Unemployment Administration (Dollars in Thousands)					
	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY08	
				<u>Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	0.0	535.5	1,127.3	591.8	110.5
Federal Revenues	9,993.3	9,002.9	8,482.6	-520.3	-5.8
TOTAL SOURCES	9,993.3	9,538.4	9,609.9	71.5	0.7

Unemployment Administration
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 Operating <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent</u> <u>Change</u>
USES					
Personal Services and Employee Benefits	7,810.3	8,021.8	8,045.9	24.1	0.3
Contractual Services	755.3	351.5	326.0	-25.5	-7.3
Other	1,282.4	1,165.1	1,238.0	72.9	6.3
Other Financing Uses	145.3	0.0	0.0	0.0	***
TOTAL USES	9,993.3	9,538.4	9,609.9	71.5	0.7
FTE					
Permanent	180.00	180.00	179.00	-1.00	-0.6
Term	5.00	5.00	5.00	0.00	0.0
TOTAL FTE POSITIONS	185.00	185.00	184.00	-1.00	-0.5

Operations Program
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	0.0	1,630.3	3,299.3	1,669.0	102.4
Other Transfers	4,767.6	5,485.9	2,051.8	-3,434.1	-62.6
Federal Revenues	10,509.6	8,855.6	7,417.0	-1,438.6	-16.2
TOTAL SOURCES	15,277.2	15,971.8	12,768.1	-3,203.7	-20.1
USES					
Personal Services and Employee Benefits	11,114.4	12,299.0	9,790.6	-2,508.4	-20.4
Contractual Services	518.3	636.2	292.8	-343.4	-54.0
Other	3,644.5	3,036.6	2,684.7	-351.9	-11.6
TOTAL USES	15,277.2	15,971.8	12,768.1	-3,203.7	-20.1
FTE					
Permanent	184.00	184.00	179.00	-5.00	-2.7
Term	97.00	98.50	37.50	-61.00	-61.9
Temporary	3.00	1.00	0.00	-1.00	-100.0
TOTAL FTE POSITIONS	284.00	283.50	216.50	-67.00	-23.6

Program Support
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	0.0	0.0	428.3	428.3	***
Other Transfers	474.7	722.0	211.9	-510.1	-70.7
Federal Revenues	10,144.5	7,888.0	7,693.5	-194.5	-2.5
Other Revenues	1,138.2	1,418.6	1,355.5	-63.1	-4.4
TOTAL SOURCES	11,757.4	10,028.6	9,689.2	-339.4	-3.4
USES					
Personal Services and Employee Benefits	6,435.2	6,765.0	6,581.7	-183.3	-2.7
Contractual Services	3,541.8	1,497.6	1,687.4	189.8	12.7
Other	1,780.4	1,766.0	1,420.1	-345.9	-19.6
TOTAL USES	11,757.4	10,028.6	9,689.2	-339.4	-3.4

		Program Support (Dollars in Thousands)			FY08	
		FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	<u>Budget to Recommendation</u> Dollar <u>Change</u>	Percent <u>Change</u>
FTE						
	Permanent	111.00	111.00	109.00	-2.00	-1.8
	Term	7.00	7.00	4.00	-3.00	-42.9
	TOTAL FTE POSITIONS	118.00	118.00	113.00	-5.00	-4.2

		Compliance Program (Dollars in Thousands)			FY08	
		FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	<u>Budget to Recommendation</u> Dollar <u>Change</u>	Percent <u>Change</u>
SOURCES						
	General Fund Transfers	831.0	1,094.7	1,162.8	68.1	6.2
	Other Transfers	691.5	700.8	691.5	-9.3	-1.3
	Federal Revenues	336.7	303.5	250.0	-53.5	-17.6
	Other Revenues	928.9	776.6	900.6	124.0	16.0
	TOTAL SOURCES	2,788.1	2,875.6	3,004.9	129.3	4.5
USES						
	Personal Services and Employee Benefits	1,887.6	2,071.3	1,959.4	-111.9	-5.4
	Contractual Services	8.2	8.9	109.6	100.7	1,131.5
	Other	892.3	795.4	935.9	140.5	17.7
	TOTAL USES	2,788.1	2,875.6	3,004.9	129.3	4.5
FTE						
	Permanent	41.00	41.00	41.00	0.00	0.0
	TOTAL FTE POSITIONS	41.00	41.00	41.00	0.00	0.0

Performance Measures

		FY06 <u>Target</u>	FY06 <u>Result</u>	FY07 <u>Target</u>	FY08 <u>Recomm</u>
Unemployment Administration					
To disseminate labor market information measuring employment, unemployment, economic health and the supply of and demand for labor.					
Operations Program					
To provide unemployment insurance, workforce development, and labor market services that meet the needs of job seekers and employers.					
Outcome	Number of individuals served by labor market services who found employment	52,000	47,786	54,000	50,000
Outcome	Percent of status determinations for newly established employers made within ninety days of the quarter's end	90%	80%	90%	90%
Explanatory	Number of persons served by the labor market services program	172,000	303,727	370,000	370,000
Program Support					
To provide overall leadership, direction, and administrative support to each agency program to achieve their programmatic goals.					
Outcome	Error rate for forecasting employment data	*/-2%	0%	+/-2%	+/-2%

		<u>FY06</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>
		<u>Target</u>	<u>Result</u>	<u>Target</u>	<u>Recomm</u>
Compliance Program					
To monitor and evaluate compliance with labor law, including nonpayment of wages, unlawful discrimination, child labor, apprentices, and wage rates for public works projects.					
Output	Number of targeted public works inspections completed	1,775	1,096	1,775	1,775
Outcome	Percent of wage claims investigated and resolved within one hundred twenty days	95%	96.6%	95%	97%
Efficiency	Number of backlogged human rights commission hearings pending	20	0	20	20
Efficiency	Percent of discrimination cases settled through alternative dispute resolution	75%	77%	75%	77%
Efficiency	Average number of days for completion of discrimination investigations and determinations	145	145	145	145
Output	Annual collections of apprentice contributions for public works projects	\$350,000	\$454,021	\$450,000	\$450,000

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.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	0.0	0.0	***
Total Sources	11,043.5	12,066.2	9.3
Program			
Workers' Compensation Administration	10,143.5	10,897.1	7.4
Uninsured Employers' Fund	900.0	1,169.1	29.9
Total Uses	11,043.5	12,066.2	9.3
FTE	134.00	139.00	3.7

- The Executive recommendation reflects a budget increase of 9.3% from the FY07 operating level and assumes a vacancy rate of 3% for permanent employees.
- The recommendation includes funding of \$691.5 for a Joint Powers Agreement with the Labor Department.
- The recommendation supports a 29.9% increase in the Uninsured Employers' Fund.
- The recommendation includes funding for the addition of three permanent positions in the Employer Compliance Unit to increase employer compliance with the insurance requirements of the Workers' Compensation Act.
- The recommendation includes funding for two permanent positions to expand the number of safety consultants engaged in performing safety reviews, inspections and consultations with businesses.

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 WCA generates approximately \$10.0 million in fee assessments each year. As of June 30, 2006, the WCA Fund had a balance of \$10.1 million, an increase of approximately \$380.0 over FY05.

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 an assessment of \$.30 per employee from the fees collected by the WCA Fund. In addition, repayments from an employer, when payments have been made to an employee, are deposited in the fund. As of June 30, 2006, the UEF had a fund balance of approximately \$402.8. Current liabilities in the UEF are estimated to far exceed projected revenues and available fund balances.

Executive Recommendation

Agency Strategic Directions

WCA's strategic objectives contribute to economic development by attracting business to New Mexico because of its 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. WCA enjoys good cooperative relationships with a number of agencies. Key agency goals include the development of agreements with these entities that will improve interagency information sharing and will allow for easier exchange of statistics and other data impacting multiple agencies. Enhanced information sharing will assist WCA to maximize the collection of fees and unpaid premiums owed to the State.

WCA is actively working to improve agency processes and methods and has attained Roadrunner Recognition for years 2003, 2004 and 2006 under the Quality New Mexico program which recognizes New Mexico organizations for a commitment to quality concepts and principles. Over the last eighteen months, a number of initiatives have been put into action to increase employer compliance with the insurance and safety inspection requirements of the Workmens' Compensation Act.

Consistent with the recommendations of the task force formed in response to House Joint Memorial 55, passed during the 2006 legislative session, the Workers' Compensation Administration and the Occupational Health and Safety Bureau within the Environment Department will explore potential future collaborative efforts that could minimize duplication of effort and improve the effectiveness of both agencies in improving workplace safety.

Key Elements of Recommendation

The Executive recommendation reflects an increase of 9.3% from the FY07 operating level. The recommendation includes the continuation of a Joint Powers Agreement with the Department of Labor (DOL) that transfers \$691.5 from the WCA program to the Labor and Industrial Program of DOL.

The recommendation provides an increase of \$244.0 for employer liability coverage and \$46.8 for workers' compensation coverage. Both increases are based on the agency's high loss history over the last five years. The Executive recommendation assumes a 3% vacancy factor for permanent employees based on historical vacancy rates.

The Executive recommends the addition of three FTE to increase employer compliance with the insurance requirements of the Workers' Compensation Act. The additional staff will be able to perform at least 1,000 additional compliance reviews leading to the identification of at least 150 employers who will be required to comply with the insurance requirements of WCA. The additional staff will also cut in half the number of backlogged cases requiring a hearing. Increased compliance directly benefits injured workers, employers who are already in compliance with the Act, health care providers and insurance carriers. Increased compliance will also result in an increase in fee assessments used to fund the program and a reduction in uninsured claims that must be paid out of the Uninsured Employers' Fund.

The Executive recommendation also includes the addition of two FTE to increase the number of workplace safety reviews, inspections and technical consultations. The number of employers required to have safety inspections has increased by 72% since 2000. The additional FTE will provide the resources required to perform at least 320 additional inspections annually. The additional consultants will assist in reducing the overall rate and severity of work-related injuries.

As of June 30, 2006 the fund balance in the Uninsured Employers' Fund was \$402.8. In FY07, the WCA expects to generate \$900.0 in revenue and \$900.0 in expenditures. For FY08, WCA projects \$1,169.1 in expenditures but only \$1,001.0 in new revenue, leaving a fund balance of only \$234.7 by the end of FY08.

Performance Report

WCA had five performance goals for FY06. The agency surpassed its targeted goal for the number of employer reviews conducted to ensure compliance with the insurance provisions of the Workers' Compensation Act. As a result of these reviews, 348 businesses were brought into compliance with the Act. Recent initiatives related to this goal include a focus on businesses engaged in the construction industries and the development of data sharing agreements with other state agencies in order to identify employers who have cancelled insurance or who appear to be disregarding the insurance requirements of the Act. Due to provider improvements implemented by the agency, the Executive supports an increase in the FY08 target measures for this goal.

The agency was also successful in exceeding its targeted measures for the resolution of claims without trial and for the processing of first reports of injury. The Executive recommends increasing the targeted outcomes for both of these measures.

The agency failed to report FY06 results for two performance measures: the number of employees who had received educational outreach from the agency and the number of employees who had a work place safety visit or consultation. Due to the lack of data, the Executive is recommending maintaining the FY07 targets for both of these measures.

Two new measures were added for FY07. The first measure involved the percentage of past due fees collected by the agency and the second tracked the number of serious injuries and illnesses caused by workplace conditions. The Executive is recommending the continuation of these two performance measures in FY08 using FY07 criteria.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY06 Actuals	FY07 Operating Budget	Recom- mendation	FY08	
				Budget to Recommendation Dollar/FTE Change	Percent Change
SOURCES					
Other Revenues	11,077.3	11,043.5	11,743.9	700.4	6.3
Fund Balance	0.0	0.0	322.3	322.3	***
TOTAL SOURCES	11,077.3	11,043.5	12,066.2	1,022.7	9.3
USES					
Personal Services and Employee Benefits	7,509.3	7,844.3	8,529.2	684.9	8.7
Contractual Services	1,050.7	430.9	450.6	19.7	4.6
Other	2,317.3	2,076.8	2,394.9	318.1	15.3
Other Financing Uses	200.0	691.5	691.5	0.0	0.0
TOTAL USES	11,077.3	11,043.5	12,066.2	1,022.7	9.3
FTE					
Permanent	134.00	134.00	139.00	5.00	3.7
TOTAL FTE POSITIONS	134.00	134.00	139.00	5.00	3.7

Workers' Compensation Administration (Dollars in Thousands)					
	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
Other Revenues	10,071.5	10,143.5	10,574.8	431.3	4.3
Fund Balance	0.0	0.0	322.3	322.3	***
TOTAL SOURCES	10,071.5	10,143.5	10,897.1	753.6	7.4
USES					
Personal Services and Employee Benefits	7,509.3	7,844.3	8,529.2	684.9	8.7
Contractual Services	1,016.9	330.9	350.6	19.7	6.0
Other	1,345.3	1,276.8	1,325.8	49.0	3.8
Other Financing Uses	200.0	691.5	691.5	0.0	0.0
TOTAL USES	10,071.5	10,143.5	10,897.1	753.6	7.4
FTE					
Permanent	134.00	134.00	139.00	5.00	3.7
TOTAL FTE POSITIONS	134.00	134.00	139.00	5.00	3.7

Uninsured Employers' Fund (Dollars in Thousands)					
	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation Dollar Change</u>	<u>Percent Change</u>
SOURCES					
Other Revenues	1,005.8	900.0	1,169.1	269.1	29.9
TOTAL SOURCES	1,005.8	900.0	1,169.1	269.1	29.9
USES					
Contractual Services	33.8	100.0	100.0	0.0	0.0
Other	972.0	800.0	1,069.1	269.1	33.6
TOTAL USES	1,005.8	900.0	1,169.1	269.1	29.9
FTE					
TOTAL FTE POSITIONS	0.00	0.00	0.00	0.00	***

Performance Measures

		FY06 <u>Target</u>	FY06 <u>Result</u>	FY07 <u>Target</u>	FY08 <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	40,556	40,500	40,234
Outcome	Percent of formal claims resolved without trial	85%	88%	85%	90%
Output	Number of reviews of employers to ensure the employer has workers' compensation insurance	3,500	4,435	4,000	5,000
Outcome	Number of employers who have received education or outreach from the workers' compensation administration	10,000	TBD	13,500	13,500
Output	Number of employers who had a work place safety visit or consultation	5,000	TBD	6,000	6,000
Outcome	Percent of past due fees collected			75%	80%
Output	Number of serious injuries and illnesses caused by workplace conditions			4,882	4,850

Executive Summary

The Office of Workforce Training and Development oversees and coordinates workforce programs in order to enhance the job skills and employability of the people of New Mexico and to foster sound economic development for the State.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	800.0	6,250.0	681.3
Total Sources	36,159.6	32,430.2	-10.3
Program			
Office of Workforce Training and Development Operations	36,159.6	32,430.2	-10.3
Total Uses	36,159.6	32,430.2	-10.3
FTE	38.00	42.00	10.5

- The Executive recommendation includes \$950.0 in General Fund for One-Stop Career Centers, \$1,500.0 in General Fund for the WorkKeys Career Readiness Certificate program and \$2,500.0 in General Fund for a year-long, statewide youth employment program.
- The Executive's General Fund recommendation provides an increase of \$500.0 over the FY07 operating level for the Family Opportunity Accounts Act Program.
- A decrease of 10.3% is noted in the overall budget recommendation due to loss of the Temporary Assistance for Needy Families (TANF) contract.

Agency Mission and Program Purpose

The Office of Workforce Training and Development (OWTD) coordinates job training functions of various state agencies including the Economic Development, Labor, Public and Higher Education and Human Services departments to maximize the delivery of services to New Mexico citizens in an efficient manner. OWTD works to ensure compliance with federal and state laws and regulations governing the Workforce Investment Act (WIA). The duties and functions of OWTD include providing technical assistance to the local regional board in the administration and delivery of the WIA Program. This includes: (1) monitoring unemployment and training systems for adults, dislocated workers and youth; (2) establishing a true one-stop delivery system that integrates and delivers a broad spectrum of employment and training programs; and (3) monitoring state and local workforce development boards that approve and oversee the funding and performance for the delivery of employment and training programs.

Statutory Authority: Sections 50-14-1 through 50-14-16 NMSA 1978.

Executive Recommendation

Agency Strategic Directions

OWTD is supporting the Governor's *Promoting and Growing* performance and accountability contract by developing a workforce system that is business-driven and produces quality jobs. More specifically, the strategy includes developing a list of "targeted industries" for which higher education institutions, as well as public schools, can create curricula and career pathways to better address any skill gaps that exist on both a short and long-term basis. Other state partners in the system include programs that the Economic Development Department, Labor Department, Human Services Department, Division of Vocational Rehabilitation, Children Youth and Families Department and Aging and Long-Term Services Department provide with respect to employment services.

In addition to the state agencies, there are many community and faith-based organizational partners that provide valuable employment-related services. OWTD's task is to coordinate all of these entities and to monitor agencies for performance and accountability. Accomplishment of this task will provide the skilled workforce that is necessary for businesses to relocate to the state as well as enable those existing in New Mexico to grow; thus workforce development is truly economic development.

Key Elements of Recommendation

The 10.3% reduction in total funding reflects the loss of the TANF contract. This program will no longer be administered by OWTD. The reduction is partially offset by an increase in federal funds from the Workforce Investment Act.

The Executive recommendation reflects a General Fund increase of \$500.0 to continue funding for the Family Opportunity Accounts Act program funded in Laws 2006, Chapter 109, Section 5, Item 73 for individual development accounts.

The Executive recommendation includes \$950.0 in General Fund to establish one-stop career centers. The expansion will open two integrated, full-service one-stop pilot offices (Albuquerque and Clovis) to make available the full spectrum of the State's current workforce programs (intake assessment, job training, skills development programs, etc.) in a single location, under integrated management, in order to assess the programs impact and effectiveness. Currently, the State's many workforce training programs are delivered in a multi-entity environment that isn't consistently customer focused (for both job-seekers and businesses). As a result, the desired impact is diffused and minimized.

The Executive recommendation includes \$1,500.0 in General Fund for the WorkKeys Career Readiness Certificate Program. The new initiative would promote WorkKeys as the statewide employability assessment tool to measure, monitor, and improve New Mexico's workforce. WorkKeys is a nationally-recognized assessment tool, developed by American College Testing, which measures those skills used in a wide range of current jobs, provides for skills improvement, and can be defined for purposes of job analysis. OWTD is trying to address New Mexico businesses who are seeking individuals who have the documented skills to succeed in a high-performance workplace. To date, the state lacks an effective and measurable system that will establish a

“snapshot” of the current and emerging workforce, and drive the development of strategies that address identified skills gaps. The WorkKeys system and the Career Readiness Certificate will allow for better workforce and education planning, and improve individuals’ employability prospects.

The Executive recommendation provides \$2,500.0 in General Fund for a year-long, statewide, youth employment program. The initiative is a year-long employment program designed to teach youth at an early age to learn life/employment soft skills by having a year-long part-time job (based on 1,050 hrs). This effort will provide compensation and mentoring by participating businesses and it supports the Career Clusters Initiative with a practical methodology that will mitigate negative life experiences (e.g. drugs, gangs). This initiative attempts to provide youth (especially “at risk youth”) with relevant employment opportunities and will enable these individuals to engage in positive activities.

Performance Report

The Office of Workforce Training and Development met all of its FY06 targets. For example, the OWTD provided workforce development services to 85.0% of dislocated workers. The FY08 target is being raised slightly to encourage the agency to continue efforts in this area.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY08	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	794.4	800.0	6,250.0	5,450.0	681.3
Other Transfers	6,635.0	11,740.0	0.0	-11,740.0	-100.0
Federal Revenues	26,516.1	23,619.6	26,180.2	2,560.6	10.8
TOTAL SOURCES	33,945.5	36,159.6	32,430.2	-3,729.4	-10.3
USES					
Personal Services and Employee Benefits	2,193.5	2,429.0	3,045.0	616.0	25.4
Contractual Services	301.4	220.0	4,189.1	3,969.1	1,804.1
Other	31,450.6	33,503.6	25,189.1	-8,314.5	-24.8
Other Financing Uses	0.0	7.0	7.0	0.0	0.0
TOTAL USES	33,945.5	36,159.6	32,430.2	-3,729.4	-10.3
FTE					
Permanent	37.00	37.00	41.00	4.00	10.8
Temporary	1.00	1.00	1.00	0.00	0.0
TOTAL FTE POSITIONS	38.00	38.00	42.00	4.00	10.5

Performance Measures

		<u>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 Recomm</u>
Office of Workforce Training and Development Operations					
To receive and administer funding under the federal Workforce Development Act and other programs as required; to provide services to youth who are deficient in basic literacy skills, high school dropouts, pregnant or parenting, offenders, or are individuals who require additional assistance to complete an educational program to secure and maintain employment; to provide workforce development services that meet the needs of job seekers and employers and to provide resources to job training entities so that they may train and re-train individuals seeking work or improved employment opportunities; and to provide seamless and comprehensive services to persons with disabilities in One-Stop Career Centers statewide.					
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%	100%
Outcome	Number of program audit findings		0	0	0
Outcome	Percent of at-risk youth program participants placed in a part-time work activity	100%	100%	100%	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%	100%
Outcome	Percent of adults receiving workforce development services who have entered employment within one quarter of leaving job training services	78.0%	78.0%	78.0%	79%
Outcome	Percent of youth receiving workforce development services who have entered employment within one quarter of leaving the program	70.0%	70.0%	70.0%	71.0%
Outcome	Percent of dislocated workers receiving workforce development services who have entered employment within one quarter of leaving the program	85.0%	85.0%	86.0%	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	8,800	8,800	8,800
Outcome	Number of participants employed in disability navigator grant program	264	264	280	280
Outcome	Development of individual development account strategic plan to be completed by June 30, 2007			Completed	Completed
Outcome	Percent of total at-risk youth population receiving services under the program			100%	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	5,903	5,903	8,800	6,500
Output	Total number of at-risk youth receiving services under the program	583	583	600	600
Output	Number of participants served in the disability navigator grant program	919	919	974	974
Output	Number of participants served in the base realignment and closure program	1,500	1,500	2,000	2,000
Output	Percent of at-risk youth in the program who experience an increase in skill level	80%	80%	82%	85%

Executive Summary

The Division of Vocational Rehabilitation provides services to eligible citizens with disabilities so that they may become re-employed or attain employment.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	5,927.6	5,927.6	0.0
Total Sources	43,980.9	43,730.0	-0.6
Program			
Rehabilitation Services	30,731.5	30,186.1	-1.8
Independent Living Services	1,458.7	1,458.7	0.0
Disability Determination	11,790.7	12,085.2	2.5
Total Uses	43,980.9	43,730.0	-0.6
FTE	326.00	309.00	-5.2

- The Executive recommendation reduces Vocational Rehabilitation Services by 1.8% due to reduced federal revenue from numerous federal grants.
- The Executive recommendation for Independent Living Services maintains the FY07 funding level.
- The Executive recommendation reflects a \$294.5 increase in federal funds for the Disability Determination Services Program.
- The Executive recommendation reflects a 2.9% vacancy factor for the Rehabilitation 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

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

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

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 lists 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 FY06 a total of 1,871 individuals with disabilities achieved suitable employment with the assistance of Vocational Rehabilitation Services. The combined annual earnings of these individuals increased by 172%. A major focus of the Division in FY08 will be to sustain this level of earnings growth through a continued, focused emphasis on comprehensive employment networks and partners.

Last year's strategic emphasis on reducing the time required for Social Security eligibility determination through Disability Determination Services resulted in a consistent ranking at the top of the region and among the top five programs in the United States on the following measures of productivity and efficacy: (1) number of claims for SSI and SSDI adjudicated (eligibility determinations) at 27,500; (2) accuracy of adjudication decisions with 95% of disability determinations completed accurately; and (3) timeliness at 75 days average for completing an initial disability claim. The agency will continue to focus on maintaining this level of performance as a key strategic direction.

Key Elements of Recommendation

The Executive recommendation maintains General Fund at the FY07 operating level. The recommendation reflects a 1.8% decrease in total funds provided for Vocational Rehabilitation Services tied to reduced revenue from various federal grant sources, including: Tuition Assistance Program (TAP); Mentoring Transition Age Youth; Social Security Payments; and Migrant Farm and Seasonal Workers.

The Executive recommends maintaining the FY07 operating budget level for the Independent Living Services Program.

The Executive recommendation includes an increase of \$294.5 in federal U.S. Social Security Administration funds for Disability Determination Services.

The recommendation incorporates a 2.9% vacancy factor. Total FTE is being reduced from 326 in FY07 to 309 in FY08 as a result of programmatic changes and loss of federal funds.

Performance Report

The DVR Rehabilitation Services Program exceeded all of its FY06 performance targets as follows: (1) number of persons achieving suitable employment for a minimum of ninety days was 176 over the target of 1,695; (2) percent of persons achieving suitable employment outcomes of all cases

closed after receiving planned services was 6.2% above the target of 55.8%; (3) percent of persons achieving suitable employment outcomes competitively employed or self-employed was 97% compared to 72.6% target; and (4) percent of persons achieving suitable employment outcomes who are competitively employed or self-employed, earning at least minimum wage and individuals with significant disabilities was 94%, 31.6% above the target of 62%.

Reductions in the FY07 and FY08 federal support to Vocational Rehabilitation Services resulted in a lower target number of 1,750 in FY07 for the number of persons achieving suitable employment for a minimum of ninety days. A target of 1,750 is recommended again for FY08 as a realistic target based on the federal funding level available.

The FY07 performance target for percent of persons achieving suitable employment outcomes of all cases closed after receiving planned services was raised to 65% in FY07 without taking into full account federal guidelines for severely disabled clients. Research in the disabilities field indicates that an appropriate target for this population is 58%-60%, and that 65% is unrealistic. The recommendation recognizes this and suggests a target of 60% for FY08 as an appropriate target for this activity and its target population

The Independent Living Services Program was reestablished as a separate DVR program in FY07, thus no FY06 performance targets are available. Actual results for FY06 show that a total of 365 independent living plans were developed. As a result, the Executive recommends a target of 400 plans for FY08. Based on a total of 564 individuals served in FY06, an FY08 performance target of 600 individuals is recommended.

The Disability Determination Program's FY06 efficiency measure target of 80 days for initial disability claim determination aimed to reduce the waiting time of clients to receive benefits due. This is in line with federal goals for this 100% federally funded activity. The US Social Security Administration is working with states to reduce the turnaround time to provide benefits to eligible individuals, and the key to this reduction is lowering the total number of days required to determine eligibility. Thus, in the case of this measure, the target of 80 days was exceeded by lowering the average processing period to 74.9 days. Because the agency demonstrated this improvement, the FY08 recommended target is set at 75 days, reflecting actual agency performance for FY06 and the FY07 target.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY08	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	6,147.2	5,927.6	5,927.6	0.0	0.0
Other Transfers	894.3	1,377.9	678.7	-699.2	-50.7
Federal Revenues	34,963.9	36,500.4	37,060.6	560.2	1.5
Other Revenues	261.2	175.0	63.1	-111.9	-63.9
Fund Balance	0.0	0.0	0.0	0.0	***
TOTAL SOURCES	42,266.6	43,980.9	43,730.0	-250.9	-0.6

Agency Budget Summary
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent Change</u>
USES					
Personal Services and Employee Benefits	17,701.8	17,994.3	18,212.1	217.8	1.2
Contractual Services	1,262.2	1,290.9	1,208.7	-82.2	-6.4
Other	24,291.2	24,695.7	24,306.8	-388.9	-1.6
Other Financing Uses	0.0	0.0	2.4	2.4	***
TOTAL USES	43,255.2	43,980.9	43,730.0	-250.9	-0.6
FTE					
Permanent	285.00	286.00	283.00	-3.00	-1.0
Term	4.00	40.00	26.00	-14.00	-35.0
TOTAL FTE POSITIONS	289.00	326.00	309.00	-17.00	-5.2

Rehabilitation Services
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	6,147.2	4,718.9	4,718.9	0.0	0.0
Other Transfers	894.3	1,377.9	678.7	-699.2	-50.7
Federal Revenues	24,791.0	24,459.7	24,725.4	265.7	1.1
Other Revenues	248.7	175.0	63.1	-111.9	-63.9
Fund Balance	0.0	0.0	0.0	0.0	***
TOTAL SOURCES	32,081.2	30,731.5	30,186.1	-545.4	-1.8
USES					
Personal Services and Employee Benefits	12,448.4	12,299.2	12,199.3	-99.9	-0.8
Contractual Services	936.6	899.8	817.6	-82.2	-9.1
Other	19,247.8	17,532.5	17,166.8	-365.7	-2.1
Other Financing Uses	0.0	0.0	2.4	2.4	***
TOTAL USES	32,632.8	30,731.5	30,186.1	-545.4	-1.8
FTE					
Permanent	185.00	186.00	186.00	0.00	0.0
Term	4.00	40.00	26.00	-14.00	-35.0
TOTAL FTE POSITIONS	189.00	226.00	212.00	-14.00	-6.2

Independent Living Services
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	0.0	1,208.7	1,208.7	0.0	0.0
Federal Revenues	0.0	250.0	250.0	0.0	0.0
TOTAL SOURCES	0.0	1,458.7	1,458.7	0.0	0.0
USES					
Other	0.0	1,458.7	1,458.7	0.0	0.0
Other Financing Uses	0.0	0.0	0.0	0.0	***
TOTAL USES	0.0	1,458.7	1,458.7	0.0	0.0
FTE					
TOTAL FTE POSITIONS	0.00	0.00	0.00	0.00	***

			Disability Determination (Dollars in Thousands)		
			FY08		
			<u>Budget to Recommendation</u>		
	FY06	FY07	Recom-	Dollar	Percent
	<u>Actuals</u>	<u>Budget</u>	<u>mendation</u>	<u>Change</u>	<u>Change</u>
SOURCES					
Federal Revenues	10,172.9	11,790.7	12,085.2	294.5	2.5
Other Revenues	12.5	0.0	0.0	0.0	***
TOTAL SOURCES	10,185.4	11,790.7	12,085.2	294.5	2.5
USES					
Personal Services and Employee Benefits	5,253.4	5,695.1	6,012.8	317.7	5.6
Contractual Services	325.6	391.1	391.1	0.0	0.0
Other	5,043.4	5,704.5	5,681.3	-23.2	-0.4
TOTAL USES	10,622.4	11,790.7	12,085.2	294.5	2.5
FTE					
Permanent	100.00	100.00	97.00	-3.00	-3.0
TOTAL FTE POSITIONS	100.00	100.00	97.00	-3.00	-3.0

Performance Measures

		FY06	FY06	FY07	FY08
		<u>Target</u>	<u>Result</u>	<u>Target</u>	<u>Recomm</u>
Rehabilitation Services					
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	1,695	1,871	1,750	1,750
Outcome	Percent of persons achieving suitable employment outcomes of all cases closed after receiving planned services	55.8%	62%	65%	60%
Outcome	Percent of persons achieving suitable employment outcomes competitively employed or self employed	72.6%	97%	95%	97%
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	62.4%	94%	95%	95%
Independent Living Services					
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	N/A	365	400	400
Output	Number of individuals served for independent living	N/A	564	600	600
Disability Determination					
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	80	74.9	75	75
Quality	Percent of disability determinations completed accurately	97.5%	96%	98.5%	98.5%

Executive Summary

The Governor's Commission on Disability provides services and advocates on behalf of New Mexicans with disabilities.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	729.7	979.7	34.3
Total Sources	729.7	979.7	34.3
Program			
Governor's Commission on Disability	729.7	979.7	34.3
Total Uses	729.7	979.7	34.3
FTE	9.00	9.00	0.0

- The Executive recommendation maintains the FY07 General Fund Operating Budget level
- An expansion of \$250.0 is recommended to continue a special appropriation from the prior fiscal year for programs to improve the quality of life for individuals with a disability

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, 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 of 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 for the Governor's Commission on Disability maintains General Fund at the FY07 operating level. In FY08, the Commission's non-reverting fund balance will be \$0.2. Due to a low non-reverting fund balance, no fund balance is recommended to be used for operating expenses in FY08.

Included in the recommendation is a \$0.6 projected increase for property insurance and \$3.0 increase for rent. These increases are offset by decreases in personal services and contract costs that are not anticipated to be realized.

The Executive recommends an expansion of \$250.0 to continue a special appropriation from the prior fiscal year for programs to improve the quality of life for individuals with a disability. These programs include: quality of life grants to non-profit organizations to address a wide range of disabilities representing nearly every county in the state and income based stipends for individuals to attend the Annual Southwest Conference on Disability.

Performance Report

In FY07, the agency successfully met all of its performance targets. Agency staff attends monthly meetings for the inter-agency Behavior Health Purchasing Collaborative, the Disability Agency Administrative Directors (DAADs) and Help America Vote Act (HAVA) in addition to other collaborative partnership meetings.

The Agency exceeded its goal of 220 architectural plans reviewed and site inspections performed, providing a total of 428 reviews and inspections in FY06. In FY07, the Help Americans Vote Act (HAVA) project engaged the agency's Architectural Specialists to inspect polling locations, inspect buildings and facilities open to the public, review numerous plans for new school construction and other public buildings to verify compliance with the Americans with Disability Act (ADA).

The agency received approximately 4,400 telephone requests for technical assistance on available services from individuals across the State. Actual requests for assistance were 32% less than the FY06 target. The agency's website containing information for the public went live in FY06 likely resulting in fewer telephone inquiries.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)						
	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY08		
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>	
SOURCES						
General Fund Transfers	578.6	729.7	979.7	250.0	34.3	
Other Transfers	191.0	0.0	0.0	0.0	***	
Federal Revenues	45.9	0.0	0.0	0.0	***	
Other Revenues	3.4	0.0	0.0	0.0	***	
TOTAL SOURCES	818.9	729.7	979.7	250.0	34.3	
USES						
Personal Services and Employee Benefits	483.2	591.7	589.3	-2.4	-0.4	
Contractual Services	82.7	59.7	99.0	39.3	65.8	
Other	176.8	78.3	291.4	213.1	272.2	
TOTAL USES	742.7	729.7	979.7	250.0	34.3	
FTE						
Permanent	8.50	8.50	9.00	0.50	5.9	
Term	0.50	0.50	0.00	-0.50	-100.0	
TOTAL FTE POSITIONS	9.00	9.00	9.00	0.00	0.0	

Performance Measures

		<u>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 Recomm</u>
Governor's Commission on Disability					
To provide needed information on disability case law analysis, building code comparisons, awareness of technologies, dispelling of stereotypes, training on the legislative process, and population estimates to New Mexico individuals with disabilities and decision makers, so they can improve the economic, health and social status of New Mexico individuals with disabilities.					
Output	Number of persons seeking technical assistance on disability issues	6,500	4,400	6,700	4,400
Output	Number of architectural plans reviewed and sites inspected	220	428	230	428
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	24	36	30	36

Executive Summary

The Developmental Disabilities Planning Council is a statewide advocacy body for persons with developmental disabilities.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	3,269.7	3,621.5	10.8
Total Sources	3,821.5	4,183.3	9.5
Program			
Developmental Disabilities Planning Council	876.6	910.5	3.9
Brain Injury Advisory Council	133.3	130.5	-2.1
Office of Guardianship	2,545.2	2,857.1	12.3
Consumer Services Program	266.4	285.2	7.1
Total Uses	3,821.5	4,183.3	9.5
FTE	13.50	15.00	11.1

- The Executive recommends an increase of \$51.8 from the General Fund to fully fund personal services, GSD rates and audit services.
- An expansion of \$300.0 is recommended to increase 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.

Statutory Authority: Sections 28-16A-4 through 28-16B-6 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 to and for persons with developmental disabilities so that they realize their dreams and potentials and become intergraded 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 the needs as 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 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 \$58.6 from the General Fund, \$20.0 in other transfers from the Medicaid program and a reduction in federal funds under the State Developmental Disabilities Councils grant.

Of the total General Fund increase, \$36.9 can be attributed to fully funding personal services and employee benefits including mandatory cost increases in workers' compensation, unemployment compensation and employee liability insurance. All vacant positions are recommended to be budgeted at the minimum salary range.

The overall reduction in the contractual services category is a result of funding professional information technology services through GSD rather than contracting for these services. The Executive recommendation includes an increase of \$2.3 for audit services.

Of the total increase of \$40.1 in other costs, \$20.0 is to fully fund services provided through Medicaid. An increase of \$6.0 from the General Fund is recommended for four additional telephone lines in the Albuquerque office. The remaining increase is attributed to increases in GSD rates.

The Executive recommends a base expansion of \$300.0 for Guardianship services to improve health outcomes for disabled individuals recommended under the performance and accountability initiative, *A Healthy New Mexico*. In FY05, DDPC assumed full administration of the Guardianship Program. Over the past two years DDPC has successfully increased oversight and quality of the guardianship services, including services provided by corporate guardians, treatment guardians and attorneys for qualified individuals with developmental disabilities. Growth in the demand for guardianship services in the past year has far exceeded available resources. As the gap between the need for services and services provided decrease, growth in the program is expected to decrease. The recommendation assumes a 15% growth in the program.

Performance Report

In FY06, DDPC revised several of its performance measures, primarily in the Office of Guardianship and the Consumer Services programs, to provide better assessment of the agency's performance and to reflect restructuring of the agency's programs. Nearly all of the performance measures in the Developmental Disabilities Planning Council program and Brain Injury Advisory Council program indicate overall performance is above targeted levels for FY06.

The number DDPC of reports in compliance with state and federal regulations was 10% greater than the target of 80%. The number of project, programmatic and financial reports reviewed to assure compliance with state and federal regulations increased by 23% which may have contributed to the increase in the number of reports in compliance. The FY06 target for the number of persons with developmental disabilities, their family members or guardians and others involved in services for persons with developmental disabilities served by DDPC was not met. The result does not include a one-time media campaign that reached 287,809 New Mexicans.

Performance results in Office of Guardianship for FY06 shows that about 76% of clients provided with legal services are satisfied with those services. The percent of clients properly served with the least restrictive means was about 72%, while the percent of clients satisfied with services was about 80%. This is the first year actual results for each measure in this program have been reported. The data from FY06 will be used to compare performance in FY07.

Performance measures in the Consumer Services Program primarily establish a baseline for future years. This baseline data indicates overall satisfaction with services provided by the program is high and the participant knowledge gained through education or training on self-advocacy and disability-related issues is about 80%.

Budget Summary TablesAgency Budget Summary
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	3,049.9	3,269.7	3,621.5	351.8	10.8
Other Transfers	54.0	30.0	50.0	20.0	66.7
Federal Revenues	600.0	521.8	511.8	-10.0	-1.9
TOTAL SOURCES	3,703.9	3,821.5	4,183.3	361.8	9.5
USES					
Personal Services and Employee Benefits	728.3	750.9	850.5	99.6	13.3
Contractual Services	2,303.0	2,469.0	2,656.8	187.8	7.6
Other	691.3	601.6	676.0	74.4	12.4
TOTAL USES	3,722.6	3,821.5	4,183.3	361.8	9.5
FTE					
Permanent	11.50	13.50	15.00	1.50	11.1
TOTAL FTE POSITIONS	11.50	13.50	15.00	1.50	11.1

Consumer Services Program
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	0.0	236.4	235.2	-1.2	-0.5
Other Transfers	0.0	30.0	50.0	20.0	66.7
TOTAL SOURCES	0.0	266.4	285.2	18.8	7.1
USES					
Personal Services and Employee Benefits	0.0	78.9	65.8	-13.1	-16.6
Contractual Services	0.0	6.7	5.0	-1.7	-25.4
Other	0.0	180.8	214.4	33.6	18.6
TOTAL USES	0.0	266.4	285.2	18.8	7.1
FTE					
Permanent	0.00	2.00	2.00	0.00	0.0
TOTAL FTE POSITIONS	0.00	2.00	2.00	0.00	0.0

Developmental Disabilities Planning Council
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation Dollar Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	448.8	354.8	398.7	43.9	12.4
Other Transfers	54.0	0.0	0.0	0.0	***
Federal Revenues	600.0	521.8	511.8	-10.0	-1.9
TOTAL SOURCES	1,102.8	876.6	910.5	33.9	3.9
USES					
Personal Services and Employee Benefits	472.1	383.9	419.5	35.6	9.3
Contractual Services	199.4	169.6	162.2	-7.4	-4.4
Other	364.3	323.1	328.8	5.7	1.8
TOTAL USES	1,035.8	876.6	910.5	33.9	3.9

Developmental Disabilities Planning Council
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent</u> <u>Change</u>
FTE					
Permanent	6.50	6.50	6.50	0.00	0.0
TOTAL FTE POSITIONS	6.50	6.50	6.50	0.00	0.0

Brain Injury Advisory Council
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	106.7	133.3	130.5	-2.8	-2.1
TOTAL SOURCES	106.7	133.3	130.5	-2.8	-2.1
USES					
Personal Services and Employee Benefits	55.9	58.2	58.6	0.4	0.7
Contractual Services	19.8	30.4	27.6	-2.8	-9.2
Other	21.1	44.7	44.3	-0.4	-0.9
TOTAL USES	96.8	133.3	130.5	-2.8	-2.1
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)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	2,494.4	2,545.2	2,857.1	311.9	12.3
TOTAL SOURCES	2,494.4	2,545.2	2,857.1	311.9	12.3
USES					
Personal Services and Employee Benefits	200.3	229.9	306.6	76.7	33.4
Contractual Services	2,083.8	2,262.3	2,462.0	199.7	8.8
Other	305.9	53.0	88.5	35.5	67.0
TOTAL USES	2,590.0	2,545.2	2,857.1	311.9	12.3
FTE					
Permanent	4.00	4.00	5.50	1.50	37.5
TOTAL FTE POSITIONS	4.00	4.00	5.50	1.50	37.5

Performance Measures

	FY06 <u>Target</u>	FY06 <u>Result</u>	FY07 <u>Target</u>	FY08 <u>Recomm</u>
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		3,498	3,500	3,500

		<u>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 Recomm</u>
Outcome	Percent of participant knowledge gained through education or training on self-advocacy and disability-related issues as evidenced by training tests		80%	80%	80%
Outcome	Percent of participants satisfied with trainings and delivery of services, as evidenced by satisfactory survey ratings		90%	85%	85%
Output	Number of individuals trained on self-advocacy and disability-related issues		100	75	75
Output	Number of trainings conducted annually on self-advocacy and disability-related issues		8	6	6

Developmental Disabilities Planning Council

The purpose of the developmental disabilities planning council program is to provide and produce opportunities to and 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	8,000	5,456	7,500	2,500
Outcome	Percent of reports in compliance with state and federal regulations in initial submission	80%	90%		90%
Output	Number of project, programmatic and financial reports reviewed to assure compliance with state and federal regulations	44	54	50	44
Output	Number of monitoring site visits conducted	42	44	40	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 the needs as 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	80%	94%	85%	80%
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Office of Guardianship

The purpose of the Guardianship Programs is to enter into, monitor and enforce guardianship contracts for income-eligible persons and files, investigates and resolves 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	80%			
Outcome	Percent of complaints resolved to the satisfaction of the complainant	75%			
Outcome	Percent of wards properly served with the least restrictive means, as evidenced by an annual technical compliance audit		78%	75%	75%
Outcome	Percent of complaints determined to be justified				
Output	Number of complaints received annually	35			
Quality	Percent of wards provided with legal assistance satisfied with services, as evidenced by an annual satisfaction survey		76%	80%	80%
Quality	Percent of wards properly served by professional guardianship providers satisfied with services, as evidenced by an annual satisfaction survey		72%	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.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	0.0	0.0	***
Total Sources	22,725.7	24,440.4	7.5
Program			
Miners' Hospital of New Mexico	22,725.7	24,440.4	7.5
Total Uses	22,725.7	24,440.4	7.5
FTE	225.00	225.00	0.0

- The Executive recommends an increase of \$346.6 from the Miners' Trust Fund and \$1,021.7 from patient revenue.
- Increases in personnel 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.
- The other costs category includes an additional \$1,021.7 for debt service payments, medical supplies, medical equipment and prescription drugs.

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. 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 among 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 anticipates it will complete its new acute care facility in July 2007. The new hospital will have the same bed capacity as the old hospital; however, it will include an additional 72,000 square feet in order to meet all federal and state regulatory requirements.

Key Elements of Recommendation

Miners' Hospital receives approximately 30% 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 \$8,850.5 in FY06, while approximately \$6,102.0 was distributed from the Miners' Trust Fund for the treatment and care of miners. The Trust Fund balance was valued at \$99,672.5 as of June 30, 2006.

The Executive recommendation provides a total expenditure increase of 7.5%. This increase is supported by revenue from the Miners' Trust Fund and individual payments for care. The Executive recommends an increase in revenue derived from interest earnings on the principle from the Miners' Trust Fund by 0.8% (\$346.6) and in patient revenue by \$1,021.7, consistent with historical collection rates.

An increase in personal services and employee benefits is attributable to increases in mandatory costs including workers' compensation, unemployment compensation and employee liability insurance. The Executive recommends an additional \$170.0 for personal services to reduce the vacancy rate from a historical 10.5% to 7% and to assist the hospital in recruitment and retention of qualified medical personnel.

The Executive recommends an increase of \$1,021.7 in the other costs category; \$821.7 for debt service payments for construction of the new facility; \$200.0 of this increase is attributable to the purchase of medical supplies, medical equipment and increased drug costs.

Performance Report

In FY06, approximately 80% of billed revenue was actually collected totaling about \$14.0 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 remained consistent with projected target of 15,000. The average length of stay at the acute care facility has also increased. Services such as orthopedics for which there is a relatively short patient stay were not provided for most of FY06 due to the lack of medical personnel specializing in orthopedics, thus driving up the average length of stay.

The number of visits to outreach clinics was also lower than anticipated, due to fewer outreach clinics being conducted. In FY07 and FY08, 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 four million nine hundred fifty-seven thousand two hundred dollars (\$4,957,200) from the miners' trust fund interest revenue.

The miners' hospital of New Mexico is authorized to request budget increases from other state funds. The authorization is contingent upon a certified operating expenses plan approved by the department of finance and administration.

Budget Summary Tables

	Agency Budget Summary (Dollars in Thousands)			FY08	
	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	Recom- <u>mendation</u>	<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	Percent <u>Change</u>
SOURCES					
Other Transfers	12,205.8	9,221.6	9,914.6	693.0	7.5
Federal Revenues	270.9	264.2	264.2	0.0	0.0
Other Revenues	14,063.2	13,239.9	14,261.6	1,021.7	7.7
TOTAL SOURCES	26,539.9	22,725.7	24,440.4	1,714.7	7.5
USES					
Personal Services and Employee Benefits	10,825.6	11,023.8	11,370.2	346.4	3.1
Contractual Services	3,382.0	3,054.0	3,054.0	0.0	0.0
Other	5,605.2	4,037.3	5,059.0	1,021.7	25.3
Other Financing Uses	6,102.9	4,610.6	4,957.2	346.6	7.5
TOTAL USES	25,915.7	22,725.7	24,440.4	1,714.7	7.5

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

	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Dollar/FTE Change</u>	<u>Percent Change</u>
FTE					
Permanent	211.00	211.50	212.00	0.50	0.2
Term	14.00	13.50	13.00	-0.50	-3.7
TOTAL FTE POSITIONS	225.00	225.00	225.00	0.00	0.0

Performance Measures

		FY06 <u>Target</u>	FY06 <u>Result</u>	FY07 <u>Target</u>	FY08 <u>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%	80%	78%	80%
Output	Number of patient days at the long-term care facility	9,000	10,713	9,000	9,000
Output	Number of discharges from the acute care facility	1,500	1,500	1,500	1,500
Output	Number of visits to the black lung clinic	130	91	115	120
Output	Number of admissions to the acute care facility	1,500	1,498	1,500	1,600
Output	Number of admissions to the long-term care facility	35	46	35	35
Output	Number of visits to the outreach clinic	450	360	450	450
Output	Number of specialty clinic visits	500	840	500	900
Output	Number of surgeries performed	600	680	600	750
Outcome	Percent of budgeted revenue collected	100%	100%	100%	100%
Outcome	Average patient length of stay, in days, for the acute care facility	4	4.1	4	4
Outcome	Infection rates following treatment per 1,000 patient days	<1%	1.5%	<2.5%	<2.5%
Outcome	Patient fall rates per 1,000 patient days	.52%	.79%	.52%	.5%
Output	Number of outpatient visits	18,000	13,401	16,000	15,840
Output	Number of outreach clinics conducted	24	18	18	24
Output	Number of emergency room visits	5,000	5,193	5,000	5,250
Output	Number of patient days at the acute care facility	6,300	6,134	6,300	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.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	255,345.5	278,630.5	9.1
Total Sources	487,548.7	543,616.9	11.5
Program			
Administration	17,634.0	20,879.6	18.4
Public Health	180,791.6	198,491.1	9.8
Epidemiology and Response	25,983.4	27,308.0	5.1
Laboratory Services	13,049.0	11,356.1	-13.0
Facilities Management	109,067.4	133,254.8	22.2
Developmental Disabilities Support	127,488.4	138,763.9	8.8
Health Certification Licensing and Oversight	13,534.9	13,563.4	0.2
Total Uses	487,548.7	543,616.9	11.5
FTE	4,161.50	4,098.50	-1.5

- The Executive recommendation provides a base General Fund increase of 2.6%.
- The base recommendation includes \$400.0 for pharmaceutical cost increases; \$500.0 to replace medical billing systems for state facilities; \$250.0 to continue the medical detoxification unit; and \$5,800.0 for developmental disabilities Medicaid waiver services.
- In addition, the Executive supports continued funding for the following special appropriations funded in the 2006 legislative session: \$500.0 for influenza vaccines, \$200.0 for sex offender treatment and \$110.0 for the women's health council.
- The Executive recommends General Fund expansions of \$2,000.0 for developmental disabilities Medicaid waiver services; \$1,400.0 for vaccines; \$750.0 to reduce the teen pregnancy rate; \$400.0 for the Emergency Medical Services Fund; \$650.0 for youth dance; \$3,000.0 for rural primary care clinics; \$500.0 for sexual assault and child sexual abuse prevention; and \$3,000.0 for regional trauma services.
- For programs for children with disabilities, the Executive recommends \$1,000.0 for parent and healthcare provider training on children diagnosed with Autism Spectrum Disorder (ASD), \$750.0 for multidisciplinary evaluation and diagnosis of ASD, \$1,250.0 to expand the Family, Infant and Toddler (FIT) program and \$1,100.0 for children's medical services.

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

Administration provides leadership, policy development, information technology, administrative and legal support to the Department of Health so the Department 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: maintains and enhances a statewide system of population-based surveillance; vital records and health statistics; emergency medical services; bioterrorism and health emergency management; and injury prevention so that information on the health of New Mexicans is readily available to identify and respond to threats to the health of the public; to assure safe environments for New Mexicans; to ensure the provision of emergency medical services; and to provide vital records to the public.

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 serve 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 supports 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 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 and Health Policy Commission), along with healthcare providers and community leaders throughout the State, have 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 FY06, 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 FY06, DOH had increased both the number of centers and the array of services offered by each center. Currently, there are 66 school-based health centers.

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. Even though New Mexico's immunization rate dipped in 2005, the immunization numbers were still higher than the rates in 2003, 2002 and 2001.

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. Already in the first quarter of FY07, the Department trained an additional 148 providers (representing 337 individuals in Albuquerque, Farmington, Gallup, Las Cruces, Roswell and Santa Fe) in the use of NMSIIS. The goal in FY07 is to train a total 255 provider/provider groups in the use of the system.

In FY06, New Mexico's teen birth rates dropped slightly from 35.6 to 35.1 per 1,000 teen births. Twelve thousand three hundred and sixty-five (12,365) adolescents received family planning services through DOH funded clinics. DOH will also target parents of children enrolled in first to eighth grades and college freshman with an abstinence-only message. DOH firmly believes that 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) 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. In previous years, the focus has been mostly on decreasing the number of human immunodeficiency virus (HIV)/acquired immune deficiency virus (AIDS) and hepatitis C cases. This year, the Department added 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 FY06, 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. Currently, 30,000 WIC children have been served using this curriculum. Other efforts geared toward obesity reduction for children and adolescents come with the completion of the Competitive Food Nutrition Rule in February 2006. This rule addresses the sale of "competitive food" sold to children attending public schools in New Mexico. Competitive food is a food or beverage sold at school other than one served as part of the United States Department of Agriculture school meal program. It also includes any item sold in vending machines, a la carte or through other school fundraising efforts during normal school hours.

The Department continues to combat hunger and improve nutrition by the continued implementation of an electronic card (Smart Card) for food stamp recipients and participants in the WIC program. In collaboration with Human Services Department, DOH is working to implement a nutrition education program for food stamp recipients.

Improving behavioral health through an interagency collaborative model continues to be a priority of the Richardson Administration. The State's behavioral health transition to a single statewide behavioral health entity became a reality on July 1, 2005. In order to further these goals, it is proposed to transition treatment services that are managed under the Behavioral Health Services Division to the Human Services Department in FY08. This move will benefit New Mexicans by improving access and enhancing the coordination and treatment services needed to improve behavioral health outcomes. DOH has also worked to support enhancements in the behavioral

health system by improving the quality and value of mental health and substance abuse services; providing enhanced services for high-risk and high-need individuals; and increasing rural, frontier and border access to behavioral health.

In FY06, the suicide rate for youth ages 15-19 declined from 23.6 per 100,000 deaths to 15.3 per 100,000. In an effort to reduce teen suicide even further, DOH along with other partners will continue to: (1) implement antistigma campaigns to encourage adolescents to seek help for behavioral health issues; (2) provide technical assistance and training to communities on the signs of suicide and best practices for risk assessment, referral, and community capacity building; and (3) maintain and expand the Agora Crisis line that received approximately 3,000 calls in FY06.

DOH has also supported 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, increasing on-going internal investigations, and increasing sanctions and penalties for all DOH facilities.

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 FY08 strategic plan 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

The Executive recommendation provides a base budget increase of 7.32% supported by non-general fund revenue for newborn screening, school-based health centers, community health services, HIV/AIDS, substance abuse prevention, immunizations, WIC food, chlamydia testing and behavioral health services. The Executive proposes a General Fund base increase of 2.6% or \$6,675.0. for the following: \$400.0 for pharmaceutical cost increases; \$500.0 to replace medical billing systems for state facilities; \$250.0 to continue the medical detoxification unit at Yucca Lodge; and \$5,800.0 for Medicaid developmental disabilities waiver services.

Administration. Total base revenue for the Administration Program is recommended to increase by 0.8% or \$135.6. The Executive recommendation maintains General Fund at the FY07 operating budget level. A reduction of \$59.5 in other transfers reflects a decrease in Medicaid Title XIX funds. Of the 9.1% increase in federal revenue, \$29.2 is attributed to increases in federal indirect cost allocations; the remaining increase of \$400.0 reflects federal revenue for the administrative portion of border health services.

The Executive base recommendation provides an additional \$157.6 for personal services and employee benefits and applies a 6.6% vacancy rate. A recommended net reduction of \$3.9 in the

contractual services category is a result of recommended changes as follows: an increase of \$54.0 for professional contracts, a decrease of \$33.1 for other contracts and a decrease of \$28.1 for audit services. The recommended decrease of \$18.1 in the other costs category includes: a reduction of \$188.3 for information services and increases of \$20.0 for building lease costs, \$124.0 for equipment rental costs, \$10.2 for telecommunication and property insurance costs and \$16.0 for printing and postage costs.

The Executive recommends an expansion of \$110.0 to support the Women's Health Advisory Council funded from nonrecurring sources by the Legislature in 2006. The Council aims to address the need for improvement on issues affecting women's health including women's health care needs, policy improvement and service delivery across all state agencies.

According to the Governor's Trauma Task Force, the trauma system is failing in New Mexico because: of a high volume of injuries (66% higher than the national average); of an insufficient number of trauma centers; of an insufficient number of physician and nursing specialists; the high cost of providing trauma care creates an anti-incentive for community hospitals to provide trauma services; and the high percentage of uninsured/underinsured patients creates a low cost recovery rate for hospitals. To strengthen and stabilize the trauma system throughout New Mexico, the Executive recommendation supports a \$3,000.0 expansion from the General Fund for the Regional Trauma Services Fund. The proposed funding would serve two purposes: to support health care professional salaries and trauma equipment for the three existing trauma centers and to supplement the revenue of local community hospitals to encourage them to provide trauma services.

Public Health. The Executive provides a total base budget increase of 3.6% and maintains base General Fund at the FY07 operating budget level. A recommended increase of \$7,008.7 in other transfers is primarily from Medicaid, including Medicaid administrative claims and federal match for school-based health center costs. Additional increases in other transfers are supported by hepatitis C medication revenue transferred from the Department of Corrections, and HIV/AIDS insurance transferred from University of New Mexico Hospital. Federal revenue is projected to increase by \$2,025.3 primarily due to decreases in the National Cancer Prevention and Control grant, the State Incentive Grant and Maternal and Child Health Services, Title V funding. The Executive supports an increase of \$1,538.2 in other revenue from patient revenue and \$2,333.6 for newborn screening services paid by health care providers.

The recommendation supports an increase of \$1,029.0 in personal services and employee benefits to assist in recruitment and retention of direct public health service providers and applies a 9.1% vacancy rate. Contractual costs are recommended to increase by \$2,577.2 for newborn screening services, administration of the WIC program and for professional assistance in billing for Medicaid administrative costs. The other costs category includes an increase of \$2,725.5 for pharmaceuticals including birth control and food for the WIC program.

A base expansion of \$1,400.0 is recommended to provide 4,200 girls (12,600 vaccines) with the human papilloma virus (HPV) vaccine, 183 tetanus, diphtheria and pertusis or whooping cough (Tdap) vaccines for the uninsured or underinsured and 32,000 adult influenza vaccinations. This expansion is a cost effective mechanism to improve health outcomes through vaccinating individuals against preventable ailments including cervical cancer, tetanus, diphtheria, pertusis and adult flu.

The Executive recommends continuation of an FY07 special appropriation of \$500.0 from the General Fund to provide 32,600 influenza vaccines. The Department provides approximately 20% of the influenza vaccine administered in New Mexico, with the rest being provided by private providers. The Department's vaccine helps assure that uninsured people at risk for influenza complications have access to vaccinations. Complications associated with influenza are estimated to be as high as \$93.00 per dose to treat pneumonia, while the cost per vaccine is only \$11.25.

The Executive recommendation provides a base General Fund expansion of \$750.0 to reduce New Mexico's teen pregnancy rate. The proposed expansion will fund two different evidence-based interventions (i.e., Teen Outreach Program and Carrera Model) to reduce unintended and second births in teenagers. Communities selected for intervention will be those in which the teen birth rate is not declining.

In order to improve access to pediatric specialty care in rural New Mexico, the Executive proposes an expansion of \$650.0 to increase the number and type of Children's Medical Services (CMS) specialty outreach clinics to improve health outcomes for children. The expansion would provide an additional 53 CMS specialty clinics and serve an approximately 1,200 more children in underserved areas across the state. An additional \$450.0 is recommended to provide CMS services for vision, hearing, orthopedic, oral health and other clinical conditions for uninsured special needs children in rural New Mexico. An estimated 400 additional children will be served with the proposed funding level.

The Executive recommends a base expansion of \$650.0 for youth dance, which is part of the First Lady's budget proposal. The program teaches a mix of dance and athletics, with many of the benefits of a good physical education program. The program engages students in healthy eating through a student nutrition activity curriculum to improve health outcomes for children in New Mexico. The program serves low-income, at risk children; 77% of participants live in poverty and 49% live in rural communities.

An expansion of \$3,000.0 is recommended to support operating costs associated with providing uncompensated care to low-income, uninsured New Mexicans in rural primary care clinics. Due to increased need for health care services among and rising health care costs, the primary care clinics lost \$2.3 million in 2004 and \$2.8 million in 2005, despite implementing austerity measures. This expansion will help clinics maintain their capacity to serve New Mexico's rural, underserved, and uninsured populations.

The Executive recommendation includes \$10,800.0, an increase of \$3,584.2, from the Tobacco Settlement Program Fund for Tobacco Cessation and Prevention program (TUPAC). This program aims to reduce the annual per capita consumption of tobacco products through school services, community based programs, cessation services and media and marketing campaigns. Since the inception of the program in 2004, New Mexico's adult smoking rate has significantly declined. It is estimated that \$395.5 million will be saved in future health care costs due to the effectiveness of this program.

An expansion from the Tobacco Settlement Program Fund of \$200.0 for Breast and Cervical Cancer Early Detection program is recommended by the Executive. This program provides screening and diagnostic services to eligible low-income women statewide.

Epidemiology and Response. The Executive recommendation provides a total revenue increase of 1.6%. The FY07 base General Fund operating budget level is maintained. A recommended increase of \$283.5 in other transfers is supported by federal funding transferred from other sources to provide services related to substance abuse, environmental waterborne diseases and emergency response. Federal revenue is recommended at the FY07 operating budget level. Other revenue is recommended to increase by \$107.3. This increase is supported by the vital statistics cooperative program and emergency medical service licensure fees.

The Executive recommendation implies a 4.8% vacancy rate and reduces personal services and employee benefits by \$416.3. All vacant positions are recommended at the minimum level. A reduction of \$173.5 is recommended to reflect anticipated reductions in information technology contractual services. The other costs category is recommended to increase by \$1,014.5 primarily for emergency medical services. These costs are supported by reductions in other categories in conjunction with projected increases in other transfers and federal revenue identified above.

Emergency medical services are critical to New Mexico's health care system. The Executive recommends an expansion of \$400.0 for the Emergency Medical Service Fund to provide sufficient funding to sustain funding for rural, frontier, and urban emergency medical service providers. Under the Emergency Fund Services Act, such funding can be used for: ambulances (purchase, maintenance, gas); medical supplies; training and education; and equipment purchases necessary to perform emergency medical services.

The Executive recommends an expansion of \$500.0 from the General Fund for sexual assault and child abuse prevention under the Executive's performance and accountability policy *A Safer New Mexico*. This initiative is supported by the First Lady. Current General Fund has allowed for expansion of rape crisis services; however, most communities do not have adequate resources to coordinate effective sexual assault prevention programming, nor do they have treatment resources for individuals who are sexually active or have sexual behavior problems. The proposed funding will support prevention services related to sexual abuse and assault in unserved and underserved populations.

Laboratory Services. The Executive recommendation reduces the total budget for the scientific laboratory by 13% and maintains General Fund at the FY07 operating budget level. The recommended reduction is exclusively for newborn screening services, which will be transferred to the Public Health Program in FY08.

The Executive recommends a 6.8% vacancy rate. The reduction in the contractual services category is attributed to newborn screening services which will be transferred to the Public Health Program. Other costs are projected to decline by \$321.7 due to reductions in office supplies and laboratory equipment costs.

Facilities Management. The Executive recommendation supports a total base budget increase of 22%, including a net base increase of \$1,150.0 from the General Fund for the following: \$400.0 for pharmaceutical cost increases; \$500.0 to replace medical billing systems for state facilities; and \$250.0 to continue the medical detoxification unit at Yucca Lodge. The recommended increase of \$753.1 in other transfers includes increases in ancillary, intermediate care facility revenue and reductions in residential treatment care revenue. Other revenue is recommended to increase by

\$22,327.1. Of this increase, \$18.1 million is attributed to the transfer of behavioral health services revenue from the behavioral health purchasing collaborative. The remaining increase is supported by payments for care.

Based on current salary levels and historical vacancy rates, the Executive recommends a 7% vacancy rate and reduces General Fund for personal services and employee benefits by \$277.6. Increases in the contractual services category are proposed for administration of Fort Bayard Medical Center, the transfer of behavioral health services funds to the behavioral health purchasing collaborative and for information technology costs associated with replacing outdated medical billing systems in State facilities. The other costs category is recommended to increase by \$1,083.0 as the result of increased pharmaceutical and utility costs and to continue funding for the medical detoxification unit at Yucca Lodge.

The Executive recommends continuation of a FY07 special appropriation of \$200.0 from the General Fund to provide recurring funding for the Sexual Offender Treatment Program (STOP) in Las Vegas. The STOP program is the only residential treatment center in the State providing 31 beds and 6 months of sex offender treatment. Research indicates programs like STOP reduces sex offender recidivism.

Developmental Disabilities Support. The Executive proposes a total base budget increase of 4.9% or \$6,275.5, including an increase of \$5,800.0 from the General Fund. The other transfers category includes increases for Medicaid administrative costs. Revenue for room and board at Los Lunas Community Programs is recommended in the other transfers category rather than the other revenue category. Federal revenue is anticipated to decline for the community workforce and handicaps grants. Other revenue is expected to increase for insurance payments.

The Executive recommends an increase of \$47.7 in personal services and employee benefits and supports a 3% vacancy rate. The proposed increase in the contractual services category is for direct care services for developmentally disabled consumers. Decreases in the other costs category are the net result of increases in utility and building lease costs and decreases in travel, furniture and information technology purchases.

The Executive recommends an expansion of \$1,000.0 from the General Fund for individuals with Autism Spectrum Disorder (ASD) and their families. This expansion will provide training to parents of children with autism and health professionals who serve them using an evidenced-based model. Parents would receive 25-30 hours of intensive, individualized training. Professional training would be provided through a statewide regionalized system of training and includes hands-on experiences and professional consultation. An additional \$750.0 from the General Fund is recommended to enhance screening, evaluation and diagnosis of children suspected of having ASD. Appropriate and early diagnosis results in improved health outcomes.

The Executive recommends increasing the Family, Infant and Toddler program by \$1,250.0 from the General Fund. The Family Infant Toddler Program 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 940 additional children are anticipated to be served with the recommended increase.

A base expansion of \$2,000.0 is recommended to reduce the Developmentally Disabled (DD) Medicaid Waiver waiting list by an estimated additional 87-90 individuals. Currently, there are 3,334 individuals on the central registry waiting for services. This expansion provides funding to help meet the growing need for critical services among developmentally disabled individuals and their families across the state.

Health Licensing, Certification and Oversight. The Executive recommendation provides for a base budget increase of 0.2%. General Fund is recommended to decrease by \$75.0. Revenue from other transfers and federal revenue is recommended at the FY07 operating budget level. A proposed increase of \$103.5 in other revenue is supported by caregiver criminal screening revenue and licensing fees.

Personal services and employee benefits are recommended to decrease by \$70.8. The Executive applies a 6.8% vacancy rate consistent with the historical vacancy rate. An increase of \$40.0 in the contractual services category is recommended for information technology services. The proposed increase of \$59.3 in other costs is provided for increased lease costs.

Performance Report

The Department of Health doubled the number of performance measures reported on in FY06. In addition to reporting on more measures, the Department also established very ambitious targets. Of the 91 measures in the Annual Performance Report, the Department of Health met targets in 51 of its measures. Below is a summary account of performance by program area.

Administration. The Administration program exceeded its target concerning the processing of payment vouchers and narrowly missed (0.5%) the target for capital project fund expenditures. The inability to meet the target has led to weekly meetings between the Department and General Services Department to address issues and improve processes to fund needed projects.

Public Health. The Public Health program reported on 35 measures, including several with very ambitious targets. Although the targets for such issues as teen births (30.0 per 1,000) and youth suicide (10 per 100,000) were not reached in FY06, results still showed improvement over FY05. Teen births: 35.6 per 1,000 in FY05 dropped by 1% to 35.1 per 1,000 in FY06 and youth suicide at 23.6 per 100,000 deaths in FY05 dropped 35% to 15.3 per 100,000 in FY06. Efforts are underway to improve these results by the expansion of evidence-based teen pregnancy interventions statewide (i.e., Teen Outreach Program and Carrera Model) and ensuring that all school-based health centers are receiving training and have action plans in place in the event of a suicide or suicide attempt.

Due to the expansion of school-based health centers in 2005 and 2006, the targets for most of the school-based health measures were exceeded. Another area of success was the HIV/AIDS program, which continues to meet or exceed most of its targets.

The result with the largest discrepancy is in the area of immunizations. The Public Health Division did not meet its target of 90% for the "percent of preschoolers who were fully immunized." In FY06, New Mexico showed a decline from 83.5% to 78.5%. Even though the immunization rate decreased in the past year, the immunization rate in 2005 was still higher than it was in 2003, 2002 and 2001. The Division 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 Division will also expand incentive programs to encourage participants in the WIC program to get their children immunized and ensure all children who participate in Department-funded programs are up-to-date on their shots.

Epidemiology and Response. The Epidemiology and Response program met most of its targets in the area of Vital Records issuance, percent of urgent calls responded to within 15 minutes, and the tracking of notifiable conditions. The implementation of the E-vitals web system for registering deaths was delayed, preventing the Division from meeting their target of 75% on the "percent of deaths registered with the web-based statewide death registration system." As a result, steps were taken to reduce the current backlog and correct system issues, and additional staff were assigned to ensure on-time processing in the future.

Laboratory Services. The Scientific Laboratory met the target for three of its measures: (1) average proficiency test scores for public health laboratory certification (98.5%); (2) average proficiency test scores for environmental laboratory certification (100%); and (3) percent of public health threat samples analyzed within specified turnaround times (98.5%).

Laboratory Services did not meet its targets for the remaining three measures. Two of these targets were not met due to position vacancies and the need to better prioritize laboratory tests with the highest priority. These include tests related to immediate threats to human health, tests required prior to legal action, and tests for DWI prosecution or the determination of the cause of death. In addition, the statutory mandate to expand newborn screening led to the outsourcing of newborn screens which led to a reduction in the number of laboratory tests performed.

Facilities Management. The Facilities Management Program had completely new measures for FY06 with all facilities reporting on average length of stay. Four out of the six facilities met or exceeded their targets for average length of stay, while the other two facilities were off by a day or less. The facilities also exceeded their FY06 targets for, and recorded fewer cases of, abuse, neglect and exploitation.

Developmental Disabilities Support. The Developmental Disabilities Support Program met or exceeded its targets in five of its measures. This demonstrates the concerted effort this Division has made to improve the services for persons with developmental disabilities. The Family Infant Toddler program continues to meet its targets as well. The Division was unable to meet its targets on the remaining two measures: (1) the percent of adults receiving developmental disabilities day services who are engaged in community-integrated employment exceeded the FY05 result (36% to 37.1%) but missed the FY06 target of 40%; and (2) the percent of individuals participating in community services who report that services helped them maintain or increase independence did not meet the overall target of 93%, but individuals in the developmental disabled waiver program had a 1% increase in their positive responses, while the medical fragile program maintained their FY05 results at 91%.

Health Licensing, Certification and Oversight. The Health Licensing, Certification and Oversight Program had several new measures reflecting their goal of zero tolerance. It exceeded its targets for the three measures related to regulatory compliance surveys of licensed facilities and community-based programs and unannounced surveys. The Division missed its targets on the number of community-

based program incident investigations completed (by 5%) and the number of applicants screened for the caregiver criminal history check (by 15%). The Division is working hard to improve these numbers with particular emphasis on increasing the number of applicants screened. To accomplish this goal the program is: (1) phasing in all hospital caregivers pursuant to the Caregivers Criminal History Screening (CCHS) Act requirements passed in the 2006 Legislative session; (2) decreasing application processing time through enhancing the CCHS program database to more accurately and efficiently track and process applications; and (3) continuing PACT (Providing Assistance, Communication and Training) outreach activities to inform and assist provider agencies in order to improve their program compliance.

Recommended Language for the General Appropriation Act

Any unexpended balances in the prevention and health promotion program of the department of health in the other category from appropriations made from the general fund for influenza vaccine remaining at the end of fiscal year 2007 shall not revert.

Any unexpended balances in the health infrastructure program of the department of health in the contractual services category from appropriations made from the county-supported Medicaid fund for the support of primary health care services related to the Rural Primary Health Care Act remaining at the end of fiscal year 2007 shall not revert.

Any unexpended balances from revenue received for the newborn infant screening program remaining at the end of fiscal year 2007 shall not revert.

The general fund appropriation to the department of health in the contractual services category in all programs is contingent upon the department including performance measures in its outcome-based contracts to increase oversight and accountability.

Budget Summary Tables

	Agency Budget Summary (Dollars in Thousands)			FY08	
	FY06	FY07	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	238,112.6	255,345.5	278,630.5	23,285.0	9.1
Other Transfers	77,756.8	82,198.6	91,535.8	9,337.2	11.4
Federal Revenues	99,471.0	102,815.1	100,653.7	-2,161.4	-2.1
Other Revenues	47,366.7	47,189.5	72,796.9	25,607.4	54.3
Fund Balance	5,939.5	0.0	0.0	0.0	***
TOTAL SOURCES	468,646.6	487,548.7	543,616.9	56,068.2	11.5
USES					
Personal Services and Employee Benefits	184,796.0	198,836.9	197,103.9	-1,733.0	-0.9
Contractual Services	105,518.6	102,937.4	135,332.4	32,395.0	31.5
Other	106,824.6	115,746.3	133,178.9	17,432.6	15.1
Other Financing Uses	68,510.9	70,028.1	78,001.7	7,973.6	11.4
TOTAL USES	465,650.1	487,548.7	543,616.9	56,068.2	11.5
FTE					

Agency Budget Summary
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 Operating <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u>	
				Dollar/FTE <u>Change</u>	Percent <u>Change</u>
Permanent	2,581.50	2,581.50	2,550.50	-31.00	-1.2
Term	1,549.00	1,549.00	1,517.00	-32.00	-2.1
Temporary	31.00	31.00	31.00	0.00	0.0
TOTAL FTE POSITIONS	4,161.50	4,161.50	4,098.50	-63.00	-1.5

Administration
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 Operating <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u>	
				Dollar/FTE <u>Change</u>	Percent <u>Change</u>
SOURCES					
General Fund Transfers	6,875.8	11,696.2	14,806.2	3,110.0	26.6
Other Transfers	2,788.9	763.2	703.7	-59.5	-7.8
Federal Revenues	4,937.3	4,739.0	5,168.2	429.2	9.1
Other Revenues	4.5	435.6	201.5	-234.1	-53.7
TOTAL SOURCES	14,606.5	17,634.0	20,879.6	3,245.6	18.4
USES					
Personal Services and Employee Benefits	9,475.8	9,522.2	9,772.8	250.6	2.6
Contractual Services	1,435.3	1,883.5	1,881.6	-1.9	-0.1
Other	1,784.3	6,228.3	9,225.2	2,996.9	48.1
Other Financing Uses	176.2	0.0	0.0	0.0	***
TOTAL USES	12,871.6	17,634.0	20,879.6	3,245.6	18.4
FTE					
Permanent	134.00	134.00	135.00	1.00	0.7
Term	18.00	18.00	20.00	2.00	11.1
Temporary	1.00	1.00	1.00	0.00	0.0
TOTAL FTE POSITIONS	153.00	153.00	156.00	3.00	2.0

Public Health
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u>	
				Dollar <u>Change</u>	Percent <u>Change</u>
SOURCES					
General Fund Transfers	74,407.5	74,132.3	81,532.3	7,400.0	10.0
Other Transfers	8,388.6	15,858.9	23,609.0	7,750.1	48.9
Federal Revenues	66,178.6	71,880.2	70,354.9	-1,525.3	-2.1
Other Revenues	20,363.3	18,920.2	22,994.9	4,074.7	21.5
Fund Balance	4,571.5	0.0	0.0	0.0	***
TOTAL SOURCES	173,909.5	180,791.6	198,491.1	17,699.5	9.8
USES					
Personal Services and Employee Benefits	47,689.9	49,649.0	50,940.3	1,291.3	2.6
Contractual Services	56,630.9	56,251.9	60,517.0	4,265.1	7.6
Other	68,862.8	74,087.3	86,047.0	11,959.7	16.1
Other Financing Uses	689.9	803.4	986.8	183.4	22.8
TOTAL USES	173,873.5	180,791.6	198,491.1	17,699.5	9.8

FTE

Public Health
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08 <u>Budget to Recommendation</u>	
				<u>Dollar Change</u>	<u>Percent Change</u>
Permanent	393.50	393.50	382.50	-11.00	-2.8
Term	649.50	649.50	625.50	-24.00	-3.7
Temporary	1.00	1.00	1.00	0.00	0.0
TOTAL FTE POSITIONS	1,044.00	1,044.00	1,009.00	-35.00	-3.4

Epidemiology and Response
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08 <u>Budget to Recommendation</u>	
				<u>Dollar Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	10,150.7	10,139.7	11,039.7	900.0	8.9
Other Transfers	1,828.0	474.5	758.0	283.5	59.7
Federal Revenues	17,900.2	14,870.4	14,904.2	33.8	0.2
Other Revenues	422.1	498.8	606.1	107.3	21.5
TOTAL SOURCES	30,301.0	25,983.4	27,308.0	1,324.6	5.1
USES					
Personal Services and Employee Benefits	10,543.7	11,892.9	11,476.6	-416.3	-3.5
Contractual Services	12,209.6	8,159.1	8,485.5	326.4	4.0
Other	7,319.6	5,931.4	7,345.9	1,414.5	23.8
Other Financing Uses	47.5	0.0	0.0	0.0	***
TOTAL USES	30,120.4	25,983.4	27,308.0	1,324.6	5.1
FTE					
Permanent	54.00	54.00	54.00	0.00	0.0
Term	144.00	144.00	139.00	-5.00	-3.5
TOTAL FTE POSITIONS	198.00	198.00	193.00	-5.00	-2.5

Laboratory Services
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08 <u>Budget to Recommendation</u>	
				<u>Dollar Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	5,683.1	6,005.1	6,005.1	0.0	0.0
Federal Revenues	2,399.9	2,661.3	2,661.3	0.0	0.0
Other Revenues	3,505.5	4,382.6	2,689.7	-1,692.9	-38.6
TOTAL SOURCES	11,588.5	13,049.0	11,356.1	-1,692.9	-13.0
USES					
Personal Services and Employee Benefits	6,519.5	7,115.8	6,752.9	-362.9	-5.1
Contractual Services	867.8	1,442.1	424.8	-1,017.3	-70.5
Other	4,575.2	4,491.1	4,178.4	-312.7	-7.0
TOTAL USES	11,962.5	13,049.0	11,356.1	-1,692.9	-13.0
FTE					
Permanent	79.00	79.00	79.00	0.00	0.0
Term	56.00	56.00	53.00	-3.00	-5.4
TOTAL FTE POSITIONS	135.00	135.00	132.00	-3.00	-2.2

Facilities Management
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	43,333.1	45,117.3	46,467.3	1,350.0	3.0
Other Transfers	40,147.0	40,960.2	41,713.3	753.1	1.8
Federal Revenues	3,147.9	3,412.5	3,169.7	-242.8	-7.1
Other Revenues	19,009.0	19,577.4	41,904.5	22,327.1	114.0
Fund Balance	217.1	0.0	0.0	0.0	***
TOTAL SOURCES	105,854.1	109,067.4	133,254.8	24,187.4	22.2
USES					
Personal Services and Employee Benefits	80,317.7	87,113.7	84,641.1	-2,472.6	-2.8
Contractual Services	8,086.2	5,153.3	30,489.5	25,336.2	491.7
Other	16,948.6	16,790.6	18,124.2	1,333.6	7.9
Other Financing Uses	0.0	9.8	0.0	-9.8	-100.0
TOTAL USES	105,352.5	109,067.4	133,254.8	24,187.4	22.2
FTE					
Permanent	1,699.00	1,699.00	1,679.00	-20.00	-1.2
Term	236.50	236.50	234.50	-2.00	-0.8
Temporary	13.00	13.00	13.00	0.00	0.0
TOTAL FTE POSITIONS	1,948.50	1,948.50	1,926.50	-22.00	-1.1

Developmental Disabilities Support
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	93,191.0	102,956.3	113,556.3	10,600.0	10.3
Other Transfers	20,127.3	19,391.9	20,001.9	610.0	3.1
Federal Revenues	3,230.2	3,401.5	2,545.2	-856.3	-25.2
Other Revenues	2,287.6	1,738.7	2,660.5	921.8	53.0
Fund Balance	1,150.9	0.0	0.0	0.0	***
TOTAL SOURCES	119,987.0	127,488.4	138,763.9	11,275.5	8.8
USES					
Personal Services and Employee Benefits	22,191.2	22,988.0	23,035.7	47.7	0.2
Contractual Services	25,292.0	29,241.1	32,687.6	3,446.5	11.8
Other	4,857.6	6,044.4	6,025.7	-18.7	-0.3
Other Financing Uses	67,493.2	69,214.9	77,014.9	7,800.0	11.3
TOTAL USES	119,834.0	127,488.4	138,763.9	11,275.5	8.8
FTE					
Permanent	164.00	164.00	164.00	0.00	0.0
Term	322.00	322.00	322.00	0.00	0.0
Temporary	16.00	16.00	16.00	0.00	0.0
TOTAL FTE POSITIONS	502.00	502.00	502.00	0.00	0.0

**Health Certification Licensing and Oversight
(Dollars in Thousands)**

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Dollar Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	4,471.4	5,298.6	5,223.6	-75.0	-1.4
Other Transfers	4,477.0	4,749.9	4,749.9	0.0	0.0
Federal Revenues	1,676.9	1,850.2	1,850.2	0.0	0.0
Other Revenues	1,774.7	1,636.2	1,739.7	103.5	6.3
TOTAL SOURCES	12,400.0	13,534.9	13,563.4	28.5	0.2
USES					
Personal Services and Employee Benefits	8,058.2	10,555.3	10,484.5	-70.8	-0.7
Contractual Services	996.8	806.4	846.4	40.0	5.0
Other	2,476.5	2,173.2	2,232.5	59.3	2.7
Other Financing Uses	104.1	0.0	0.0	0.0	***
TOTAL USES	11,635.6	13,534.9	13,563.4	28.5	0.2
FTE					
Permanent	58.00	58.00	57.00	-1.00	-1.7
Term	123.00	123.00	123.00	0.00	0.0
TOTAL FTE POSITIONS	181.00	181.00	180.00	-1.00	-0.6

Performance Measures

		FY06 <u>Target</u>	FY06 <u>Result</u>	FY07 <u>Target</u>	FY08 <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 that the Department 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%	7.5%	92%	16%
Output	Number of repeat audit findings	1	9	0	
Output	Number of telehealth sites throughout the state used for patient services		20		120
Outcome	Number of community health improvement councils that include health disparities in their plans		6		38
Efficiency	Percent of payment vouchers paid within thirty days of acceptance of goods and services	80%	92.14%	95%	85%
Output	Number of patient encounters provided through telehealth sites statewide		NA		60,000
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	90%	NA	16%	95%
Explanatory	National ranking of New Mexico's hispanic teen birth rate per one thousand females ages fifteen to nineteen	11th	15th	10th	
Outcome	Percent of adolescents fully immunized	92%	94%	85%	
Output	Annual number of births registered at vital records for females age fifteen to seventeen	30	1,619	1,300	1,100
Outcome	Number of HIV/AIDS deaths in New Mexico	12	32	10	10
Outcome	Percent of women, infants and children program participants ages two to five who are not overweight	90%	87%	95%	95%
Outcome	Percent of adolescents, grades nine through twelve, who are not overweight or obese		89.2%	92%	95%
Outcome	Youth suicide rate among fifteen to nineteen year olds per one hundred thousand	10	15.3	5.0	3.0
Outcome	Youth suicide rate among twenty to twenty-four year olds per one hundred thousand	16	42.8	10	6.3

		<u>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 Recomm</u>
Outcome	Percent of youth reporting they have considered suicide		19%	17%	14%
Outcome	Percent of youth reporting they have attempted suicide		7.5%	6.0%	5.0%
Outcome	Percent of schools with school-based health centers that have decreased teen birth, suicide and obesity rates				
Outcome	Tobacco use by adults	20%	21.5%	21%	20.4%
Outcome	Tobacco use by adolescents			20%	
Output	Percent of chlamydia cases treated		70%	80%	90%
Output	Number of teens ages fifteen to seventeen receiving family planning services in agency-funded family planning clinics	16,000	12,365	20,000	24,000
Output	Number of HIV/AIDS prevention education encounters	9,000	9,660	10,000	12,000
Output	Number enrolled in syringe exchange programs	12,000	9,501	15,000	16,000
Output	Number of HIV/AIDS counseling sessions for high-risk individuals	6,000	6,584	7,500	
Output	Number of hepatitis c clients enrolled in a disease management service through the extension for community health outcomes project	2,500	263	5,000	1,500
Output	Number of persons eligible for the women, infants and children program who are receiving services	63,500	59,988	64,500	
Output	Number of operating school-based health centers	60	66	68	68
Output	Number of youth served at school-based health centers	9,000	19,960	11,000	15,000
Output	Number of visits to school-based health centers	40,000	44,098	50,000	42,000
Output	Number of calls to the agency-funded agora youth crisis line		2,900	4,500	9,000
Output	Number of providers utilizing the statewide immunization registry		10	255	375
Output	Number of students receiving behavioral health services in school-based health centers		8,181	10,000	12,000
Outcome	National ranking of New Mexico children who are fully immunized	10th	NA	5th	3rd
Outcome	National ranking of New Mexico teen birth rate per one thousand females age fifteen to seventeen	40th	50th	35th	30th
Explanatory	Percent of eligible persons with HIV/AIDS who receive agency-funded medical care and services	100%	100%	100%	
Outcome	New Mexico ranking for youth suicide among fifteen to twenty-four year olds	41st	44th	36th	30th
Explanatory	Per capita consumption of tobacco products	42 packs	34 packs	39 packs	33.6 packs
Output	Number of persons screened for hepatitis c through the public health system	10,000	3,700	13,500	12,000
Quality	Number of adults with diabetes who are in disease management services or programs	49,350	48,176	49,960	
Output	Number of partners of syphilis cases who are identified and treated		135	162	195
Quality	Number of participants in diabetes prevention educational programs	18,700	22,582	20,700	
Quality	Number of school-based health centers that implement youth suicide screening and prevention plans	15	66	68	68
Output	Number of partners of gonorrhea cases who are identified and treated		700	1,100	1,550

Epidemiology and Response

The purpose of the Epidemiology and Response program is to monitor health, provide health information, prevent disease and injury, promote health and healthy behaviors, respond to public health events and provide health emergency management and vital registration information to New Mexican's.

Efficiency	Percent of death certificates issued within seven days of receipt of completed record, application and fees	60%	95.5%	62%	
Outcome	Number of notifiable conditions monitored by the epidemiology and response division	113	114	113	
Efficiency	Percent of birth certificates issued/searched for within seven days of receipt of an approved birth search application and fees	70%	71.67%	73%	75%
Outcome	Percent of urgent calls received by the epidemiology and response program for which response activities are initiated within fifteen minutes of report	95%	97%	100%	
Output	Number of designated trauma centers in the state		3		9
Output	Number of health professionals on the volunteer health professional emergency registry	2,000	1,584	3,000	
Output	Percent of deaths registered with the web-based statewide death registration system	75%	NA	90%	
Efficiency	Percent of birth certificates issued within seven days of	70%	72.12%	72%	75%

		<u>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 Recomm</u>
	receipt of completed record, application and fees				
Quality	Percent of customers satisfied with vital records services	75%	98.57%	80%	
Outcome	Percent of New Mexico counties with pandemic influenza plans that integrate with the state plan		10%	50%	80%
Output	Number of pandemic influenza plan exercises statewide		10	50	70
Output	Number of hospitals reporting data in the state trauma registry		16	20	25

Laboratory Services

The purpose of the Laboratory Services program is to provide laboratory analysis and science policy for tax-supported public health, environmental, 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	97%	98.5%	98%	
Outcome	Percent of environmental (air, water and soil) sample analyzed within specified turnaround times	99%	99.25%	99%	
Efficiency	Percent of blood alcohol tests from driving-while-intoxicated cases that are analyzed and reported within seven business days	80%	27.4%	90%	85%
Quality	Average proficiency test scores for public health laboratory certification	95%	99.18	95%	96%
Quality	Average proficiency test scores for environmental laboratory certification	97%	98.63%	97%	
Output	Number of laboratory tests performed each year	520,000	456,421	540,000	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	8	4.99	6	0
Output	Average length of stay at sequoyah adolescent treatment center	210	213.5	200	207
Output	Average length of stay at New Mexico veteran's home	384	374.75	365	487
Output	Average length of stay at New Mexico rehabilitation center	15	16.25	13	21
Output	Average length of stay at turquoise lodge	17	18.13	17	21
Output	Average length of stay at the New Mexico behavioral health institute at Las Vegas	10	15.75	9	66
Output	Average length of stay at fort bayard medical center	565	388.2	550	719
Quality	Percent of residents satisfied with treatment and services provided		78.10%	90%	

Developmental Disabilities Support

The purpose of the Developmental Disabilities Support program is to administer a statewide system of community-based services and supports 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	40%	34.7%	45%	60%
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%+	99.2%	99%+	99.9%+
Outcome	Percent of infants and toddlers in the family infant toddler program who make progress in their development	94%	95.4%	95%	97%
Efficiency	Percent of developmental disabilities waiver applicants determined to be both income eligible and clinically eligible within ninety days of allocation	94%	95.7%	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%+	99%	99%+	100%
Output	Percent of jackson requirements from the plan of action and appendix a to the joint stipulation completed				90%
Quality	Number of oral health providers trained to serve people with	45	42	65	

		<u>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 Recomm</u>
Quality	developmental disabilities Percent of individuals participating in the developmental disabilities community service program who report that services helped them maintain or increase independence	93%	87%	95%	97%

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	36	35	41	92
Output	Number of regulatory compliance surveys conducted by the division of health improvement for licensed facilities	190	314	200	450
Output	Number of regulatory compliance surveys conducted by the division of health improvement for community-based programs	70	63	85	213
Output	Number of days between receipt of complete licensure application packet to process completion	90 days	145 days	45 days	45 days
Quality	Number of providers that receive a quality management review as a result of disproportionate substantiated findings of abuse, neglect and exploitation		3	5	35
Efficiency	Number of community-based program incident investigations completed	4,140	NA	4,300	4,400
Explanatory	Number of applicants screened for caregiver criminal history check	26,662	22,745	33,282	35,000

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.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	14,545.4	15,524.1	6.7
Total Sources	99,258.0	99,192.9	-0.1
Program			
Department of Environment Special Revenue	37,766.3	36,952.3	-2.2
Program Support	9,517.7	9,119.1	-4.2
Water Quality	20,679.8	19,937.1	-3.6
Environmental Health	16,807.2	17,326.2	3.1
Environmental Protection	14,487.0	15,858.2	9.5
Total Uses	99,257.9	99,192.9	-0.1
FTE	664.50	685.50	3.2

- General Fund is increased \$978.7 over FY07 operating level.
- The recommendation reflects a loss of \$1,882.4 in federal funds compared with the FY07 operating budget because a number of grants and funding sources are expected to expire.
- The recommendation supports increased expenditure out of the Corrective Action Fund and several other special revenue funds within sustainable limits.
- General Fund expansions to Program Support include \$130.0 and two additional FTE for the Construction Programs Bureau and \$76.9 to fund an existing, unfunded position for the colonias communities.
- The recommendation provides an expansion of \$312.0 from the General Fund and \$149.0 from the Food Service Sanitation Fund to the Environmental Health Program for eight additional inspection staff statewide.
- Expansions to the Environmental Protection Program include \$46.0 from the General Fund, \$46.0 from federal funds and one FTE for a compliance specialist in the Occupational Health and Safety Bureau; and \$82.0 from the General Fund, \$202.5 from other state funds, and one permanent and three term FTE to expand Air Quality Bureau inspection staff to combat greenhouse emissions.

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 Program includes 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*

NMED is committed to protecting New Mexico's environment and the health of its citizens. The Department administers key programs that protect the state's limited water resources from groundwater pollution and safeguards drinking water supplies for present and future generations. These efforts include but are not limited to permits for mine closures, ground water discharge, and superfund assessment and remediation.

The Department inspects surface and underground petroleum storage tanks around the state and where necessary, directs clean-up of contamination caused by spills or leaking storage tanks. NMED works with the federal Environmental Protection Agency (EPA) and other related agencies to keep the State constructively involved in environmental issues pertaining to New Sources Review (NSR), mercury emission regulation and wetland protection. The Department oversees the Waste Isolation

Pilot Plant located outside of Carlsbad and works with the national laboratories to ensure corrective action is performed in accordance with consent orders.

NMED will concentrate program efforts on the reduction of greenhouse gas emissions and improvement of air quality state-wide for all New Mexicans. The Department is increasing air monitoring around the state and permitted facility inspections to ensure compliance of permit standards.

NMED protects public health and safety by overseeing water quality supplied through public water systems and inspecting food facilities and restaurants. The Department will continue public seminars on the issues of radon and well water testing. NMED also will concentrate on workplace inspection programs to ensure safe and healthy conditions for New Mexico workers.

Key Elements of Recommendation

The Executive recommendation for the Department increases General Fund by \$978.7, primarily to expand current levels of service and to help offset the loss of other revenue sources. A portion of the General Fund increase is for GSD rate increases. The overall recommendation is for a nearly flat budget compared with the FY07 operating level. The recommendation decreases federal funds by \$1,882.4 below FY07 levels as a number of federal grants expire. However, this substantial federal decrease is partially offset by sustainable increases in expenditures out of the Corrective Action Fund (CAF) and the other special revenue funds.

With regard to the Department's special revenue funds, the overall \$814.0 decrease in expenditures is comprised of a \$3,000.0 decrease in anticipated direct expenditures out of the CAF for petroleum tank and water quality related cleanup projects; a \$462.0 increase in operational expenditures out of the CAF; a \$1,190.6 decrease of fund balance out of the other special revenue funds; and a \$2,936.4 increase in operational expenditures out of the other special funds.

The recommendation for Program Support provides a \$377.0 increase in General Fund to assist with increased workload and to decrease the vacancy rate in the Construction Programs Bureau, for increased GSD rates and for expansion of services. The overall recommendation for Program Support is \$398.6 below FY07 operating level. The recommendation also provides increased CAF and indirect rates from other special revenue funds to partially offset the loss of federal funds. The Executive recommendation provides two General Fund expansions to Program Support's Construction Programs Bureau, including \$130.0 and 2 FTE to address the rapid increase in the Bureau's workload related to oversight of capital outlay projects and \$76.9 to provide water and waste water infrastructure support to the colonias communities.

For the Water Quality Program, the recommendation provides \$100.0 additional General Fund to help offset a \$251.6 reduction in operational funding out of the Water Quality Management Fund, which is being reduced to a more sustainable level. The recommendation also reduces federal funds by \$673.2 because of expiring grants and reduced availability of Clean Water Act funding.

The Executive recommendation for the Environmental Health Program provides a \$335.5 increase in General Fund for GSD rates and one expansion. The expansion of \$312.0 from the General Fund and \$149.0 from the Food Service Sanitation Fund will provide eight new food and safety inspectors statewide to address increasing workloads. When combined with a slight decrease in

federal funding, the recommendation provides an overall increase of \$519.0 for this Program.

For the Environmental Protection Program, the recommendation supports a \$166.2 increase in General Fund and a \$1,371.2 overall increase above FY07 operating level. The General Fund increase supports two expansions and an increase in GSD rates. Non-General Fund increases include expanded use of the CAF and other special revenue funds for personal services and other costs. As with the other programs, the recommendation reduces federal funds in the Environmental Protection Program because of expiring grants. The Executive recommendation provides two expansions to the Program. The first is to match \$46.0 from the General Fund with \$46.0 in earmarked federal funds for one additional compliance assistant in the Occupational Health and Safety Bureau to increase workplace safety through cooperative relationships with employers. The second provides \$82.0 in General Fund, \$101.3 from the Air Quality Permit Fund and \$101.2 from Title V air quality permit fees to fund one permanent and three term FTE to reduce air emissions from oil and gas production facilities and document New Mexico’s progress in reducing greenhouse gas emissions. The sixth FTE added to this program is a federally-funded term position, which was funded but not recognized in the FTE count for the Program.

Performance Report

For FY08, all programs eliminated, refined or created new measures to continue a process of improving the agency's measures to make them more meaningful and to better reflect the agency's strategic direction and key performance goals. Of the agency's 24 reportable measures with FY06 targets, the agency met or surpassed its goal in 17 instances. In four of the remaining instances the agency came very close to meeting its target. These results are tied directly to protection of groundwater, prevention of hazardous spills, improvement of air quality, safety of food and water system and compliance with regulations. In general, the agency will maintain or increase FY08 targets for ongoing measures. A number of new measures will also be added for FY08.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	<u>Recom- mendation</u>	<u>FY08 Budget to Recommendation</u>	
				<u>Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	13,458.3	14,545.4	15,524.1	978.7	6.7
Other Transfers	20,102.0	22,639.5	24,292.1	1,652.6	7.3
Federal Revenues	25,864.3	24,306.8	22,424.4	-1,882.4	-7.7
Other Revenues	34,520.2	32,764.5	35,655.8	2,891.3	8.8
Fund Balance	3,931.8	5,001.8	1,296.5	-3,705.3	-74.1
TOTAL SOURCES	97,876.6	99,258.0	99,192.9	-65.1	-0.1
USES					
Personal Services and Employee Benefits	40,092.5	42,664.3	43,977.9	1,313.6	3.1
Contractual Services	10,892.8	14,427.7	12,705.5	-1,722.2	-11.9
Other	24,008.2	20,249.6	18,507.2	-1,742.4	-8.6
Other Financing Uses	20,793.9	21,916.3	24,002.3	2,086.0	9.5
TOTAL USES	95,787.4	99,257.9	99,192.9	-65.0	-0.1

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

	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent Change</u>
FTE					
Permanent	281.00	280.00	292.00	12.00	4.3
Term	382.50	384.50	393.50	9.00	2.3
TOTAL FTE POSITIONS	663.50	664.50	685.50	21.00	3.2

**Special Revenue
(Dollars in Thousands)**

	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent Change</u>
SOURCES					
Other Revenues	34,520.2	32,764.5	35,655.8	2,891.3	8.8
Fund Balance	3,931.8	5,001.8	1,296.5	-3,705.3	-74.1
TOTAL SOURCES	38,452.0	37,766.3	36,952.3	-814.0	-2.2
USES					
Personal Services and Employee Benefits	0.0	0.0	0.0	0.0	***
Contractual Services	836.4	4,000.0	3,000.0	-1,000.0	-25.0
Other	16,482.7	11,850.0	9,950.0	-1,900.0	-16.0
Other Financing Uses	20,793.9	21,916.3	24,002.3	2,086.0	9.5
TOTAL USES	38,113.0	37,766.3	36,952.3	-814.0	-2.2
FTE					
Term	0.00	0.00	0.00	0.00	***
TOTAL FTE POSITIONS	0.00	0.00	0.00	0.00	***

**Program Support
(Dollars in Thousands)**

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	2,086.8	2,672.0	3,049.0	377.0	14.1
Other Transfers	2,247.6	2,865.5	3,143.1	277.6	9.7
Federal Revenues	4,112.2	3,980.2	2,927.0	-1,053.2	-26.5
TOTAL SOURCES	8,446.6	9,517.7	9,119.1	-398.6	-4.2
USES					
Personal Services and Employee Benefits	6,866.7	7,269.1	7,556.3	287.2	4.0
Contractual Services	653.0	853.9	565.4	-288.5	-33.8
Other	926.9	1,394.7	997.4	-397.3	-28.5
TOTAL USES	8,446.6	9,517.7	9,119.1	-398.6	-4.2
FTE					
Permanent	59.00	58.00	60.00	2.00	3.4
Term	42.00	44.00	44.00	0.00	0.0
TOTAL FTE POSITIONS	101.00	102.00	104.00	2.00	2.0

Water Quality
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u>	
				<u>Dollar</u>	<u>Percent</u>
				<u>Change</u>	<u>Change</u>
SOURCES					
General Fund Transfers	3,469.7	3,537.4	3,637.4	100.0	2.8
Other Transfers	3,337.0	5,071.1	4,901.6	-169.5	-3.3
Federal Revenues	13,811.2	12,071.3	11,398.1	-673.2	-5.6
TOTAL SOURCES	20,617.9	20,679.8	19,937.1	-742.7	-3.6
USES					
Personal Services and Employee Benefits	12,136.1	13,206.4	12,937.9	-268.5	-2.0
Contractual Services	5,352.5	5,555.3	5,037.0	-518.3	-9.3
Other	1,837.5	1,918.0	1,962.2	44.2	2.3
TOTAL USES	19,326.1	20,679.7	19,937.1	-742.6	-3.6
FTE					
Permanent	45.00	45.00	45.00	0.00	0.0
Term	151.50	151.50	156.50	5.00	3.3
TOTAL FTE POSITIONS	196.50	196.50	201.50	5.00	2.5

Environmental Health
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u>	
				<u>Dollar</u>	<u>Percent</u>
				<u>Change</u>	<u>Change</u>
SOURCES					
General Fund Transfers	5,424.9	5,616.5	5,952.0	335.5	6.0
Other Transfers	6,322.0	6,414.1	6,629.7	215.6	3.4
Federal Revenues	4,584.4	4,776.6	4,744.5	-32.1	-0.7
TOTAL SOURCES	16,331.3	16,807.2	17,326.2	519.0	3.1
USES					
Personal Services and Employee Benefits	9,832.9	10,455.2	10,865.6	410.4	3.9
Contractual Services	3,558.7	3,372.5	3,567.2	194.7	5.8
Other	2,481.3	2,979.5	2,893.4	-86.1	-2.9
TOTAL USES	15,872.9	16,807.2	17,326.2	519.0	3.1
FTE					
Permanent	111.00	111.00	119.00	8.00	7.2
Term	66.00	66.00	66.00	0.00	0.0
TOTAL FTE POSITIONS	177.00	177.00	185.00	8.00	4.5

Environmental Protection
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u>	
				<u>Dollar</u>	<u>Percent</u>
				<u>Change</u>	<u>Change</u>
SOURCES					
General Fund Transfers	2,476.9	2,719.5	2,885.7	166.2	6.1
Other Transfers	8,195.4	8,288.8	9,617.7	1,328.9	16.0
Federal Revenues	3,356.5	3,478.7	3,354.8	-123.9	-3.6
TOTAL SOURCES	14,028.8	14,487.0	15,858.2	1,371.2	9.5

		Environmental Protection (Dollars in Thousands)			FY08	
		FY06 <u>Actuals</u>	FY07 <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	11,256.8	11,733.6	12,618.1	884.5	7.5
	Contractual Services	492.2	646.0	535.9	-110.1	-17.0
	Other	2,279.8	2,107.4	2,704.2	596.8	28.3
	TOTAL USES	14,028.8	14,487.0	15,858.2	1,371.2	9.5
FTE						
	Permanent	66.00	66.00	68.00	2.00	3.0
	Term	123.00	123.00	127.00	4.00	3.3
	TOTAL FTE POSITIONS	189.00	189.00	195.00	6.00	3.2

Performance Measures

		FY06 <u>Target</u>	FY06 <u>Result</u>	FY07 <u>Target</u>	FY08 <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
Output	Percent of budgets reviewed and analyzed quarterly from the program level to the lowest program level				100%
Output	Percent of prior-year significant audit findings resolved	100%	55%		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				8/15/08
Efficiency	Percent of legal requests reviewed and assigned within three days of receipt	95%	98%	95%	100%
Efficiency	Percent of clients contacted within two weeks of assignment of case	90%	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%	97%	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%	97%	100%	100%
Output	Percent of enforcement actions brought within one year of inspection or documentation of violation	90%	95.5%	90%	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
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
Output	Percent of enforcement actions brought within one year of discovery of noncompliance with order				90%

		<u>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 Recomm</u>
Output	Approximate number of large quantity generators and number of large quantity generators inspected per environmental protection agency five year goal				87/17
Outcome	Percent of permitted facilities where monitoring results do not exceed standards		73%	75%	75%
Efficiency	Percent of groundwater discharge permits issued within the time allowed by statute or regulation	40%	85%		80%
Output	Percent of groundwater discharge permitted facilities receiving annual compliance evaluations and total estimated permitted facilities	60%	64%	60%	65%/875
Output	Number of inspections of permitted hazardous waste facilities and hazardous waste generators, handlers and transporters			160	150
Output	Percent of inspections that are first-time inspections for hazardous waste notifies, generators and transporters	20%	71%	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%	78%	80%	80%
Explanatory	Stream miles and acreage of lakes monitored annually to determine if surface water quality is impaired	1,500/10K	1,369/15,60	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	611	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%	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				TBD
Output	Number of free well water tests				1,000
Explanatory	Number of compliance orders issued in response to complaints or inspection of new septic tanks				TBD
Efficiency	Percent of high risk food related violations corrected within the timeframes noted on the inspection report issued to permitted commercial food establishments				100%
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				TBD
Output	Percent of new septic tanks inspections completed	80%	64%	85%	80%
Efficiency	Percent of public drinking water systems inspected within one week of confirmation of system problems that might acutely impact public health	80%	98.25%	95%	100%
Efficiency	Percent of drinking water chemical samplings completed within the regulatory timeframe	75%	96%	95%	95%
Output	Percent of annual permitted commercial food establishment inspections completed	100%	111%	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%	100%
Output	Percent of new radioactive material license applications reviewed for administrative completeness within sixty days	100%	100%		100%
Outcome	Percent of radioactive material licensees and x-ray registrants receiving a notice of violation that come into compliance following receipt of technical assistance from the bureau	95%	97%		97%
Outcome	Percent of public water systems that comply with acute maximum contaminant levels	90%	99.8%	95%	95%

		<u>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 Recomm</u>
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%
Outcome	Annual statewide greenhouse gas emissions (MMt CO2e)				44.6 MMt
Outcome	Percent of landfills meeting groundwater monitoring requirements	93%	71%	93%	93%
Output	Percent of confirmed releases from leaking storage tank sites that are undergoing assessment or corrective action	50%	53.75%	55%	55%
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	3.25/169 KM	No data	3.25/172 KM	194 KM
Output	Percent of worker health and safety complaints responded to within five days		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%	93.5%/93%	80%	80%
Outcome	Percent increase in tons of materials recycled by state agencies	10%	No data	10%	10%
Outcome	Percent of inspected solid waste facilities in substantial compliance with the solid waste management regulations	75%	74%	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	</=8
Output	Number of storage tank sites with confirmed releases of petroleum products undergoing assessment or corrective action			550	550
Output	Percent decrease in gasoline consumption by state and local government fleets through the application of alternative transportation fuel technologies			15%	
Explanatory	Number of serious injuries and illnesses caused by workplace conditions, newly reported indemnity claims by calendar year	4,895	DOL reports	4,882	TBD
Explanatory	Rate of serious injuries and illnesses caused by workplace conditions per one hundred workers, newly reported indemnity claims by calendar year	.64	DOL reports	.62	TBD

Executive Summary

The Office of 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).

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	246.3	346.3	40.6
Total Sources	406.1	387.4	-4.6
Program			
Office of the Natural Resources Trustee	406.1	387.4	-4.6
Total Uses	406.1	387.4	-4.6
FTE	3.75	3.75	0.0

- The recommendation replaces the use of fund balance with \$100.0 in General Fund.
- The overall expenditure recommendation for FY08 is \$18.7 below FY07.

Agency Mission and Program Purpose

The Office of 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.

Key Elements of Recommendation

The Executive recommends most of the expenditures be supported by the General Fund for FY08. The recommendation increases the General Fund appropriation by \$100.0 and recommends \$41.1 continue to be from fund balances. The overall appropriation recommendation for FY08 is \$18.7 below FY07. Reductions are in personal services and benefits, but sufficient budget is provided to fully fund all current staff.

Historically, ONRT has been partially funded from the Natural Resources Trustee Fund (Fund), with revenues derived from assessments, either negotiated or court mandated, for environmental damage in the state. This funding in FY07 was approximately 40% of the total ONRT budget. ONRT has received legal guidance from the Office of the Attorney General that this practice of funding administrative costs from the Fund is questionable under the federal Comprehensive Environmental Response, Compensation and Liability Act (CERCLA). CERCLA states that "sums recovered by a state shall be available to restore, replace, or acquire the equivalent natural resources by the state" and this recommendation begins to replace that revenue for administrative expenses.

Performance Report

During FY06, ONRT exceeded its performance measure of 500 acre-feet of water conserved; for FY06 this totaled over 800 acre-feet of groundwater. This includes new ONRT restoration initiatives implemented in FY06 as well as ongoing savings from ONRT maintenance programs associated with elimination of high water use plants, and ONRT's municipal water conservation measure initiatives.

During FY06, ONRT restored 145 acres of habitat in the middle Rio Grande Bosque. This did not meet the target of 500 acres restored performance measure, as several planned restoration projects required participation of federal agencies that were not prepared to move forward until FY07.

During FY06, ONRT exceeded its performance target for the percent of cases with restoration projects planned, in progress or completed. In total, four cases consisting of multiple restoration projects targeting water conservation, water protection, and habitat restoration were either planned or implementation had begun.

Budget Summary Tables

	Agency Budget Summary (Dollars in Thousands)			FY08	
	FY06	FY07	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	234.2	246.3	346.3	100.0	40.6
Fund Balance	131.5	159.8	41.1	-118.7	-74.3
TOTAL SOURCES	365.7	406.1	387.4	-18.7	-4.6

Agency Budget Summary
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 Operating <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent</u> <u>Change</u>
USES					
Personal Services and Employee Benefits	314.8	326.7	312.8	-13.9	-4.3
Contractual Services	4.6	24.6	19.8	-4.8	-19.5
Other	46.3	54.8	54.8	0.0	0.0
TOTAL USES	365.7	406.1	387.4	-18.7	-4.6
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

		FY06 <u>Target</u>	FY06 <u>Result</u>	FY07 <u>Target</u>	FY08 <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	145	500	500
Outcome	Number of acre-feet of water conserved through restoration	500	808	500	500

Executive Summary

The 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.

	FY07 Operating Budget	FY08 Recommendation	% Change
General Fund	1,289.5	1,289.5	0.0
Total Sources	1,290.5	1,290.6	0.0
Program			
New Mexico Health Policy Commission	1,290.5	1,290.6	0.0
Total Uses	1,290.5	1,290.6	0.0
FTE	15.00	15.00	0.0

- The Executive recommendation maintains the FY07 General Fund operating budget level.

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 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 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 maintains General Fund at the FY07 operating budget level and includes an additional \$0.1 from other program revenue for projected increases in the sale of health data reports.

The recommendation for personal services and employee benefits is increased by \$80.0 to fully fund 15 FTE authorized for FY07. 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 will no longer require professional assistance with installation of the Hospital Inpatient Discharge Data (HIDD) system. The other costs category is recommended to be aligned with FY06 actual expenditures.

Performance Report

The Commission has had measurable success in contributing to the State’s development of health policy in FY06 and will continue its efforts in FY07 and FY08. HPC has increased the State’s sharing health data and communications capacity as part of the State’s overall infrastructure planning. Infrastructure planning researches what the public and private sector expenditures are projected to be for facility development, telecommunications (telehealth) and electronic record keeping, and provides an insight into the possible expansion plans and costs which would indirectly increase the cost of delivery of health care in New Mexico. This effort will continue to provide the HPC research, guidance, and recommendations on health policy and planning issues.

One of the Commission’s challenges in FY08 will be to establish partnerships with private and public sector stakeholders for the development of health data sharing and analysis for future research development and policy making. These partnerships will be critical for developing health policy recommendations for the two most important problems facing New Mexicans – the cost of health care and access to health care.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY08	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	1,355.4	1,289.5	1,289.5	0.0	0.0
Other Transfers	11.8	0.0	0.0	0.0	***
Other Revenues	1.0	1.0	1.1	0.1	10.0
TOTAL SOURCES	1,368.2	1,290.5	1,290.6	0.1	0.0
USES					
Personal Services and Employee Benefits	772.7	799.7	916.4	116.7	14.6
Contractual Services	60.2	196.7	66.0	-130.7	-66.4
Other	307.3	294.1	308.2	14.1	4.8
TOTAL USES	1,140.2	1,290.5	1,290.6	0.1	0.0
FTE					
Permanent	17.00	15.00	15.00	0.00	0.0
TOTAL FTE POSITIONS	17.00	15.00	15.00	0.00	0.0

Performance Measures

		<u>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 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.					
Output	Number of health-related bills analyzed during the legislative session	150	168	200	100
Quality	Percent of satisfied requesters of the hospital inpatient discharge data or analysis reports	80%	100%	80%	90%
Outcome	Percent of bills analyzed and returned to the legislature within twenty-four hours	92%	65%		
Output	Number of formal collaborative partnerships, forums or workgroups that analyze the need for health professionals in the state to assist in identifying the gaps and options for reducing the shortages; determine feasible solutions for financing health care	7	18		
Output	Number 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	10	30		
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%	95%

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.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	2,416.2	2,816.2	16.6
Total Sources	2,937.5	3,387.6	15.3
Program			
Veterans' Services Department	2,937.5	3,387.6	15.3
Total Uses	2,937.5	3,387.6	15.3
FTE	35.00	35.00	0.0

- The Executive recommendation reflects a General Fund increase of 16.6% over FY07 operating levels.
- The Executive recommendation provides \$150.0 General Fund for veterans' enterprise program.
- The Executive recommendation provides an increase of \$50.0 General Fund for the disabled veterans' transportation initiative to enable the agency to provide transportation services to an additional 220 veterans.
- The Executive recommendation provides \$200.0 General Fund to continue to provide services to homeless veterans previously funded as a nonrecurring special appropriation in Laws 2006, Chapter 109.

Agency Mission and Program Purpose

The Veterans' Services Department (VSD) disseminates information regarding laws beneficial to veterans, their widows and dependent children. The Department 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.

The Veterans' Services Department 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, the Department 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. The Department 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

VSD structures outreach programs and services to ensure that New Mexico veterans and their dependents understand beneficial laws and receive the benefits and privileges to which they are entitled.

In FY06, the Department of Veterans' Services opened a new veteran services office in Belen to cover Socorro and Valencia counties, which have a veteran population of 9,000; relocated the veteran services officer from Tucumcari to Albuquerque, (bringing the number of Albuquerque officers to two, serving a veteran population of 60,000 in Bernalillo county); developed a strategic outreach initiative targeting areas such as veterans in business, women veterans, Native American veterans, and homeless veterans; created the Veterans' Enterprise and Training Program (VETPRO), a one-year assessment of veterans in business which identified the needs of veterans and services for disabled veterans in business; identified issues concerning 26,000 women veterans in New Mexico by conducting the first Women Veterans Conference (over 250 women veterans participated); established the New Mexico Women Veterans, a non-profit organization which is a women veterans' advocacy organization that will work closely with DVS to assist in outreach and identify women veteran needs; established the Native American Outreach Program conducting nine Native American veteran conferences on tribal lands reaching approximately 1,600 Native American veterans and their families; established the Eastern Navajo Veteran Association, a membership-based organization that will assist DVS in its outreach on the Navajo Nation; and revitalized the New Mexico Veterans' Integration Center for homeless veterans. The NMVIC is currently providing shelter for 55 homeless veterans and their dependents through an approved federal Veterans Administration grant. Cabinet Secretary, John Garcia, was elected by other state directors to be the next President of the National Association of State Directors of Veteran Affairs for FY07, placing New Mexico at the forefront of veterans' issues on a national basis.

For FY08, VSD will concentrate on improving overall management and operational systems within the department; delivering and improving existing programs and services; developing annual budget and performance standards; and, identifying new initiatives, which may include the following: Native American Veterans' Service Officer Program, Homeless Veterans' Outreach Program, Veterans' Small Business Enterprise and Training Program, Women Veterans' Outreach Program, Veteran Mental/Behavioral Health Services or the State Veterans' Legacy Project.

Key Elements of Recommendation

The Executive recommendation increases General Fund \$400.0 over the FY07 operating budget level. The Executive recommendation includes \$200.0 in General Fund to support continuation of a nonrecurring appropriation of \$400.0 for a homeless veterans initiative that began in FY06. The homeless veterans initiative provides onsite medical services through its nurses aid station; connectivity to the entire health delivery system; case management and social work services through its onsite providers (preventing abuse, neglect and exploitation); improved nutrition and regular meals through its onsite dining facility; and mental and behavioral health through its transportation

and communication network with the Veterans Administration Health Care System. The Veterans' homeless program supports the Governor's Performance and Accountability Contract, *A Healthy New Mexico* - Goal 2.7, Improve Outcomes and Family Support for New Mexicans to link low-income children, seniors, veterans and disabled individuals to needed healthcare services.

The recommendation also supports a \$50.0 General Fund increase in the Homeless Transportation Program. This program provides transportation services to New Mexico veterans so they may visit their health care providers. The increase will allow the agency to provide transportation services to an additional 220 homeless veterans. The expansion ties directly to the Governor's Performance and Accountability Contract, *A Healthy New Mexico* - Goal 2.7, Improve Outcomes and Family Support for New Mexicans.

In addition, the recommendation includes \$150.0 in General Fund for a veterans' enterprise program that will enable VSD to contract with an entity to ensure veteran-owned businesses take advantage of federal laws designed to ensure 3% of federal contracts are awarded to veteran-owned businesses.

Performance Report

The Veterans' Services Department achieved its targeted performance in seven of nine performance areas. The remaining two measures, number of referrals from veteran service officers to contract veterans organizations and compensation received by New Mexico veterans as a result of the department's contracts with veterans' organizations, in millions, have been addressed by the agency. Number of referrals from department service officers to contract veterans' organizations target of 17,000 was narrowly missed and VSD recognizes that additional veteran outreach efforts are necessary to reach the target in 2007. This will be accomplished by actively reaching more women veterans, more Native American veterans, and more veterans in business. The department fully expects to reach the FY07 target. The Executive recommends increasing the FY08 target level to reflect continued agency efforts. Total compensation received by New Mexico veterans as a result of department contracts with veteran service organizations decreased by approximately 57% from FY05 to FY06. The department will study the reason for the drop. A possible reason for the decrease is significant reductions in both the number of new claims awarded and the number of recurring awards. The Executive recommends decreasing the FY08 target for this measure based on historical results from the current target of \$170 million to a more achievable target of \$75 million.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY08	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	2,557.7	2,416.2	2,816.2	400.0	16.6
Federal Revenues	441.9	464.5	468.1	3.6	0.8
Other Revenues	27.5	26.0	28.0	2.0	7.7
Fund Balance	11.2	30.8	75.3	44.5	144.5
TOTAL SOURCES	3,038.3	2,937.5	3,387.6	450.1	15.3

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

	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent Change</u>
USES					
Personal Services and Employee Benefits	1,649.2	1,799.9	1,804.8	4.9	0.3
Contractual Services	905.4	784.9	1,184.9	400.0	51.0
Other	400.4	352.7	397.9	45.2	12.8
TOTAL USES	2,955.0	2,937.5	3,387.6	450.1	15.3
FTE					
Permanent	33.00	33.00	33.00	0.00	0.0
Term	2.00	2.00	2.00	0.00	0.0
TOTAL FTE POSITIONS	35.00	35.00	35.00	0.00	0.0

Performance Measures

		FY06 <u>Target</u>	FY06 <u>Result</u>	FY07 <u>Target</u>	FY08 <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	49,682	42,000	50,000
Output	Number of referrals from veteran service officers to contract veterans organizations	17,000	16,745	10,000	18,000
Output	Number of fiduciary transactions from trustee banks and veterans' services department to meet clients' living expenses	36,000	60,229	75,000	75,000
Output	Number of educational programs reviewed, approved and audited	250	1,916	1,975	1,975
Output	Number of homeless veterans provided overnight shelter for a period of two weeks or more	90	160	500	500
Output	Compensation received by New Mexico veterans as a result of the department's contracts with veterans' organizations, in millions	165	66	170	75
Output	Number of property tax waiver and exemption certificates issued to New Mexico veterans	3,000	10,519	3,500	11,000
Outcome	Percent of New Mexico veterans impacted by department programs	20%	27%	25%	30%
Output	Number of external prior year audit finding	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.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	171,390.5	189,188.0	10.4
Total Sources	356,350.6	367,094.7	3.0
Program			
Program Support-Summary	15,669.4	15,548.5	-0.8
Juvenile Justice	62,137.3	59,672.5	-4.0
Protective Services	100,496.6	104,048.3	3.5
Family Services	178,047.3	187,825.4	5.5
Total Uses	356,350.6	367,094.7	3.0
FTE	2,057.10	2,011.10	-2.2

- The Executive recommends an overall vacancy rate of 6.5% for the Department.
- The base recommendation moves 55 FTE from Juvenile Justice Services to the Family Services Division for the Family Functional Therapy Program.
- The Executive recommends deleting 70 FTE due to the closing of the Boys School at Springer.
- The Executive recommends 18 FTE Treatment Workers in the Protective Services Division.
- The recommendation includes \$2,110.0 in General Fund to replace lapsing federal Title XIX funds to protect vulnerable children.
- The Executive recommends an increase of \$1,000.0 for girls' residential services.
- The Executive recommends \$150.0 in General Fund for a contact visitation program.
- The Executive recommends \$75.0 in General Fund for visitation through video conferencing.
- The Executive recommends \$98.3 in General Fund and 2 FTE to assist with administration of CYFD domestic violence programs.
- The Executive recommends \$650.0 in General Fund for special needs child care.
- The Executive recommends \$500.0 in General Fund for adoption and foster care for children with disabilities
- The Executive recommends \$5.0 million for the Pre-K.
- The Executive recommendation includes \$2,770.2 in General Fund and 4 FTE to increase the child care program to 165% of the federal poverty level.
- The Executive recommendation includes \$500.0 in General Fund for the Gang Prevention/ Intervention Task Force.
- The Executive recommendation includes \$300.0 for a Youth Civic Justice Corp pilot program.

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, financial services, human resources and information technology services.

Juvenile Justice

The Juvenile Justice Program (JJP) provides rehabilitative services to youth adjudicated by the courts to the custody of the Department. The facilities operated by JJP include: the J. Paul Taylor Center; Youth Diagnostic and Development Center; Springer Area I; Albuquerque Boys' Reintegration Center; Albuquerque Girls' Reintegration Center; New Mexico Girls' School; and Camp Sierra Blanca.

Protective Services

The Protective Services Program 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.

Family Services

The Family Services Program includes the Early Care section that provides child development, family nutrition, child care services, licensing, child development and Head Start and child abuse/neglect prevention. The Later Care section provides children's behavioral health services, domestic violence services, licensing and certification of children's behavioral health inpatient facilities and the juvenile justice programs. The juvenile justice programs include funding for underage drinking programs, the Juvenile Justice Advisory Committee and the Juvenile Accountability Block Grant.

Executive Recommendation*Agency Strategic Directions*

The agency request supports two Executive performance and accountability policies, *A Healthy New Mexico* and *A Safer New Mexico*. CYFD provides a wide array of services that support enhanced Executive efforts in these areas:

A Safer New Mexico. CYFD provides treatment for juvenile sex offenders, will increase the number of juvenile sex offenders receiving targeted treatment, and will track the recidivism rate of sex offenders.

The Department plans 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 to: (1) prevent re-victimization of vulnerable adults (domestic violence victims) by having their children removed from them by Child Protective Services; and (2) reduce the number of children potentially unnecessarily involved with Protective Services.

To assist New Mexico communities in eliminating violent gangs, CYFD will: work with the Governor's drug adviser 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; and continue a gang disassociation program for youth.

A Healthy New Mexico. To reduce teen pregnancy, the Department will increase public education efforts, especially in New Mexico public schools.

To improve health, developmental and educational outcomes of newborns, CYFD will: strive to implement a universally-available, voluntary home visiting program to promote the healthy development and well-being of newborns; support and foster healthy families; continue the welcome baby home visit program in Doña Ana and Santa Fe counties; and expand the program to more counties during FY07.

Access to quality childcare will 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 will also assist 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 will attain, at a minimum, Stars Level 2 licensure. 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 collaboratives; 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.

Key Elements of Recommendation

The Executive recommends a total base expenditure decrease of \$2,898.4 below the FY07 budget for the Children, Youth and Families Department (CYFD). The Executive recommends a base General Fund increase for CYFD of \$2,565.1. CYFD is experiencing a substantial decrease in federal funds in FY07 and FY08, which accounts for the majority of the decreases in the base expenditures for FY08. The state purchase of the PERA building will result in an additional decrease in the CYFD base budget expenditures of \$984.0.

The Executive recommends an overall Department vacancy factor of 6.5%, a decrease from the FY07 vacancy rate of 7.2% to 11.2%. This will enable CYFD to fill Department positions, improve performance, serve and support children and families, and achieve positive outcomes for children and families.

The Executive recommends the replacement of federal Title XIX funds for the Targeted Case Management program with General Fund. The Federal Deficit Act and anticipated changes to the Title XIX program will significantly reduce funding to CYFD in FY07 and FY08. Title XIX federal funds have provided significant program support to CYFD since 1994. The increase in General Fund of \$2,110.0 will maintain the Targeted Case Management Program at current expenditure and performance levels.

The Executive recommends a \$50.00 per month increase in the rate the state pays foster parents for foster care. This will result in an increase of \$925.9 in General Fund and \$520.1 in federal funds. Placement in a foster home setting is the best practice choice for children in substitute care. National studies indicate that successful foster care recruitment and retention is driven by reimbursement rates. New Mexico's foster parents received an increase of \$25.00 per month from the New Mexico Legislature in 2006; however, the need to assure successful on-going foster care family retention and recruitment is greater than ever. As of June 2006, CYFD had approximately 973 licensed foster homes, but at least 1,400 homes are needed to meet current demand. Additional funding for foster care maintenance reimbursement will provide the Department greater opportunity to recruit and retain foster families, thereby better meeting the needs of New Mexico's children and their families. There are currently 2,259 children in foster care.

The Executive recommends an expansion of \$500.0 in General Fund for adoption and foster care for children with disabilities. The expansion for family and medical support aims to encourage parents to adopt or to provide foster care for additional children with special needs.

The Executive recommends 18 FTE for the Protective Services Division for treatment workers, a General Fund cost of \$889.4. Between January 2003 and June 2006, children in care of the state increased 31%. In addition, these cases have become more severe and require more intense intervention. CYFD received new investigator positions in 2005; there has not been an increase in the number of treatment workers since 1996. As a result, existing treatment workers must work overtime hours in order to keep up with increased demand. This results in a greater risk of mistakes and increased worker burnout. Additional funding will support the safety, permanency and well-being of New Mexico's most vulnerable children and their families.

The Executive recommends \$1,000.0 to provide residential services for female clients ages 13 to 17 in the juvenile justice and protective services systems. The recommendation will enable CYFD to provide services to females that have a history of volatile behavior and/or mental illness. Funding would also include services for residents who have brain impairment related to brain injury, head trauma and fetal alcohol effects. CYFD needs to increase services for female clients in the system. Currently, the Department of Health's Sequoyah facility provides services for males with similar problems. This expansion would provide a similar, higher level of service to females.

The First Lady supports \$98.3 in General Fund and 2 FTE to oversee new domestic violence (DV) funding and better oversee programs statewide. The CYFD DV programs increased dramatically since FY06; \$3.0 million was added to the program during the 2006 Legislature. The total program is now \$12.5 million with 30 programs statewide to monitor. The large increase in funding and programs statewide are monitored with the same 4 FTE as when the program was half its current size. This expansion will allow more frequent and more in-depth monitoring of all DV programs around the state. Many of the DV programs are small organizations that sometimes struggle to keep operating; more frequent and more in-depth monitoring of all programs will ensure better administration of these programs, improve the performance for CYFD, and more importantly, improve the outcomes of domestic violence victims and their families.

The recommendation includes an expansion of \$650.0 in General Fund for special needs child care. CYFD has funded a program in Albuquerque for over three years. The expansion will extend the program statewide. The program will fund a contract for a special needs child program specialist in each of the local training and technical assistance programs around the state and provide funding to expand services into rural New Mexico. CYFD is currently working with the University of New Mexico to refine and categorize special needs child care services, determine rates and program standards.

The Executive also recommends \$263.0 in General Fund to lease 40 vehicles for staff travel. The addition of 40 leased vehicles will enhance the agency's ability to provide ongoing services to the citizens of New Mexico, including foster care and adoptions, child abuse investigations, home studies and visitation, foster parent recruitment and retention, independent living transitional services and truancy prevention.

The Executive recommends \$5.0 million to continue the expansion for the important Pre-Kindergarten program.

The Executive recommendation expands child care for working parents so they can continue to work or go to school and know their children are safe and getting appropriate care. The recommendation of \$2,770.2 in General Fund will increase child care eligibility from 155% of the Federal Poverty Level (FPL) to 165% of FPL. This will allow an additional 944 clients to be served in FY08. The request will also fund 4 additional Child Care Eligibility Interviewers. Funding these positions will support the increased case load of child care clients if the eligibility is increased. The request will allow the Training and Technical Assistance Programs (TTAPs) to serve child care centers waiting to participate in the AIM HIGH/STARS quality improvement. Funding will provide ongoing provider training for registered homes and licensed facilities, as well as referrals to quality child care and teacher support. Increasing the eligibility from 155% of FPL to 165% of FPL will allow additional parents of covered children to attend school and/or find employment outside of the home.

The Executive recommends \$500.0 in General Fund to reduce the number of gangs, gang membership and gang-related crime through appropriate programming throughout the state. This would fund several programs to combat gangs and gang violence in New Mexico. The proposal is intended to decrease gang activity in New Mexico. The proposal would provide expanded services to include alternatives for at-risk youth and gang members, and provide continuity of community reintegration and development. Failure to provide youth alternatives for at-risk youth will result in an increase in violent crimes, gang recruitment and membership resulting in increased impact on the juvenile justice system.

The Executive recommends \$150.0 in General Fund for a contact visitation program. This initiative proposes a contract with four detention facilities to develop and implement contact visitation between incarcerated parents and their children. The funds will be directed to provide services at state correctional facilities and to provide more appropriate contact between children in the child welfare system and their incarcerated parents. The most critical element of visitation is physical contact, the ability of children to actually touch their parent. The latest research has shown that frequent, regular visitation is beneficial to children, and that children afforded such opportunities score higher on measures of well-being including IQ, emotional, adjustment and behavioral measures. The additional resources with a directed focus on this important issue, along with efforts among the collaborating state agencies, will address the needs of this underserved population (children of incarcerated adults). If not funded, the underlying issue of intergenerational child maltreatment and its roots in adult incarceration will continue to negatively impact families and the child welfare system in New Mexico. The unaddressed issue undermines the health of communities and contributes to the tax burden for all citizens.

The Executive recommends expansion of \$75.0 in General Fund for CYFD to purchase video conferencing equipment. With this new equipment CYFD will partner with the Corrections Department for video conferencing within prison facilities. Even though the New Mexico Corrections Department allows contact visits, distance and lack of transportation often make in-person visits impossible. Teleconferencing is currently being used to supplement in-person visits in New Mexico through Tele-Visitation for Children of Prisoners program offered to Albuquerque-based children of parents incarcerated in the Hobbs prison facility. Children and incarcerated adults at other facilities have no or limited contact. This is especially a problem for children and their incarcerated mothers, the fastest growing segment of the incarcerated population in New Mexico. Additional equipment and/or upgrades will allow the two systems (CYFD and Corrections) to communicate, thereby expanding the network statewide with minimal effort. The linkage would greatly increase the ability to connect children with incarcerated parents. This expansion will address the underlying issue of intergenerational child maltreatment and its roots in adult incarceration will continue to negatively impact families and the child welfare system in New Mexico.

The Executive recommendation includes \$300.0 for a Youth Civic Justice Corp pilot program for foster children and juvenile justice youth aging or transitioning out of the system. Youth would work for one year, receive free health insurance through Medicaid or AmeriCorps and at the end of the year, receive an up to \$4,725 scholarship for post secondary education or GED services.

Performance Report

Juvenile Justice Services. The Juvenile Justice Services Program (JJS) continues to increase the quality, life appropriateness and rehabilitative services of client programming in facilities as preparation for community reentry and in front-end community supervision services. This includes, but is not limited to, medical, educational mental health services, early intervention and prevention, detention and screening, and probation and parole supervision that improves clients' ability to successfully transition and contributes to reduced recidivism. JJS was able to exceed its goal of the number of children in community programs. The goal of 800 was exceeded. The agency was able to serve 982 children in community corrections programs during FY06. JJS did not meet the remainder of its measures. The Department is committed to improving the outcomes for clients in light of the increasing severity of clients entering Department facilities and will take the following steps to improve outcomes: (1) enter into an agreement with the Corrections Department to establish data-sharing requirements needed to track former clients; (2) implement a tracking system to analyze clients that enter the adult correction system; (3) create programming that meets the needs of girls in facilities and equalizes treatment and program opportunity between boys and girls; (4) increase appropriate programming based on client needs to improve the success of clients upon release; (5) provide professional development and site-based administrative and peer support for teachers and educational staff in implementing educational standards and programs, and provide the opportunity for distance learning for secondary credits, dual enrollment with post-secondary schools, and post-secondary credits including college and vocational institutions.

Protective Services. The Protective Services Program 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 exceeded its performance in two areas: (1) percent of children with repeat maltreatment (the target for FY06 was 7.5 percent and they were able to lower it to 7.2 percent), and (2) percent of children maltreated while in foster care (the target was .9 percent and the Department was able to lower it to .58 percent).

Protective Services was not able to meet its other targets for FY06. The Department is committed to meeting its performance targets to ensure the safety and wellbeing of children. First, Protective Services will improve the participation of parents in case planning by developing and implementing guidelines to ensure culturally competent, purposeful and productive worker/child visits. In Bernalillo County, Protective Services will implement the Ice Breaker program to increase the interaction between foster parents and birth parents upon initial placement and develop program standards and a visitation model for therapeutic visits between children and parents. Second, Protective Services will conduct reviews of cases of children waiting for adoption, utilizing the Adoption Resource Team (ART) process. CYFD will ensure all applicable cases are referred to the ART in a timely manner, and will provide more in-depth tracking of each case referred to the ART including referral date, identified barriers to adoption and final adoption date. Finally, Protective Services will recruit and support adoptive parents by working with New Mexico State University to develop and present the Adoption Conference to promote adoption of children in care, provide training and support adoptive parents, provide support to youth being adopted from foster care and conduct public information and outreach activities to recruit more adoptive parents.

Family Services. Improving the quality of licensed childcare is an important goal for CYFD to allow working parents' peace of mind while they are at work. This goal increases the availability and accessibility of quality childcare while supporting parental choice. Family Services was able to meet their three targets dealing with improving the quality of child care through the Aim High/STARS program and the performance target that reduces hunger among New Mexico children through greater participation in the Family Nutrition Program.

Family Services 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 FY07 and FY08, the Department will work with Value Options to improve reporting on the Child Functional Assessment Rating Scale, which is the measurement tool for all Family Services behavioral health community contracts, to increase the number of clients receiving Functional Family Therapy (FFT) and the number of visits FFT clients receive per month. The program will develop for FFT clients, through Value Options, reports to measure the cost per client at one-year pre- and post-multi systemic therapy (MST) and days out of home at one-year pre- and post-MST. The program will also develop appropriate individualized safety plans for 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 appropriate development of individualized plans to meet unique family needs.

Program Support. The Department continues to have difficulty solving the problem of turnover rates for social workers and juvenile corrections officers. Full staffing levels in these two important areas will reduce caseload demands for existing staff, improve staff morale and the quality of their work with clients. The Department has come close to meeting these performance targets annually and will implement new strategies to reduce this turnover including: (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.

Recommended Language for the General Appropriation Act

The children, youth and families department may request budget increases from agency fund balance up to two million nine hundred seventy five thousand seven hundred dollars (\$2,975,700) for fund and interest distributed to the department from the state permanent and land income fund.

Budget Summary Tables

Agency Budget Summary
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	153,079.5	171,390.5	189,188.0	17,797.5	10.4
Other Transfers	43,636.3	45,030.8	41,599.0	-3,431.8	-7.6
Federal Revenues	132,555.8	136,056.2	132,174.9	-3,881.3	-2.9
Other Revenues	4,669.9	3,873.1	4,132.8	259.7	6.7
Fund Balance	7,463.3	0.0	0.0	0.0	***
TOTAL SOURCES	341,404.8	356,350.6	367,094.7	10,744.1	3.0
USES					
Personal Services and Employee Benefits	108,136.7	109,303.0	109,798.1	495.1	0.5
Contractual Services	60,809.4	69,061.0	68,885.3	-175.7	-0.3
Other	166,268.7	177,130.9	187,651.4	10,520.5	5.9
Other Financing Uses	797.3	855.7	759.9	-95.8	-11.2
TOTAL USES	336,012.1	356,350.6	367,094.7	10,744.1	3.0
FTE					
Permanent	1,973.80	1,993.10	1,947.10	-46.00	-2.3
Term	91.30	64.00	64.00	0.00	0.0
TOTAL FTE POSITIONS	2,065.10	2,057.10	2,011.10	-46.00	-2.2

Program Support
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	10,270.0	9,680.1	9,559.2	-120.9	-1.2
Other Transfers	1,521.6	1,189.9	1,189.9	0.0	0.0
Federal Revenues	5,366.8	4,799.4	4,799.4	0.0	0.0
Fund Balance	1,100.0	0.0	0.0	0.0	***
TOTAL SOURCES	18,258.4	15,669.4	15,548.5	-120.9	-0.8
USES					
Personal Services and Employee Benefits	10,837.9	10,596.1	10,724.3	128.2	1.2
Contractual Services	2,115.4	1,854.2	1,838.7	-15.5	-0.8
Other	5,113.5	3,219.1	2,985.5	-233.6	-7.3
Other Financing Uses	157.0	0.0	0.0	0.0	***
TOTAL USES	18,223.8	15,669.4	15,548.5	-120.9	-0.8
FTE					
Permanent	170.00	168.00	162.00	-6.00	-3.6
Term	0.00	0.00	0.00	0.00	***
TOTAL FTE POSITIONS	170.00	168.00	162.00	-6.00	-3.6

Juvenile Justice (Dollars in Thousands)					
	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Dollar Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	53,803.1	58,496.9	56,754.3	-1,742.6	-3.0
Other Transfers	1,569.2	2,245.6	1,263.7	-981.9	-43.7
Other Revenues	1,829.1	1,394.8	1,654.5	259.7	18.6
Fund Balance	3,767.9	0.0	0.0	0.0	***
TOTAL SOURCES	60,969.3	62,137.3	59,672.5	-2,464.8	-4.0
USES					
Personal Services and Employee Benefits	44,262.7	42,900.6	38,561.8	-4,338.8	-10.1
Contractual Services	8,534.2	11,255.8	13,998.9	2,743.1	24.4
Other	7,694.4	7,980.9	7,111.8	-869.1	-10.9
TOTAL USES	60,491.3	62,137.3	59,672.5	-2,464.8	-4.0
FTE					
Permanent	866.50	843.30	722.30	-121.00	-14.3
Term	29.30	0.00	0.00	0.00	***
TOTAL FTE POSITIONS	895.80	843.30	722.30	-121.00	-14.3

Protective Services (Dollars in Thousands)					
	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Dollar Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	48,554.4	51,833.1	58,195.6	6,362.5	12.3
Other Transfers	4,680.6	5,656.3	2,458.9	-3,197.4	-56.5
Federal Revenues	40,275.9	41,654.8	42,041.4	386.6	0.9
Other Revenues	1,586.7	1,352.4	1,352.4	0.0	0.0
TOTAL SOURCES	95,097.6	100,496.6	104,048.3	3,551.7	3.5
USES					
Personal Services and Employee Benefits	42,751.8	45,096.7	46,287.1	1,190.4	2.6
Contractual Services	8,896.7	9,471.1	9,335.9	-135.2	-1.4
Other	43,088.5	45,721.0	48,185.3	2,464.3	5.4
Other Financing Uses	208.0	207.8	240.0	32.2	15.5
TOTAL USES	94,945.0	100,496.6	104,048.3	3,551.7	3.5
FTE					
Permanent	791.00	833.50	853.50	20.00	2.4
TOTAL FTE POSITIONS	791.00	833.50	853.50	20.00	2.4

Family Services (Dollars in Thousands)					
	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Dollar Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	40,452.0	51,380.4	64,678.9	13,298.5	25.9
Other Transfers	35,864.9	35,939.0	36,686.5	747.5	2.1
Federal Revenues	86,913.1	89,602.0	85,334.1	-4,267.9	-4.8
Other Revenues	1,254.1	1,125.9	1,125.9	0.0	0.0
Fund Balance	2,595.4	0.0	0.0	0.0	***
TOTAL SOURCES	167,079.5	178,047.3	187,825.4	9,778.1	5.5

Family Services
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent</u> <u>Change</u>
USES					
Personal Services and Employee Benefits	10,284.3	10,709.6	14,224.9	3,515.3	32.8
Contractual Services	41,263.1	46,479.9	43,711.8	-2,768.1	-6.0
Other	110,372.3	120,209.9	129,368.8	9,158.9	7.6
Other Financing Uses	432.3	647.9	519.9	-128.0	-19.8
TOTAL USES	162,352.0	178,047.3	187,825.4	9,778.1	5.5
FTE					
Permanent	146.30	148.30	209.30	61.00	41.1
Term	62.00	64.00	64.00	0.00	0.0
TOTAL FTE POSITIONS	208.30	212.30	273.30	61.00	28.7

Performance Measures

	FY06 <u>Target</u>	FY06 <u>Result</u>	FY07 <u>Target</u>	FY08 <u>Recomm</u>
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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	20%	20.1%	19%	19%
Output	Turnover rate for juvenile correctional officers	11.9%	11.7%	11.9%	11.9%

Juvenile Justice

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	75%	45.0%	76%	50%
Output	Percent of clients who complete formal probation	83%	90.0%	83%	85%
Outcome	Percent of eligible students graduating with a high school diploma while in a children, youth and families department facility school	70%	35.0%	70%	TBD
Output	Percent of re-adjudicated clients within two years of previous adjudication	4%	6.0%	7.6%	6.0%
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%	86.5%	65%	86.5%
Output	Number of children in community corrections programs	800	982	800	900
Outcome	Percent of students scoring at or above proficiency in mathematics portion of New Mexico standards based assessments			TBD	TBD
Outcome	Number of juvenile justice division facility clients age 18 and older who enter adult corrections within two years post-discharge from a juvenile justice facility			TBD	TBD
Outcome	Percent of clients recommitted to a children, youth and families department facility within two years post-discharge from facilities	11.5%	13.6%	7.6%	7.6%
Output	Percent of re-adjudicated clients on parole		12%	TBD	TBD
Outcome	Percent of eligible juvenile justice division facility students passing the New Mexico high school competency exam		17.0%	TBD	TBD

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.

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%	7.5%	7.5%
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		<u>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 Recomm</u>
Output	Number of children in foster care for up to twelve months with no more than two placement settings	2,100	2,145	2,100	2,100
Output	Percent of children who are the subject of substantiated maltreatment while in foster care	.57%	0.58%	.90%	.57%
Outcome	Percent of children adopted within twenty-four months from entry into foster care	40%	32.8%	35%	35%
Output	Percent of children determined to be maltreated within six month of a prior determination	7.5%	7.2%	7.5%	
Outcome	Percent of children in foster care for twelve months with no more than two placements	80.0%	88.0%	80.0%	86.7%
Outcome	Percent of children reunified with their natural families in less than twelve months of entry into care		87.9%	76.2%	80.0%

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	85%	89.6%	82%	90.5%
Outcome	Percent of children receiving behavioral health services who experience an improved level of functioning at discharge	60%	48.0%	60%	60%
Outcome	Percent of licensed child care providers participating in STARS/AIM HIGH levels two through five or with national accreditation	25%	25.1%	20%	32%
Outcome	Percent of adult victims receiving domestic violence services who show improved client competencies in social, living, coping and thinking skills	65%	55.2%	65%	65%
Output	Number of adult victim witnesses receiving domestic violence services	5,700	4,475	5,000	5,000
Outcome	Percent of adult victims receiving domestic violence services living in a safer, more stable environment	85%	71.4%	85%	85%
Outcome	Percent of adult victims referred to direct legal services				TBD
Outcome	Percent of adult victims/survivors receiving domestic violence services who have an individualized safety plan				TBD
Outcome	Percent of domestic violence offenders who successfully complete a batterer's intervention program				TBD
Outcome	Percent of children receiving state subsidy in STARS/AIM HIGH programs level two through five or with national accreditation	13%	24.5%	13%	30.0%

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.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	6,642.8	7,149.1	7.6
Total Sources	18,870.9	18,318.0	-2.9
Program			
National Guard Support	15,955.8	15,401.1	-3.5
Crisis Response	2,915.1	2,916.9	0.1
Total Uses	18,870.9	18,318.0	-2.9
FTE	150.00	159.00	6.0

- The Executive recommendation reflects an increase of 7.6% in General Fund.
- The Executive recommendation provides \$350.0 General Fund for increased utility expenses at statewide armories.
- The Executive recommendation increases General Fund by \$109.4 to cover increases in workers' compensation, employee liability and property insurance.
- The Executive recommendation provides \$46.9 General Fund to fully cover Servicemember Group Life Insurance premium increases.
- The Executive recommends an increase of nine FTE within the National Guard Support Program funded from existing federal programs.

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 additionally manages lands and properties owned by the State Armory Board and provides 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

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; and 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

National Guard Support: During FY06, the New Mexico National Guard picked up the Warrior Transition Course mission from the 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 \$25 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 will 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. All deployed forces will return in FY07 with no additional deployments scheduled until FY08 when approximately 500 are scheduled for deployments.

Crisis Response Program: The purpose of CRP is to provide 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; the New Mexico Youth ChalleNGe Program for at-risk youth statewide; and, About Face, an emerging program for in-school at-risk youth in Belen and Taos that has the objective of becoming a statewide program.

Key Elements of Recommendation

The Executive recommendation funds the Department of Military Affairs at \$18,318.0, an overall decrease of \$552.9 when compared to FY07. The decrease is consistent with substantially reduced federal funding. The General Fund recommendation for the Department of Military Affairs is increased by \$506.3. The increase supports \$109.4 for increased GSD rate charges, \$350.0 for increased utility expenses at statewide armories due to decreased federal funding and \$46.9 for increased Servicemember Group Life Insurance premiums. The Executive recommendation includes nine federally funded term FTE within the National Guard Support Program to support ongoing federal missions.

Performance Report

The Department of Military Affairs did not meet two of its four performance measures for FY06. The wars in Afghanistan and Iraq continue to be an obstacle for retention and recruitment in the Department of Military Affairs. The Executive recognizes this challenge and recommends FY08 performance measures continue at FY06 target levels with regards to the rate of attrition and recommends a slight increase in percent of guard strength consistent with the agency request.

Budget Summary Tables

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

	FY06 <u>Actuals</u>	FY07 Operating <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	5,769.2	6,642.8	7,149.1	506.3	7.6
Other Transfers	108.0	0.0	0.0	0.0	***
Federal Revenues	7,945.7	12,168.0	10,961.7	-1,206.3	-9.9
Other Revenues	161.7	60.1	207.2	147.1	244.8
TOTAL SOURCES	13,984.6	18,870.9	18,318.0	-552.9	-2.9
USES					
Personal Services and Employee Benefits	6,981.2	8,901.0	7,954.6	-946.4	-10.6
Contractual Services	1,518.9	1,796.6	2,420.4	623.8	34.7
Other	5,409.1	8,173.3	7,943.0	-230.3	-2.8
TOTAL USES	13,909.2	18,870.9	18,318.0	-552.9	-2.9
FTE					
Permanent	32.00	32.00	32.00	0.00	0.0
Term	126.00	118.00	127.00	9.00	7.6
TOTAL FTE POSITIONS	158.00	150.00	159.00	9.00	6.0

**National Guard Support
(Dollars in Thousands)**

	FY06 <u>Actuals</u>	FY07 Operating <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
General Fund Transfers	4,458.9	5,407.7	5,912.2	504.5	9.3
Federal Revenues	6,392.7	10,488.0	9,281.7	-1,206.3	-11.5
Other Revenues	161.7	60.1	207.2	147.1	244.8
TOTAL SOURCES	11,013.3	15,955.8	15,401.1	-554.7	-3.5
USES					
Personal Services and Employee Benefits	4,937.6	6,983.5	5,824.6	-1,158.9	-16.6
Contractual Services	864.5	1,146.9	1,825.7	678.8	59.2
Other	4,938.3	7,825.4	7,750.8	-74.6	-1.0
TOTAL USES	10,740.4	15,955.8	15,401.1	-554.7	-3.5
FTE					
Permanent	31.00	31.00	31.00	0.00	0.0
Term	79.00	71.00	80.00	9.00	12.7
TOTAL FTE POSITIONS	110.00	102.00	111.00	9.00	8.8

Crisis Response Program

(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Dollar Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	1,310.3	1,235.1	1,236.9	1.8	0.1
Other Transfers	108.0	0.0	0.0	0.0	***
Federal Revenues	1,553.0	1,680.0	1,680.0	0.0	0.0
TOTAL SOURCES	2,971.3	2,915.1	2,916.9	1.8	0.1
USES					
Personal Services and Employee Benefits	2,043.6	1,917.5	2,130.0	212.5	11.1
Contractual Services	654.4	649.7	594.7	-55.0	-8.5
Other	470.8	347.9	192.2	-155.7	-44.8
TOTAL USES	3,168.8	2,915.1	2,916.9	1.8	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>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 Recomm</u>
National Guard Support					
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%	16%	14%	14 %
Outcome	Percent of strength of the New Mexico national guard	90%	87%	85%	88 %
Output	Number of major environmental compliance findings from inspections	7	14	25	20
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	90%	97%	100 %	100 %

Executive Summary

The Parole Board is responsible for the parole management of individuals released from prisons under the jurisdiction of the Corrections Department.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	475.3	467.7	-1.6
Total Sources	475.3	467.7	-1.6
Program			
Parole Board	475.3	467.7	-1.6
Total Uses	475.3	467.7	-1.6
FTE	6.00	6.00	0.0

- The Executive recommendation reflects a 1.6% reduction in General Fund from FY07. The Board purchased video conferencing equipment in FY07 and this funding is no longer needed.

Agency Mission and Program Purpose

The Parole Board establishes parole conditions and guidelines for inmates released from 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 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 on 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 dual goals: first, to facilitate an inmate's successful re-entry into the community, and second to provide oversight and take 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 reduces the agency's total funding below the FY07 operating level in support of the Board's request. FY07 General Fund provided for the purchase of video conferencing equipment is no longer required in FY08.

Performance Report

The Board conducted 3,980 hearings during FY06. Hearings are conducted at the 15 correctional facilities located throughout the State. Seventy percent (2,814) of those hearings set forth the conditions a parolee must adhere to upon release. Twenty nine percent (1,166) were revocation hearings wherein the Board exercised its discretion to either return the parolee to incarceration to serve the remainder of his parole time or to re-parole him to the community.

The Board met all FY06 targets. For example, 91.1% of initial parole hearings were held a minimum of 30 days prior to the inmate's projected release date. The Executive recommendation reflects an increase to this FY07 target to continue efforts in this area.

Budget Summary Tables

	Agency Budget Summary (Dollars in Thousands)			FY08	
	FY06	FY07	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	368.2	475.3	467.7	-7.6	-1.6
TOTAL SOURCES	368.2	475.3	467.7	-7.6	-1.6

Agency Budget Summary
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
USES					
Personal Services and Employee Benefits	267.9	311.0	308.8	-2.2	-0.7
Contractual Services	5.4	6.6	5.6	-1.0	-15.2
Other	94.9	157.7	153.3	-4.4	-2.8
TOTAL USES	368.2	475.3	467.7	-7.6	-1.6
FTE					
Permanent	5.00	6.00	6.00	0.00	0.0
TOTAL FTE POSITIONS	5.00	6.00	6.00	0.00	0.0

Performance Measures

		<u>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 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.					
Outcome	Number of comprehensive resource guides and agency rules and regulations pamphlets produced and updated	1 update	1 update	1 update	1 update
Output	Number of informational meetings held with individuals, advocacy groups and local, state, federal or county governments	14	23	14	15
Efficiency	Percent of revocation hearings held within thirty days of a parolee's return to the corrections department	90%	96.4%	90%	97%
Efficiency	Percent of initial parole hearings held a minimum of thirty days prior to the inmate's projected release date	90%	91.1%	90%	92%

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.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	401.3	414.8	3.4
Total Sources	401.3	414.8	3.4
Program			
Juvenile Parole Board	401.3	414.8	3.4
Total Uses	401.3	414.8	3.4
FTE	6.00	6.00	0.0

- The Executive recommendation fully funds all six FTE and allows for the lease of a new vehicle as well as replacement of three computers.

Agency Mission and Program Purpose

The Juvenile Parole Board 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 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 stabilizes 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.

Key Elements of Recommendation

The Executive fully funds personal services and employee benefits and allows the agency to replace one agency owned vehicle, replace one desk top computer and two lap top computers for hearings. The new lease for a vehicle from GSD will allow the Juvenile Parole Board more frequent travel to the new CYFD sites in Farmington and Santa Fe and allow for increased travel to the facilities at Camp Sierra Blanca and J. Paul Taylor, which are both doubling the number of clients. These changes are due to the closing of Springer Boys School.

Performance Report

The Juvenile Parole Board has worked with the Executive and the Legislative Finance Committee to enhance performance measures to reflect the changes made in the Children's Code in 2005 and for the decrease in the number of clients in CYFD facilities. The 2005 Legislature changed the Children's Code to mandate Juvenile Parole Board review every 90 days for clients committed to a CYFD facility for one year. This law directly impacted the way discharges and supervision are handled. With CYFD decreasing the number of clients in its facilities, there is an increasing number of clients being supervised in community settings. Prior to this law, clients serving one year commitments were being discharged without supervision. Under the new law, the Juvenile Parole Board reviewed 252 cases that under the old law would have not been reviewed.

The Board did not meet the outcome measure: percent of residents paroled that successfully complete the conditions. The target was 60%, but the FY06 actual was 45%, up from 44% in FY05. With the decrease in the number of clients in CYFD facilities, from over 600 to below 300, the severity of clients has increased.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY08	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	380.0	401.3	414.8	13.5	3.4
TOTAL SOURCES	380.0	401.3	414.8	13.5	3.4
USES					
Personal Services and Employee Benefits	284.6	348.6	353.3	4.7	1.3
Contractual Services	6.7	5.6	5.6	0.0	0.0
Other	63.0	47.1	55.9	8.8	18.7
TOTAL USES	354.3	401.3	414.8	13.5	3.4
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

		<u>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 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%	95%
Output	Percent of clients reviewed every 90 days			95%	95%
Output	Number of client reviews held by the staff	1453	1453	1453	1453
Outcome	Percent of residents paroled that successfully complete the conditions of their parole	60%	45%	60%	60%

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.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	240,738.7	270,746.1	12.5
Total Sources	262,385.4	292,525.6	11.5
Program			
Program Support	8,876.7	8,963.3	1.0
Inmate Management and Control	209,240.0	233,889.8	11.8
Inmate Programming	10,314.4	9,339.4	-9.5
Corrections Industries	6,215.6	6,589.8	6.0
Community Offender Management	23,314.1	29,289.4	25.6
Community Corrections	4,424.6	4,453.9	0.7
Total Uses	262,385.4	292,525.6	11.5
FTE	2,467.50	2,495.50	1.1

- The Executive recommendation supports the Corrections Department inmate population projections for FY08, for both public and private facilities.
- The Executive recommends a total General Fund increase for the Corrections Department of \$30,007.4, a 12.5 % increase.
- The Executive recommendation incorporates a 7.5% vacancy factor for Program Support and Inmate Programming, 5% for Inmate Management and Control and Community Corrections, and a 3% vacancy rate for Community Offender Management.
- The Executive fully funds the operations of the Springer facility.
- The Executive recommends \$1,000.0 in General Fund for the Transitional Reporting Centers; this funding was previously in the Department of Health.
- The Executive recommends replacing \$238.4 in lapsing federal funds with General Fund to continue the Serious/Violent Offender Re-entry Initiative.
- The Executive recommends an increase of \$898.4 in General Fund for 17 new Probation and Parole Officers.
- The Executive supports \$400.9 in General Fund for a women's halfway house work program and \$448.5 and 1 FTE to expand the Los Lunas Women's Recovery Academy by 24 beds.

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 to 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, 2006, the Department had 20,947 offenders under its jurisdiction: (1) 6,111 males and 691 females for a total population of 6,802 in prison; and (2) 14,145 offenders 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 FY07 and FY08:

Comparison of Inmate Growth

Male and Female Inmate Population – 8 Year Summary								
FY Ending June 30	Male				Female			
	Facility Capacity	ADP*	ADP % change	June 30 amount	Facility Capacity	ADP*	ADP % change	June 30 amount
2001 Actual	5,315	4,887	2.1%	5,025	587	510	11.1%	524
2002 Actual	5,315	5,198	6.4%	5,408	587	512	0.4%	521
2003 Actual	5,799	5,463	5.1%	5,608	617	535	4.5%	565
2004 Actual	5,967	5,666	3.7%	5,779	617*	576	7.7%	594
2005 Actual	6,079	5,854	3.3%	5,959	617*	595	3.3%	636
2006 Actual	6,079	5,975	4.7%	6,610	617*	660	4.0%	692
2007 Est.	6,079	6,307	5.6%	6,532	617*	714	8.1%	739
2008 Est.	6,079	6,697	6.2%	6,839	617*	759	6.3%	775

* Includes 611 beds at Corrections Corporation of America and 6 beds at Central New Mexico Corrections Facility.

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 lost 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 Department is addressing the need for additional bed space. Possibilities include building a new facility, converting available facilities or sending inmates to out-of-state facilities.

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 42 certified vocational programs and 390 inmates enrolled in these programs. College programming has 303 inmates enrolled in the fall of 2006. Since fall 2003, 624 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 21.8% after one year of release, 28.1% after 24 months of release and 31.3% after 36 months of release. The overall employment rate of SOAR released offenders as documented by the Labor Department is 81%.

Faith-Based Programming. There are approximately 1,000 plus faith-based volunteers statewide. Additionally, approximately 300 plus New Mexico churches are providing Christmas presents to over 4,000 children of incarcerated parents this holiday season. 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 Alcoholic Anonymous and Narcotics Anonymous groups facilitate meetings at each of the prisons.

Average daily attendance for the Addictions Bureau program is 1,474 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 July 2005, NMCD had 838 convicted sex offenders in prison facilities.

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 17% of the inmate population receives mental health care at any given time. This is an increase of about 2% over the previous fiscal year. In a typical month, there is an average of approximately 11,300 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, 363 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.

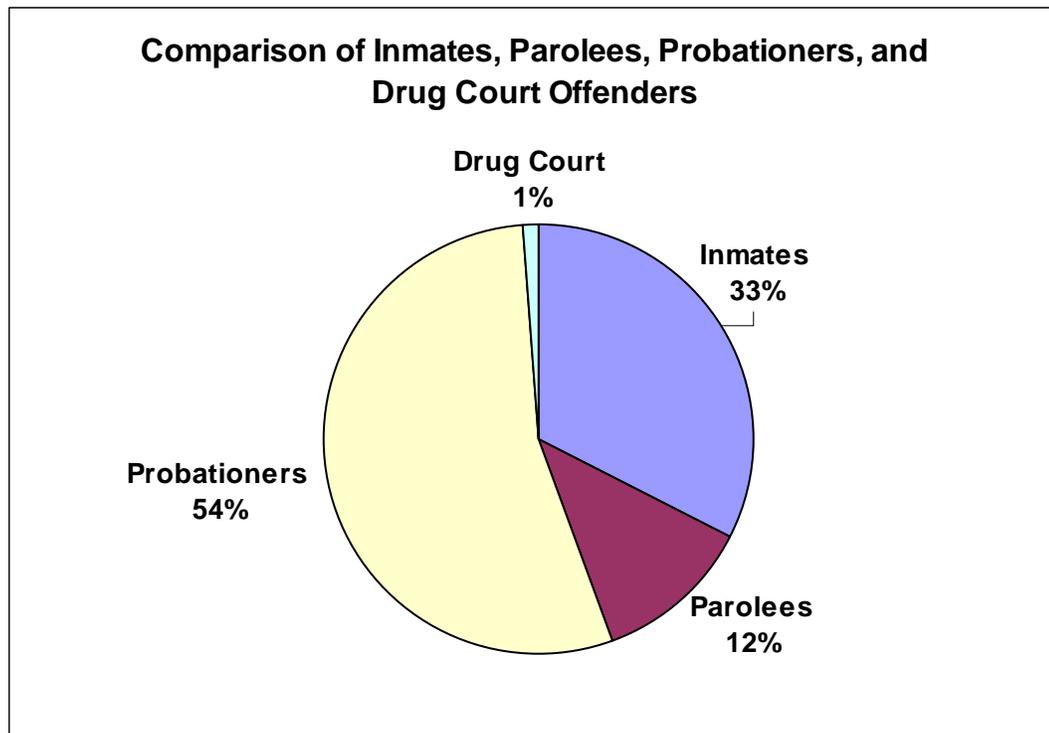
Corrections Industries

Corrections Industries programs teach inmates the skills they will need to seek employment upon their release. Programs include manufacture 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 primarily are sold 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 person to avoid 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 18,632 with over 14,145 reporting. The American Probation and Parole Association (APPA) recommends caseloads of 65 for optimal supervision; New Mexico's caseloads have soared to 107. 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 office of the Public Defender, 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 twelve 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 service. 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 Labor 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 assessment.

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.

The New Mexico Corrections Department fully supports the Executive's performance and accountability policy, *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.

The Corrections Department 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 \$30,140.2, or 11.5% over FY07. The General Fund increase for the Department is \$30,007.4, or 12.5%. The increase is due to anticipated increases in the inmate population in both public and private institutions. Projected growth of the inmate population for FY08 is expected to grow to 7,456, an increase of 435 inmates over FY07 projections.

Program Support. The Executive recommendation for Program Support is a total expenditure increase of 1% over the FY07 expenditure level. The General Fund increase is 5.1%, or \$372.9. The major increase is in personal services and benefits and includes a recommended 7.5% vacancy factor based on historic vacancy levels. This is a reduction from the FY07 appropriated vacancy factor of

9.2%. The recommendation for other costs is based on the operating budget level for supplies, IT supplies, ISD services and out-of-state travel.

Inmate Management and Control. The Executive recommendation for Inmate Management and Control reflects a total increase for FY08 of \$24,649.8, or 11.8%. The General Fund increase is \$25,022.9, or 12.7%. This increase is due to inflationary increases for private prison contracts, inmate medical contracts, inmate food contracts and more importantly, the increase in the number of inmates in the system. The Department expects the number of inmates to increase in FY08 by 435 over FY07 projections, to a total of 7,456. The recommendation projects the Guadalupe County Correctional facility will grow to house 200 state inmates and the new Clayton Correctional facility will open in March 2008 rather than January 2008. This recommendation also includes the full year cost for the Springer Correctional Center.

Inmate Programming. The Executive recommendation for Inmate Programming is a decrease in total funding of \$975.0 and a General Fund decrease of \$1,049.8. This decrease is due to the transfer of the CiviGenics contract to the Community Offender Management Program, in the amount of \$1,450.0 in General Fund. The CiviGenics contract provides residential treatment for women that are released on parole. The recommendation also reflects an increase in personal services of 8 FTE, three for the Springer Correctional Facility and five transferred from other programs in the Department. The recommendation continues the SOAR (Success for Offenders After Release) program. This program is very successful with a 29% recidivism rate for inmates completing this program and an 81% employment rate for all 669 offenders completing this program since its inception in 1999. The recommendation includes a 7.5% vacancy factor.

Corrections Industries. The Executive recommendation for Corrections Industries is a total increase of \$374.2, all from self generated revenues. The budget increase reflects start-up costs associated with the new programs at Springer, anticipated private sector partnership contracts, anticipated raw materials needs to meet increase sales and the replacement of aging equipment.

Community Offender Management. The Executive recommendation for Community Offender Management is a total increase of \$5,975.3, or 25.6%. The base General Fund increase is \$2,675.2, or 12.0%. The major reasons for the base increase are the transfer of the CiviGenics contract from the Inmate Programming Program, an increase of \$1,450.0, and the recommendation to rent 500 new ankle bracelets, a cost of \$730.0. The recommendation also includes a 3% vacancy factor.

The Executive recommendation also includes five program expansions. The first is to appropriate funds for Transitional Reporting Centers directly to the Corrections Department. Currently, the funds are appropriated to the Department of Health, and through a Joint Powers Agreement, transferred to the Corrections Department. The Corrections Department funds 3 positions at Transitional Reporting Centers in Albuquerque and Las Cruces. The Corrections Department will be better able to oversee the provision of treatment services and could more efficiently continue to provide services to almost 1,140 clients annually through a direct appropriation.

The second expansion is to continue the Serious/Violent Offender Re-entry Initiative program, currently funded with federal funds that will be discontinued at the end of FY07. The recommendation would fund the program with \$238.4 in General Fund. These important services are geared toward reducing recidivism and would continue for approximately 550 offenders

annually. Not replacing these federal funds would create a serious gap in transitional services so that offenders would face barriers to transitioning into the community, and may result in a higher chance of re-offending.

The third expansion provides funding for an additional 17 Probation and Parole officers, a General Fund cost of \$898.4. Probation and Parole officers currently have extremely high caseloads resulting in reclassifying intensive, extreme and medium supervision caseloads to lower classifications to make the workloads more manageable. Funding this increase in FTE will allow the Department to reduce caseload per officer so they are closer to the national recommended size of 81.

The fourth expansion supported by the Executive is \$400.9 in General Fund and one new position for a women's halfway house work program. This expansion proposes to add a work program to the New Mexico Women's Recovery Academy located in Los Lunas. There are currently no work programs for women transitioning into the community. Funding this expansion will allow for 4-6 month programming for 48-60 women annually, allowing them to work and save money for independent living. Without this program expansion, transition services will not be available to female offenders and they may be more likely to re-offend and return to prison.

The fifth expansion increases the Los Lunas Women's Recovery Academy by 24 beds. The current program capacity is a 48-bed, 6-month residential program for women and their children eleven years old or younger, and for women with a dual diagnosis. Expanding program eligibility will allow more women to have access to residential treatment services who would otherwise be incarcerated due to lack of program availability or have difficulty discharging from prison due to lack of programming to meet individual recommended needs. Substance abuse treatment services will be provided as well as a focus on issues pertaining to domestic violence, self-esteem and cognitive thinking. Services will be provided following a gender-specific curriculum, and will be culturally appropriate and strength-based. The program will continue to serve both female probationers and parolees. Program capacity will be increased to a total of 72 women with the potential for 48 children at any one time. The cost of this expansion is \$448.5 in General Fund and 1 FTE.

Community Corrections/Vendor Run. The Executive recommendation for Community Corrections is a total increase of \$29.3, or 0.7%. The General Fund recommendation is maintained at the same level as in FY07. The recommendation also includes a 5% vacancy factor in personal services and benefits.

Performance Report

The Corrections Department has worked with the State Budget Division and the Legislative Finance Committee to revise its performance measures for FY07 and FY08. These revisions will allow the Department to more accurately reflect its goals and to capture on-going areas for continued improvement. For these new performance measures, FY07 will be the baseline year to develop appropriate targets. Inmate Programming has added measures dealing with the National Institute of Corrections Pre-Release Program, percentage of inmate offered addictions screenings and the number of inmates, after release, who are gainfully employed. The Community Offender Management Program has added the number of inmates in intensive supervision and the number of absconders apprehended. Program Support has added measures dealing with the percentage of sex offenders who are reincarcerated within twelve, twenty-four and thirty-six months after being

released.

The Corrections Department met or exceeded most of its targets for FY06; however, it was unable to meet others. For example, the target for percent turnover of correctional officers was 15%. The result was 22.2%. The target could not be met due to the institution of the 20-year retirement for correctional officers this fiscal year. In addition, the 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 was not met. The criteria for acceptance was too limiting to keep the program at full capacity, but has since been modified to include probationers.

Recommended Language for the General Appropriation Act

The Executive recommends the following language that specifies the source of funding for expenditures or specifies the purpose for recommended expenditures:

No more than one million dollars (\$1,000,000) of the general fund appropriations to the community offender management program of the corrections department shall be used for detention costs for parole violators.

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)					
	FY06 <u>Actuals</u>	FY07 Operating <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Dollar/FTE Change</u>	<u>Budget to Recommendation Percent Change</u>
SOURCES					
General Fund Transfers	223,163.6	240,738.7	270,746.1	30,007.4	12.5
Other Transfers	1,720.6	675.6	595.0	-80.6	-11.9
Federal Revenues	1,976.5	45.0	119.8	74.8	166.2
Other Revenues	15,850.8	19,905.1	20,519.0	613.9	3.1
Fund Balance	2,578.1	1,021.0	545.7	-475.3	-46.6
TOTAL SOURCES	245,289.6	262,385.4	292,525.6	30,140.2	11.5
USES					
Personal Services and Employee Benefits	109,896.8	121,088.3	124,991.5	3,903.2	3.2
Contractual Services	31,637.4	36,124.3	42,863.3	6,739.0	18.7
Other	103,841.6	103,761.3	123,539.4	19,778.1	19.1
Other Financing Uses	1,228.7	1,411.5	1,131.4	-280.1	-19.8
TOTAL USES	246,604.5	262,385.4	292,525.6	30,140.2	11.5
FTE					
Permanent	2,273.50	2,435.50	2,462.50	27.00	1.1
Term	50.50	32.00	33.00	1.00	3.1
TOTAL FTE POSITIONS	2,324.00	2,467.50	2,495.50	28.00	1.1

Program Support (Dollars in Thousands)					
	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	7,118.4	7,277.0	7,649.9	372.9	5.1
Other Transfers	221.7	234.0	232.0	-2.0	-0.9
Other Revenues	1,314.1	1,365.7	1,081.4	-284.3	-20.8
TOTAL SOURCES	8,654.2	8,876.7	8,963.3	86.6	1.0
USES					
Personal Services and Employee Benefits	5,625.0	5,913.6	6,195.8	282.2	4.8
Contractual Services	271.3	430.2	415.7	-14.5	-3.4
Other	1,401.3	1,221.4	1,320.4	99.0	8.1
Other Financing Uses	1,228.7	1,311.5	1,031.4	-280.1	-21.4
TOTAL USES	8,526.3	8,876.7	8,963.3	86.6	1.0
FTE					
Permanent	93.00	94.00	96.00	2.00	2.1
TOTAL FTE POSITIONS	93.00	94.00	96.00	2.00	2.1

Inmate Management and Control (Dollars in Thousands)					
	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	182,243.3	197,403.6	222,426.5	25,022.9	12.7
Other Transfers	170.0	228.6	150.0	-78.6	-34.4
Federal Revenues	650.9	0.0	0.0	0.0	***
Other Revenues	9,239.4	11,607.8	11,313.3	-294.5	-2.5
Fund Balance	1,185.9	0.0	0.0	0.0	***
TOTAL SOURCES	193,489.5	209,240.0	233,889.8	24,649.8	11.8
USES					
Personal Services and Employee Benefits	79,455.9	88,560.6	90,152.4	1,591.8	1.8
Contractual Services	30,726.9	34,663.5	41,005.3	6,341.8	18.3
Other	84,445.1	86,015.9	102,732.1	16,716.2	19.4
TOTAL USES	194,627.9	209,240.0	233,889.8	24,649.8	11.8
FTE					
Permanent	1,683.00	1,812.00	1,794.00	-18.00	-1.0
Term	18.00	26.00	27.00	1.00	3.8
TOTAL FTE POSITIONS	1,701.00	1,838.00	1,821.00	-17.00	-0.9

Inmate Programming (Dollars in Thousands)					
	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	9,831.3	10,050.9	9,001.1	-1,049.8	-10.4
Other Transfers	321.5	213.0	213.0	0.0	0.0
Federal Revenues	654.8	45.0	119.8	74.8	166.2
Other Revenues	33.9	5.5	5.5	0.0	0.0
TOTAL SOURCES	10,841.5	10,314.4	9,339.4	-975.0	-9.5

		Inmate Programming (Dollars in Thousands)			FY08	
		FY06	FY07	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	7,337.8	7,406.5	7,931.0	524.5	7.1
	Contractual Services	545.2	837.0	832.7	-4.3	-0.5
	Other	2,676.7	2,070.9	575.7	-1,495.2	-72.2
	TOTAL USES	10,559.7	10,314.4	9,339.4	-975.0	-9.5
FTE						
	Permanent	125.50	135.50	143.50	8.00	5.9
	Term	14.50	2.00	2.00	0.00	0.0
	TOTAL FTE POSITIONS	140.00	137.50	145.50	8.00	5.8

		Corrections Industries (Dollars in Thousands)			FY08	
		FY06	FY07	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 Transfers	6.9	0.0	0.0	0.0	***
	Other Revenues	3,735.9	5,740.3	6,589.8	849.5	14.8
	Fund Balance	481.1	475.3	0.0	-475.3	-100.0
	TOTAL SOURCES	4,223.9	6,215.6	6,589.8	374.2	6.0
USES						
	Personal Services and					
	Employee Benefits	1,951.2	2,084.5	2,390.0	305.5	14.7
	Contractual Services	0.6	20.6	20.6	0.0	0.0
	Other	3,327.8	4,010.5	4,079.2	68.7	1.7
	Other Financing Uses	0.0	100.0	100.0	0.0	0.0
	TOTAL USES	5,279.6	6,215.6	6,589.8	374.2	6.0
FTE						
	Permanent	33.00	33.00	38.00	5.00	15.2
	Term	4.00	4.00	4.00	0.00	0.0
	TOTAL FTE POSITIONS	37.00	37.00	42.00	5.00	13.5

		Community Offender Management (Dollars in Thousands)			FY08	
		FY06	FY07	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	20,138.8	22,149.0	27,810.4	5,661.4	25.6
	Other Transfers	1,000.5	0.0	0.0	0.0	***
	Federal Revenues	670.8	0.0	0.0	0.0	***
	Other Revenues	1,494.4	1,165.1	1,479.0	313.9	26.9
	Fund Balance	618.7	0.0	0.0	0.0	***
	TOTAL SOURCES	23,923.2	23,314.1	29,289.4	5,975.3	25.6
USES						
	Personal Services and					
	Employee Benefits	14,877.2	16,341.5	17,513.3	1,171.8	7.2
	Contractual Services	70.1	80.3	531.7	451.4	562.1
	Other	8,676.9	6,892.3	11,244.4	4,352.1	63.1
	TOTAL USES	23,624.2	23,314.1	29,289.4	5,975.3	25.6

Community Offender Management
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u>	
				<u>Dollar</u>	<u>Percent</u>
				<u>Change</u>	<u>Change</u>
FTE					
Permanent	322.00	344.00	374.00	30.00	8.7
Term	14.00	0.00	0.00	0.00	***
TOTAL FTE POSITIONS	336.00	344.00	374.00	30.00	8.7

Community Corrections/Vendor Run
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u>	
				<u>Dollar</u>	<u>Percent</u>
				<u>Change</u>	<u>Change</u>
SOURCES					
General Fund Transfers	3,831.8	3,858.2	3,858.2	0.0	0.0
Other Revenues	33.1	20.7	50.0	29.3	141.5
Fund Balance	292.4	545.7	545.7	0.0	0.0
TOTAL SOURCES	4,157.3	4,424.6	4,453.9	29.3	0.7
USES					
Personal Services and Employee Benefits	649.7	781.6	809.0	27.4	3.5
Contractual Services	23.3	92.7	57.3	-35.4	-38.2
Other	3,313.8	3,550.3	3,587.6	37.3	1.1
TOTAL USES	3,986.8	4,424.6	4,453.9	29.3	0.7
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

		<u>FY06</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>
		<u>Target</u>	<u>Result</u>	<u>Target</u>	<u>Recomm</u>
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.					
Quality	Percent of employee files that contain performance appraisal development plans completed and submitted within the evaluation period	95%	99%	95%	
Outcome	Percent of prisoners who were reincarcerated within twelve months after being released from the New Mexico corrections department prison system into community supervision or were discharged	35%	30.24%	35%	26%
Outcome	Percent of prisoners who were reincarcerated within twenty-four months after being released from the New Mexico corrections department prison system into community supervision or were discharged	45%	38.22%	45%	42%
Outcome	Percent of prisoners who were reincarcerated within thirty-six months after being released from the New Mexico corrections department prison system into community supervision or were discharged	55%	46.72%	55%	46%
Outcome	Number of inmates placed into the sanctioned parole violator program, instead of going to prison	229	210	229	
Outcome	Percent of sex offenders who were reincarcerated within twenty-four months after being released from the New Mexico corrections department prison system into community supervision or were discharged		33.11%	30%	26%

		<u>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 Recomm</u>
Outcome	Percent of sex offenders who were reincarcerated within thirty-six months after being released from the New Mexico corrections department prison system into community supervising or were discharged		28.10%	40%	28%
Outcome	Percent of sex offenders who were reincarcerated within twelve months after being released from the New Mexico corrections department prison system into community supervision or were discharged		20.96%	20%	17%

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%	20.91%	15%	13%
Outcome	Percent of female offenders successfully released in accordance with their scheduled release dates	95%	80.47%	95%	95%
Output	Percent of inmates testing positive or refusing the random monthly drug test	<=5%	2.06%	<=5%	<=2.1%
Output	Graduation rate of correctional officer cadets from the corrections department training academy	78%	84%	78%	84%
Output	Number of cadets entering corrections department training academy	200	206	200	215
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%	77.78%	85%	85%
Efficiency	Daily cost per inmate, in dollars	\$88.27		\$88.27	\$88.27
Output	Number of serious inmate-to-inmate assaults in private and public facilities		24	27	18
Output	Number of serious inmate-to-staff assaults in private and public facilities		7	10	7

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%	40.77%	40%	
Output	Number of inmates who successfully complete general equivalency diploma	143	189	175	
Output	Percentage of reception diagnostic center intake inmates who receive substance abuse screening	99%	100%	99%	
Output	Annual number of inmates enrolled in adult basic education		2,850	1,650	2,850
Output	Number of inmates enrolled into the success for offenders after release program	500	843	500	
Output	Percentage 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 that are now gainfully employed		70.2%		75%

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	8.6%	break even	8.6%
Outcome	Percent of inmates employed	7.40%	6.16%	7.4%	7.4%
Outcome	Percent of eligible inmates employed		10.07%	10%	11%

		<u>FY06</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>
		<u>Target</u>	<u>Result</u>	<u>Target</u>	<u>Recomm</u>
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 of out-of-office contacts per month with offenders on high and extreme supervision on standard caseloads	90%	58%	90%	90%
Quality	Average standard caseload per probation and parole officer	92	109	92	105
Quality	Average specialized program caseload per probation and parole officer	30	32	30	30
Quality	Average intensive supervision program caseload per probation and parole officer	20	21	20	20
Outcome	Percent turnover of probation and parole officers		22.2%	21%	20%
Output	Number of absconders apprehended		2,557	2,500	2,557
Output	Average number of parolees in intensive supervision		16.5	17	17
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.					
Output	Number of successful completions per year from male residential treatment center at Fort Stanton	74	147	74	147
Output	Number of terminations per year from male residential treatment center at Fort Stanton	10	29	10	29
Output	Number of transfers or other non-completions per year from male residential treatment center at Fort Stanton	12	5	12	3

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.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	2,120.6	2,214.9	4.4
Total Sources	7,599.4	7,699.5	1.3
Program			
Victim Compensation	2,570.6	2,664.9	3.7
Federal Grants Administration	5,028.8	5,034.6	0.1
Total Uses	7,599.4	7,699.5	1.3
FTE	19.00	19.00	0.0

- The Executive recommendation reflects an increase of 4.4% in General Fund over the FY07 operating budget level.
- The Executive recommendation includes \$100.0 to continue funding for the Domestic Violence Homicide Review Team.

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 certain 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 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 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 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 a five-day Victim Advocate Training (modeled after the National Academy) once a year that is available to victim advocates; and hosts the Annual Victims Advocacy Conference with over 600 attendees every spring.

Statutory Authority: Section 31-22-4 NMSA 1978.

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.

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.

Executive Recommendation

Agency Strategic Directions

In support of Governor Richardson's core policy agendas regarding DWI, domestic violence and New Mexico's children, during fiscal year 2006 CVRC processed 258 claims for child sexual abuse and 30 for physical abuse, which resulted in a payout of \$174,731. Fifty-three DWI claims were processed, 25 of which resulted in deaths, for a payout of \$74,360. In FY06, 251 domestic violence claims were processed, 18 of which were homicide, resulting in \$372,733 in paid claims.

The number of claims received and processed has increased steadily over the years. This is due to the Commission's extensive training and outreach to service providers. CVRC's goal is to continue to expand this training and outreach so that every eligible victim of violent crime in New Mexico is aware of and can receive services, thereby further supporting the Executive performance and accountability policy, *A Safer New Mexico*. In addition, the Commission's trainings support First Lady Richardson's training objectives as outlined in her Domestic Violence Advisory Report.

Key Elements of Recommendation

The Executive recommendation reflects an increase of 4.4% in General Fund over the FY07 operating level. The recommendation includes \$100.0 to continue funding the Domestic Violence Homicide Review Team. The team has been in place since 1996 through the University of New Mexico and has been funded through a 4-year Violence Against Women Act grant. The recommendation provides General Fund to continue the program, as the federal funds are lapsing.

Performance Report

The Commission met or surpassed all of its FY06 targets except for the percent increase in number of reparation applications received. CVRC implemented a new system of regional assignment of claims to staff and is increasing community outreach, and foresees meeting this target in FY07. Surpassed targets have been slightly increased to encourage the agency to continue efforts in these areas.

Recommended Language for the General Appropriation Act

In order to allow the Commission to use additional funds for its core mission resulting from offender payments of fines and penalties, the following language is recommended:

All revenues collected in excess of the appropriation in the other state funds column may be utilized for victim reparation services.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)					
	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY08	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	1,759.1	2,120.6	2,214.9	94.3	4.4
Federal Revenues	4,506.8	5,028.8	5,034.6	5.8	0.1
Other Revenues	473.2	450.0	450.0	0.0	0.0
TOTAL SOURCES	6,739.1	7,599.4	7,699.5	100.1	1.3
USES					
Personal Services and Employee Benefits	962.1	1,025.3	1,010.7	-14.6	-1.4
Contractual Services	205.8	233.7	333.7	100.0	42.8
Other	4,823.5	5,375.4	5,390.1	14.7	0.3
Other Financing Uses	677.2	965.0	965.0	0.0	0.0
TOTAL USES	6,668.6	7,599.4	7,699.5	100.1	1.3
FTE					
Permanent	15.00	15.00	15.00	0.00	0.0
Term	4.00	4.00	4.00	0.00	0.0
TOTAL FTE POSITIONS	19.00	19.00	19.00	0.00	0.0

Federal Grant Administration (Dollars in Thousands)					
	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent Change</u>
SOURCES					
Federal Revenues	4,506.8	5,028.8	5,034.6	5.8	0.1
TOTAL SOURCES	4,506.8	5,028.8	5,034.6	5.8	0.1
USES					
Personal Services and Employee Benefits	217.1	232.8	238.6	5.8	2.5
Contractual Services	18.7	28.0	28.0	0.0	0.0
Other	3,593.8	3,803.0	3,803.0	0.0	0.0
Other Financing Uses	677.2	965.0	965.0	0.0	0.0
TOTAL USES	4,506.8	5,028.8	5,034.6	5.8	0.1
FTE					
Term	4.00	4.00	4.00	0.00	0.0
TOTAL FTE POSITIONS	4.00	4.00	4.00	0.00	0.0

Victim Compensation (Dollars in Thousands)					
	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar <u>Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	1,759.1	2,120.6	2,214.9	94.3	4.4
Other Revenues	473.2	450.0	450.0	0.0	0.0
TOTAL SOURCES	2,232.3	2,570.6	2,664.9	94.3	3.7
USES					
Personal Services and Employee Benefits	745.0	792.5	772.1	-20.4	-2.6
Contractual Services	187.1	205.7	305.7	100.0	48.6
Other	1,229.7	1,572.4	1,587.1	14.7	0.9
TOTAL USES	2,161.8	2,570.6	2,664.9	94.3	3.7
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>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 Recomm</u>
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	82%	82%	80%	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	40%	40%	30%	40%
Output	Number of statewide training conferences held for service providers and victim advocates	2	2	1	1
Efficiency	Number of working days to complete payment voucher after completion of drawdown	5	5	4	5
Output	Number of training workshops conducted for sub-recipients	12	12	8	12

		<u>FY06</u> <u>Target</u>	<u>FY06</u> <u>Result</u>	<u>FY07</u> <u>Target</u>	<u>FY08</u> <u>Recomm</u>
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	0%	0%	2%	2%
Efficiency	Average number of days to process applications	119	119	<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%

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.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	82,883.3	87,756.3	5.9
Total Sources	206,155.6	153,221.0	-25.7
Program			
Program Support	28,747.3	23,359.7	-18.7
Law Enforcement Program	95,264.7	91,359.3	-4.1
Emergency Management & Homeland Security	82,143.6	38,502.0	-53.1
Total Uses	206,155.6	153,221.0	-25.7
FTE	1,352.10	1,388.10	2.7

- The Executive recommendation includes \$55.1 for the creation of an auditor position to perform internal auditing functions in the Grants Management Bureau.
- The Executive recommends \$300.0 to process DNA samples from all felony arrests.
- The Executive recommendation increases funding to the state crime laboratory by \$536.0 and eight FTE.
- The Executive recommendation supports \$23.6 in General Fund to convert three temporary FTE to permanent status within the New Mexico State Police transcription unit.
- The Executive recommendation supports \$118.5 in General Fund for a Major within the Motor Transportation Division.
- The Executive recommendation includes \$44.6 in General Fund to support an additional transportation inspector at the Gallup port of entry.
- The Executive recommendation converts contract employees to three permanent FTE within the Northern Forensic Science Laboratory with no budgetary impact.
- The Executive recommendation budgets other revenues from Photostat fees in the amount of \$354.8 for the creation of 12 term positions within the Law Enforcement Records Bureau.
- The Executive recommends \$1,000.0 in General Fund for the Regional Narcotics Task Force and \$70.0 for Crimestoppers.
- The Executive recommendation includes \$1,000.0 for border security.
- The Executive recommendation includes \$250.0 and four FTE contingent on an Emergency Management and Homeland Security reorganization.
- The Executive recommendation includes \$250.0 and 3 FTE to maintain a central registry to track convicted drug dealers, manufacturer and individuals convicted of possession with intent to sell.

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 twenty-four hours a day, 365 days a year.

Emergency Management and Homeland Security Support Program

The Emergency Management and Homeland Security Support Program is charged with the oversight and coordination of emergency management and homeland security activities in New Mexico. Educating and empowering people to protect themselves, their families and their communities are keys to this mission. The program also provides planning and coordination for continuity of government and economic vitality.

Executive Recommendation*Agency Strategic Directions*

Law Enforcement (LEP). In FY06, New Mexico had a 2% decrease in the total traffic related deaths involving alcohol as compared to the total traffic related deaths. In FY05, 41% of all traffic related deaths involved alcohol. In FY06, 39% of all traffic related deaths were alcohol related, a significant decrease from FY05. Traditionally, this percentage has remained above 40%. The Special Investigations Division continued its work to assist in the fight against DWI. During FY06, agents within the Special Investigations Division issued over 2,400 non-traffic citations to individuals for alcohol related offenses. The Division also issued over 700 administrative citations to 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 33,350 pounds of narcotics across the state with an approximate street value of more than \$45 million. The Division also seized \$2,629,571 in cash, determined to be the proceeds of illegal drug transactions. The Criminal Investigations Section created an Impact initiative in Espanola, which was expanded to several other communities around the state. In total, this initiative resulted in 510 arrests, the recovery of over \$200,000 in stolen property, the seizure of \$300,000 in illegal drugs and the recovery of 25 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. In FY06, Program Support ensured operability of all mission-critical software applications residing on agency servers and gained compliance with the International Standards Organization (ISO) for testing laboratories. This will hold true for FY07 and FY08.

For FY08, a Program Support goal will be to complete DNA case analysis within 70 days of submission and criminal finger print cards within 35 days of submission. Program Support will also complete criminal background checks within 28 days of submission and reduce the turnaround time on all casework for DNA, latent prints, and chemistry and firearms sections of the Forensic Laboratory.

Emergency Management and Homeland Security Support Program (EMHS). In FY06, EMHS purchased equipment for the State's first responders in excess of \$11.0 million and provided instruction and funding in excess of \$888.9 for training and exercise support for first responders and emergency managers. Regional emergency response in the State was enhanced by conducting specialized training for SWAT, bomb, and commercial vehicle inspection teams. Two courses were offered for bomb team members that focused on initial response to improvised explosive devices. Advanced training was also provided to DPS - MTD commercial vehicle enforcement personnel relating to the identification and initial response to suspected terrorist events involving commercial trucking. Considerable emphasis was placed on federal requirements for compliance with standards for the National Incident Management System (NIMS). During FY06, 5,700 responders statewide completed the training requirements for NIMS compliance. EMHS took steps to support the counties and municipalities of New Mexico through the effective use of federal funds. In order to effectively disseminate federal flow-through funds to yield maximum return on investment and enhance emergency preparedness and response, the EMHS established the concept of regionalization based on common planning guidelines. The regional concept establishes six regions

throughout the state and provides a structure around which to design and implement regional collaboration. Regional collaboration will have a profound effect on counties and municipalities by fostering productive working relationships. These relationships, with the guidance of EMHS enabled programs such as planning, training and exercise to yield greater results. During FY06, EMHS also joined with the Department of Health, New Mexico Emergency Managers Association, Indian Health Services, and tribal representatives to establish a unified command structure for pandemic flu planning and response. Each operational period included objectives addressing public information, resource management, legal issues and medical services. Specific task assignments were specified with timelines and responsible parties identified. EMHS has co-convened several large meetings with representatives from its own staff, Department of Health's Office of Health Emergency Management, public health, private hospitals, emergency managers and the University of New Mexico to define roles and responsibilities in response to a pandemic flu disaster. The focus is how to respond together to reach and protect those in need during a public health emergency. This includes identifying needs and use of facilities.

During FY08, EMHS will continue to increase emergency preparedness to prevent terrorist attacks and improve emergency response to disasters.

Key Elements of Recommendation

The Executive recommendation for DPS increases General Fund by \$4,838.0, or 5.8%. Federal revenues are decreased as a result of diminished Homeland Security grants. The decrease in other revenues is attributable to substantially diminished federal court fines and forfeitures. The Executive recommendation reduces the agency's vacancy rate from 14% in FY07 to 6.8% in FY08. By maintaining this vacancy rate, the Executive hopes to decrease turnover and increase recruitment and retention; especially within the Law Enforcement Program.

The Executive recommendation includes several expansions designed to make New Mexico safer. The DNA processing expansion ties directly to an FY07 nonrecurring appropriation the Executive believes should be recurring. The Executive continues a \$300.0 appropriation in FY07 for DNA testing of suspects arrested for certain felonies.

Other Executive recommended expansions include: a Major position to oversee seven district Captains within Motor Transportation Division (\$118.5); and one additional motor transportation inspector at the Gallup port of entry (\$44.6). A Major at headquarters will increase inspections by 50 and create more efficiencies within the division. The additional transportation inspector will increase motor vehicle inspections by 402.

The Executive recommends \$23.6 in General Fund to convert three temporary FTE to permanent status within the state police transcription unit. By changing the status of the three transcription clerks DPS hopes to increase retention and decrease turnover.

The Records Bureau within DPS has made significant inroads towards addressing the backlog of finger print cards and background checks. The Executive recommendation provides 12 term positions (\$354.8) funded from revenue generated by Photostat fees that will allow DPS to continue timely records checks. In addition, the Executive recommends the change from contract forensic scientists to permanent State employees, to allow the Northern Forensic Laboratory to gain efficiencies and increase DNA cases processed by 200. This change provides three permanent FTE

and the transfer of \$162.4 from contractual services to personnel services and employee benefits and other.

The Executive recommends \$55.1 for the creation of an auditor position to perform internal auditing functions in the Grants Management Bureau and with sub-grantees, prepare risk assessments and recommendations to improve controls and compliance where needed, and coordinate reviews and audits with grantors and external auditors.

The Executive recommendation includes \$536.0 for the States crime laboratories. This will provide DPS with eight new FTE. The Executive also recommends \$215.0 to provide a 10% increase to scientist salaries to retain and recruit qualified personnel.

The Executive recommendation includes \$1,000.0 for a Regional Narcotics Task Force and \$70.0 for Crimestoppers. Both recommendations will continue to keep violent criminals off our streets.

The Executive recommends \$250.0 in contingency General Fund if legislation to reorganize Emergency Management and Homeland Security Support Program and the Governor's Office of Homeland Security comes to fruition. The contingency appropriation would provide a chief counsel, an ASD director, a human resources-payroll specialist, a CIO and costs associated with separating from DPS.

Finally, the Executive recommends \$1,000.0 for border security to provide local law enforcement resources along the New Mexico-Mexico border.

Performance Report

The Executive recommendation for FY08 includes ten new performance measures designed to better reflect the activities of the department. Due to the recruitment and retention issues, which led to a 14.6% vacancy rate for commissioned personnel, DPS did not meet a number of its performance measure targets in FY06. The pay plan put into effect in FY07 should help to alleviate this situation. Of the existing measures, DPS successfully achieved its target performance in 8 of 18.

Recommended Language for the General Appropriation Act

The General Fund appropriation to the department of public safety, emergency management and homeland security support program in the personal services and employee benefits category includes two hundred and fifty thousand dollars (\$250,000) and four FTE for homeland security, contingent on the enactment of legislation relating to homeland security reorganization.

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

	FY06 Actuals	FY07 Operating Budget	Recom- mendation	FY08	
				Budget to Recommendation Dollar/FTE Change	Percent Change
SOURCES					
General Fund Transfers	77,033.9	82,883.3	87,756.3	4,873.0	5.9
Other Transfers	14,482.4	13,628.9	12,923.6	-705.3	-5.2
Federal Revenues	28,105.4	103,040.6	47,585.1	-55,455.5	-53.8
Other Revenues	5,286.1	6,302.8	4,656.0	-1,646.8	-26.1
Fund Balance	1,449.8	300.0	300.0	0.0	0.0
TOTAL SOURCES	126,357.6	206,155.6	153,221.0	-52,934.6	-25.7
USES					
Personal Services and Employee Benefits	72,906.5	85,748.9	86,390.0	641.1	0.7
Contractual Services	3,381.7	5,081.1	5,645.9	564.8	11.1
Other	42,698.4	115,285.6	61,145.1	-54,140.5	-47.0
Other Financing Uses	0.0	40.0	40.0	0.0	0.0
TOTAL USES	118,986.6	206,155.6	153,221.0	-52,934.6	-25.7
FTE					
Permanent	1,186.00	1,199.00	1,223.00	24.00	2.0
Term	110.00	129.00	141.00	12.00	9.3
Temporary	31.10	24.10	24.10	0.00	0.0
TOTAL FTE POSITIONS	1,327.10	1,352.10	1,388.10	36.00	2.7

**Law Enforcement Program
(Dollars in Thousands)**

	FY06 Actuals	FY07 Operating Budget	Recom- mendation	FY08	
				Budget to Recommendation Dollar/FTE Change	Percent Change
SOURCES					
General Fund Transfers	64,039.4	69,023.6	70,917.3	1,893.7	2.7
Other Transfers	10,870.8	13,300.2	12,600.2	-700.0	-5.3
Federal Revenues	4,108.5	7,394.3	4,454.0	-2,940.3	-39.8
Other Revenues	4,154.3	5,276.6	3,117.8	-2,158.8	-40.9
Fund Balance	755.8	270.0	270.0	0.0	0.0
TOTAL SOURCES	83,928.8	95,264.7	91,359.3	-3,905.4	-4.1
USES					
Personal Services and Employee Benefits	60,974.7	70,769.9	70,745.9	-24.0	0.0
Contractual Services	1,497.0	1,892.3	1,727.6	-164.7	-8.7
Other	19,616.4	22,562.5	18,845.8	-3,716.7	-16.5
Other Financing Uses	0.0	40.0	40.0	0.0	0.0
TOTAL USES	82,088.1	95,264.7	91,359.3	-3,905.4	-4.1
FTE					
Permanent	1,024.00	1,028.00	1,033.00	5.00	0.5
Term	58.00	58.00	58.00	0.00	0.0
Temporary	31.10	24.10	24.10	0.00	0.0
TOTAL FTE POSITIONS	1,113.10	1,110.10	1,115.10	5.00	0.5

Program Support
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u>	
				<u>Dollar</u>	<u>Percent</u>
				<u>Change</u>	<u>Change</u>
SOURCES					
General Fund Transfers	11,916.7	12,518.0	14,003.3	1,485.3	11.9
Other Transfers	3,467.0	115.4	103.1	-12.3	-10.7
Federal Revenues	5,463.1	15,067.7	7,695.1	-7,372.6	-48.9
Other Revenues	1,129.0	1,016.2	1,528.2	512.0	50.4
Fund Balance	694.0	30.0	30.0	0.0	0.0
TOTAL SOURCES	22,669.8	28,747.3	23,359.7	-5,387.6	-18.7
USES					
Personal Services and Employee Benefits	9,890.1	11,823.4	12,324.9	501.5	4.2
Contractual Services	1,489.4	894.6	735.3	-159.3	-17.8
Other	6,510.7	16,029.3	10,299.5	-5,729.8	-35.7
TOTAL USES	17,890.2	28,747.3	23,359.7	-5,387.6	-18.7
FTE					
Permanent	154.00	155.00	170.00	15.00	9.7
Term	21.00	31.00	43.00	12.00	38.7
TOTAL FTE POSITIONS	175.00	186.00	213.00	27.00	14.5

Emergency Management and Homeland Security Support Program
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u>	
				<u>Dollar</u>	<u>Percent</u>
				<u>Change</u>	<u>Change</u>
SOURCES					
General Fund Transfers	1,077.8	1,341.7	2,835.7	1,494.0	111.4
Other Transfers	144.6	213.3	220.3	7.0	3.3
Federal Revenues	18,533.8	80,578.6	35,436.0	-45,142.6	-56.0
Other Revenues	2.8	10.0	10.0	0.0	0.0
TOTAL SOURCES	19,759.0	82,143.6	38,502.0	-43,641.6	-53.1
USES					
Personal Services and Employee Benefits	2,041.7	3,155.6	3,319.2	163.6	5.2
Contractual Services	395.3	2,294.2	3,183.0	888.8	38.7
Other	16,571.3	76,693.8	31,999.8	-44,694.0	-58.3
TOTAL USES	19,008.3	82,143.6	38,502.0	-43,641.6	-53.1
FTE					
Permanent	8.00	16.00	20.00	4.00	25.0
Term	31.00	40.00	40.00	0.00	0.0
TOTAL FTE POSITIONS	39.00	56.00	60.00	4.00	7.1

Performance Measures

		FY06 <u>Target</u>	FY06 <u>Result</u>	FY07 <u>Target</u>	FY08 <u>Recomm</u>
Law Enforcement Program					
To provide the highest quality of law enforcement services to the public and ensure a safer state.					
Outcome	Number of illegal-drug-related deaths in New Mexico per year	250	N/A	250	
Outcome	Number of driving-while-intoxicated fatalities in New Mexico per year	193	203	183	
Outcome	Number of fatal crashes in New Mexico per year	446	528	423	400
Outcome	Number of serious commercial motor vehicle crashes in New Mexico per year	900	N/A	900	
Outcome	Number of driving-while-intoxicated injury crashes in New	1,549	N/A	1,472	

		<u>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 Recomm</u>
Outcome	Mexico per year Number of driving-while-intoxicated arrests by department of public safety commissioned personnel in New Mexico per year	3,849	3,261	3,656	3,656
Output	Percent of cadets that successfully complete training and pass the law enforcement officer certification exam				90%
Output	Number of first time driving-while-intoxicated arrests per year	2,426	2,099	2,083	
Output	Number of repeat driving-while-intoxicated arrests per year	1,423	1,162	1,573	
Outcome	Number of drug arrests by department of public safety commissioned personnel in New Mexico per year	937	1,125	984	1,125
Outcome	Number of narcotic seizures by motor transportation division per year		64		64
Output	Number of dismantled methamphetamine laboratories per year	70	70	70	
Output	Change in sex offender absconder rate from December to January of each year	5%	N/A	0%	
Outcome	Number of driving-while-intoxicated crashes investigated by department of public safety commissioned personnel in New Mexico per year		350		300
Output	Estimated number of gang members per year	5,760	N/A	5,184	
Output	Number of non-traffic citations issued for a minor in possession of alcohol per year	200	N/A	250	
Output	Number of administrative citations issued for selling or giving alcohol to a minor per year	60	N/A	75	
Output	Number of sobriety checkpoints per year	273	293	278	
Output	Percent of commissioned law enforcement officers trained in domestic violence	45%	N/A	60%	
Output	Percent of commissioned law enforcement officers trained in crimes against children	45%	N/A	60%	
Output	Number of validated gangs in New Mexico		N/A		
Outcome	Number of criminal cases investigated by the department of public safety commissioned personnel in New Mexico per year		14,976		15,000
Outcome	Number of criminal citations and/or arrests for the illegal sales/service of alcohol to minors and intoxicated persons per year				350
Outcome	Number of administrative citations issued to licensed liquor establishments for the illegal sales/service of alcohol to minors and intoxicated persons per year				
Output	Percent of strength of department of public safety commissioned personnel				90%
Outcome	Number of commercial motor vehicle inspections completed by motor transportation division per year				77,272
Output	Average satisfaction ratings on a scale of 1 to 5 from training participants				4.00

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	35	N/A	40	
Output	Percent of deoxyribonucleic acid cases processed within seventy days from submission	90%	83%	100%	100%
Output	Percent of applicants criminal background checks completed with twenty-eight days of submission	100%	90%	100%	100%
Output	Percent of criminal fingerprint cards completed within thirty-five days of submission	100%	100%	100%	100%
Outcome	Number of prior year's audit findings resolved	90%	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%
Outcome	Percent compliance with new international standards organization 17025 standards for testing laboratories	50%	70%	99%	
Outcome	Number of crime laboratory training seminars provided for law enforcement agencies per year	5	8	10	
Output	Number of unprocessed firearms cases	50		40	
Output	Number of days turn-around time on all case work for the latent prints, chemistry and firearms sections of the crime laboratory	75	80	70	

		<u>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 Recomm</u>
Output	Average number of days for the grants management bureau to process sub-grantee reimbursements, from the date request is received to approval and processed for payment	30		30	
Output	Percent of help desk tickets resolved within 24 work hours	97%	99%	99%	99%
Output	Number of backlogged cases reduced in the chemistry section	175		100	
Outcome	Percent of crime laboratory compliance with american society of crime laboratory director's standards	100%		100%	

Emergency Management and Homeland Security Support Program

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	6	16	19
Outcome	Percent compliance with fifty-four emergency management accreditation program standards endorsed by federal Emergency Management Act	90%	85%	95%	
Outcome	Percent increase in emergency management and homeland security training hours per year	2%	N/A	5%	
Outcome	Percent of filed superfund amendment and reauthorization act title three and tier two reports compiled in the computer-aided management for emergency operations databases	100%	N/A	100%	
Outcome	Percent of specialized tactical teams with required communications equipment	100%	N/A	100%	
Outcome	Percent of federal bureau of investigation certified bomb response teams with required equipment and response capacity	100%	N/A	100%	
Outcome	Number of local EOPs (including terrorism incident annex) current within 3 years		21		29
Output	Number of students trained in national incident management system awareness per year	6,200	N/A	6,200	
Outcome	Percent of identified command-level responders trained in national incident management system	40%	N/A	75%	
Outcome	Number of program and administrative team compliance visits conducted each year-all grants*		4		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.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	0.0	0.0	***
Total Sources	807,343.0	783,902.5	-2.9
Program			
Programs and Infrastructure	521,001.9	485,786.0	-6.8
Transportation & Highway Operations	230,856.6	243,138.5	5.3
Business Support	55,484.5	54,978.0	-0.9
Total Uses	807,343.0	783,902.5	-2.9
FTE	2,674.50	2,756.50	3.1

- The Department's overall budget is reduced by \$23,440.5 as a result of an anticipated reduction in federal funds in FY08.
- The Executive recommendation provides 51 additional FTE to support maintenance and highway operations; it also includes an agency-wide 2.2% vacancy factor.
- The Executive recommendation supports redirecting monies from the "100% state" road betterment program to road contract maintenance, field supplies, consultant design and fuel.
- The Executive recommendation provides funding for IT support and maintenance agency-wide including the Intelligent Transportation System project.

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 forty 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), when using the State's transportation infrastructure.

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 is committed to maintaining a vigorous letting and construction schedule of approximately \$350 million over the course of the next several years. New Mexico contractors have been awarded 88% of GRIP projects, which has resulted in the creation of over 2,000 construction-related jobs. To date the department has authorized over \$641 million of the \$1.6 billion in GRIP projects.

DOT has developed 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. This partnership has identified infrastructure and services essential to the economic vitality of New

Mexico. These efforts have resulted in the commission of the Rail Runner, which had over 200,000 riders in the first few months of service. Additionally, the Park and Ride Program continues to extend service beyond commonly traveled routes and urban areas.

DOT reduced its vacancy rate from an average of 11.25% at the beginning of FY06 to 9.11% at the end of FY06. The Department directed a number of efforts, including the institution of a workforce development program, in order to reduce employee turnover. The agency continues to promote internal growth opportunities including performance-based promotions.

DOT continues to provide efficient and effective management of state resources while maximizing federal contributions to state programs.

Key Elements of Recommendation

The State Road Fund represents \$399,604.2 or 94% of total other program revenue and 51% of total recommended revenue for the agency. Federal funds are expected to decrease by \$35,158.0 resulting in an overall decrease of 2.9% below the agency's FY07 operating level. Altogether, the recommendation provides 82 additional FTE and an agency-wide vacancy factor of 2.2%.

The Executive supports the Department's request to use fund balance totaling \$3,566.0 from the State Infrastructure Bank. This recommendation provides loans through the State Infrastructure Bank to local governments to finance road projects.

The Executive recommends a transfer of \$9,622.9 to the Department of Public Safety (DPS) for the operations of the Motor Transportation Division.

The Executive recommends the internal alignment of job functions within the appropriate programmatic structure of the Department. The following transfers are recommended: federal funds management group from Business Support to Programs and Infrastructure to include 5 FTE and \$368.4; the pavement design group from Transportation and Highway Operations to Programs and Infrastructure to include 6 FTE and \$364.3; the pavement evaluation unit from Programs and Infrastructure to Transportation and Highway Operations to include 4 FTE and \$515.3; the research bureau from the Transportation and Highway Operations to Programs and Infrastructure to include 8 FTE and \$1,729.2. The recommendation supports improved operational efficiencies and preserves the level and sources of funding for each activity being transferred.

Programs and Infrastructure. The Executive recommendation reflects an overall budget decrease of \$35,215.9 which is directly related to an anticipated decrease in federal funds. This reduction will have a direct effect on the number of projects let in FY08. In the effort to reduce the impact of decreased federal funding on construction projects, the recommendation supports offsetting a portion of the reduction with other funding sources. The recommendation also supports an increase of 36 FTE for an overall increase in personal services and benefits of \$2,603.8. A 5% vacancy factor is assumed.

Of the recommended 36 additional FTE, 15 are programmatic transfers from Business Support and Transportation and Highway Operations. The remaining 21 FTE support several initiatives. Eight FTE are dedicated to the implementation of local government and GRIP II engineering oversight, project estimation, CADD information technology support and quality/performance tracking.

Three FTE will support development and tracking of changes related to the Statewide Transportation Improvement Project. Five FTE will provide financial and administrative support related to Transit and Rail Bureau. The final five FTE will be dedicated to the Traffic Safety Bureau for the implementation and technical support of the Traffic Records Program.

Transportation and Highway Operations. The Executive recommendation supports the Department's initiative to direct resources and manpower toward the preservation and maintenance of existing roadways. This effort will mitigate costly repair and replacement projects in the future. The recommendation supports an overall increase of \$12,281.9 or 5.3% above FY07 operating levels and includes an additional 51 FTE to address road maintenance demands. The recommendation supports the agency's benchmarking project to include \$1,191.3 for employees who exceed performance requirements and skill development criteria. A 1% vacancy factor is assumed.

Business Support. The Executive recommendation reduces the budgeted vacancy factor from 9.8% in FY07 to 5%, which results in an increase of \$121.7 in personal services and benefits. The recommendation also supports a reduction of \$222.6 in contractual services and \$241.5 in other costs for an overall decrease of just 0.9% below FY07 operating levels.

Performance Report

The Department exceeded revenue and usership targets for the park and ride program, which strongly supports increasing the target in FY08 to reflect the agency's ability to deliver quality service. Other measures have been adjusted to accommodate increased expectations and policy initiatives related to economic improvement throughout the state. The Department also indicated the achievement of performances goals related to the number of projects released on a timely basis.

Unfortunately, the Department narrowly missed other performance targets related to safety initiatives, highway conditions and maintenance expenditures. Overall, the agency has reinforced its commitment to attaining elevated performance targets and reducing traffic fatalities and other preventable calamities.

Several performances measures have been reinstated in recognition of their relevance to the collaborative effort among DOT's programs. Others have been deleted or reassigned to the appropriate agency in recognition of their programmatic purpose.

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 2008:

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 2008, 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 2008, but not to exceed eighty million dollars (\$80,000,000).

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 Operating <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
Other Transfers	0.0	900.0	0.0	-900.0	-100.0
Federal Revenues	325,200.5	392,928.6	357,770.6	-35,158.0	-8.9
Other Revenues	430,343.0	413,514.4	426,131.9	12,617.5	3.1
Fund Balance	133,547.4	0.0	0.0	0.0	***
TOTAL SOURCES	889,090.9	807,343.0	783,902.5	-23,440.5	-2.9
USES					
Personal Services and Employee Benefits	134,056.3	136,323.5	143,563.1	7,239.6	5.3
Contractual Services	305,749.5	373,122.6	344,223.0	-28,899.6	-7.7
Other	281,334.9	288,109.9	286,493.5	-1,616.4	-0.6
Other Financing Uses	0.0	9,787.0	9,622.9	-164.1	-1.7
TOTAL USES	721,140.7	807,343.0	783,902.5	-23,440.5	-2.9
FTE					
Permanent	2,598.00	2,600.00	2,662.00	62.00	2.4
Term	25.00	28.00	48.00	20.00	71.4
Temporary	50.50	46.50	46.50	0.00	0.0
TOTAL FTE POSITIONS	2,673.50	2,674.50	2,756.50	82.00	3.1

Programs and Infrastructure (Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 Operating <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u> Dollar/FTE <u>Change</u>	<u>Percent</u> <u>Change</u>
SOURCES					
Other Transfers	0.0	900.0	0.0	-900.0	-100.0
Federal Revenues	312,192.5	381,581.8	347,119.9	-34,461.9	-9.0
Other Revenues	150,620.0	138,520.1	138,666.1	146.0	0.1
Fund Balance	46,741.6	0.0	0.0	0.0	***
TOTAL SOURCES	509,554.1	521,001.9	485,786.0	-35,215.9	-6.8
USES					
Personal Services and Employee Benefits	23,090.4	23,085.4	25,689.2	2,603.8	11.3
Contractual Services	253,821.8	319,671.1	290,162.2	-29,508.9	-9.2
Other	179,149.8	178,245.4	169,934.6	-8,310.8	-4.7
TOTAL USES	456,062.0	521,001.9	485,786.0	-35,215.9	-6.8
FTE					
Permanent	388.00	389.00	404.00	15.00	3.9
Term	12.00	13.00	33.00	20.00	153.8
Temporary	1.00	1.00	2.00	1.00	100.0
TOTAL FTE POSITIONS	401.00	403.00	439.00	36.00	8.9

Transportation and Highway Operations
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08 <u>Budget to Recommendation</u>	
				<u>Dollar Change</u>	<u>Percent Change</u>
SOURCES					
Federal Revenues	9,756.0	10,401.1	9,017.7	-1,383.4	-13.3
Other Revenues	228,081.8	220,455.5	234,120.8	13,665.3	6.2
Fund Balance	70,780.1	0.0	0.0	0.0	***
TOTAL SOURCES	308,617.9	230,856.6	243,138.5	12,281.9	5.3
USES					
Personal Services and Employee Benefits	87,268.6	87,586.3	92,100.4	4,514.1	5.2
Contractual Services	49,040.3	50,671.8	51,503.7	831.9	1.6
Other	84,970.6	92,598.5	99,534.4	6,935.9	7.5
TOTAL USES	221,279.5	230,856.6	243,138.5	12,281.9	5.3
FTE					
Permanent	1,921.00	1,924.00	1,976.00	52.00	2.7
Term	5.00	6.00	6.00	0.00	0.0
Temporary	48.20	43.70	42.70	-1.00	-2.3
TOTAL FTE POSITIONS	1,974.20	1,973.70	2,024.70	51.00	2.6

Business Support
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08 <u>Budget to Recommendation</u>	
				<u>Dollar Change</u>	<u>Percent Change</u>
SOURCES					
Federal Revenues	3,252.0	945.7	1,633.0	687.3	72.7
Other Revenues	51,641.2	54,538.8	53,345.0	-1,193.8	-2.2
Fund Balance	16,025.7	0.0	0.0	0.0	***
TOTAL SOURCES	70,918.9	55,484.5	54,978.0	-506.5	-0.9
USES					
Personal Services and Employee Benefits	23,697.3	25,651.8	25,773.5	121.7	0.5
Contractual Services	2,887.4	2,779.7	2,557.1	-222.6	-8.0
Other	17,214.5	17,266.0	17,024.5	-241.5	-1.4
Other Financing Uses	0.0	9,787.0	9,622.9	-164.1	-1.7
TOTAL USES	43,799.2	55,484.5	54,978.0	-506.5	-0.9
FTE					
Permanent	289.00	287.00	282.00	-5.00	-1.7
Term	8.00	9.00	9.00	0.00	0.0
Temporary	1.30	1.80	1.80	0.00	0.0
TOTAL FTE POSITIONS	298.30	297.80	292.80	-5.00	-1.7

Performance Measures

		FY06 <u>Target</u>	FY06 <u>Result</u>	FY07 <u>Target</u>	FY08 <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	>=4.7	4.1	>=4.7	>=4.3
Outcome	Number of traffic fatalities per one hundred million vehicle miles traveled	.55	2.03	2.4	.88
Outcome	Fiscal year total dollar amount of airport projects completed, in millions				

		<u>FY06</u> <u>Target</u>	<u>FY06</u> <u>Result</u>	<u>FY07</u> <u>Target</u>	<u>FY08</u> <u>Recomm</u>
Output	Annual rural public transportation ridership				
Output	Number of welfare to work transportation ridership				
Output	Revenue dollars per passenger on park and ride	\$1.60	\$2.51	\$1.60	\$2.50
Explanatory	Annual number of riders on park and ride	175,000	289,984	200,000	300,000
Outcome	Percent capacity-filled on commuter rail service between Belen and Bernalillo			85%	85%
Outcome	Percent of runway miles rated good per federal aviation administration standards in public use airports			60%	60%
Output	Annual number of commuter rail riders between Belen and Bernalillo			250,000	400,000
Output	Number of established safety corridors in high crash locations			12	12
Quality	Percent of final cost over bid amount	4.0%	3.25%	4.0%	3.25%
Explanatory	Percent of programmed projects let according to schedule	65		85%	85%
Outcome	Percent of front-occupant seat belt use by the public	92%	89.5%	92%	91%
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
Outcome	Number of alcohol-related fatalities per one hundred million vehicle miles traveled			0.77	0.77

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	4,624	5,000	4,600
Efficiency	Maintenance expenditures per lane mile of combined system wide miles			\$5,250	\$3,500
Outcome	Number of non-interstate miles rated good			8,225	8,225
Outcome	Number of interstate miles rated good			1,190	1,190
Quality	Customer satisfaction levels at rest areas	88%	91%	88%	90%
Outcome	Number of combined system wide miles in deficient condition	<=2,500	826	<=2,500	826

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				
Quality	Percent of prior-year audit findings resolved			100%	100%
Efficiency	Percent of payments made in less than thirty days, to exceed				
Outcome	Percent of vacancy rate in all programs	5%	10.4%	8.5%	6.0%
Output	Number of worker days lost due to accidents				127

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.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	12,625.0	16,953.5	34.3
Total Sources	32,895.5	38,131.5	15.9
Program			
Public Education Department			
Operational	32,895.5	38,131.5	15.9
Total Uses	32,895.5	38,131.5	15.9
FTE	309.80	324.80	4.8

- The Executive base recommendation reflects an increase of \$1,574.8 (12.5%) in General Fund over FY07 operating levels to adequately fund the Department's fundamental operating needs.
- The Executive recommendation includes \$2,753.7 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 300 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 800 public schools and other agencies across the state; determines content standards, educational programs and 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).

In addition, PED is responsible for managing over \$385 million in federal funds. Ultimately, PED is responsible for managing over \$2 billion (approximately 46%) of the General Fund for provision of PreK-12 education statewide.

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 recently 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, to focus 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 22-29-10 NMSA 1978.

Executive Recommendation*Agency Strategic Directions*

The Executive recommendation continues the public education agenda set forth in the 2006 "Year of the Child" and includes continued funding of the pre-kindergarten initiative; healthy kids, including, but not limited to, elementary physical education, the school breakfast program and reducing child obesity; school improvement; after school enrichment; e-learning; and high school redesign.

In addition, the Executive's FY08 budget recommendation for the Department will support continued focus on priorities encompassed within the Governor's performance and accountability policy *Making Schools Work*. The Department's 2005-2010 strategic plan, aligned with *Making Schools Work*, identifies seven strategic issues that will be the focus of FY08 agency efforts: (1) student achievement; (2) academic standards and assessments; (3) teacher quality; (4) parent partnerships and other measures of school climate; (5) dollars to students/equity of funding resources; (6) access to technology; and (7) closing the opportunity gap.

Key Elements of Recommendation

The Executive recommendation for the Public Education Department provides a base General Fund increase of \$1,574.8 and a base total funds increase of \$2,162.8. This recommendation represents a 6.6% total base increase necessary to support fundamental agency needs to improve efficiency and results in both programmatic and fiscal management areas statewide. The most significant component of the recommended base increase is to reduce the budgeted vacancy factor from over 13% to 5% to further support the Department's capacity-building efforts.

Additional agency resources recommended by the Executive are intended to fund increased operating costs in the areas of agency transportation (fuel, insurance, inter-agency lease fees-not school pupil transportation); information technology maintenance costs for ongoing agency web-based administrative activities; rent increases for office space required for program facilities; and general operation costs such as printing, postage and photocopying.

The Executive recommends expansions of \$2,753.7 in General Fund and \$3,073.2 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. This recommendation will provide long-needed human resources to enable the agency to perform its critical statewide administrative functions more effectively as accountability, data management and reporting requirements grow. The expansion includes five term (limited time scope) positions and thirteen permanent positions, for a total of 18 FTE. The expansion also includes \$400.0 in General Fund to maintain the three-tiered licensure teacher professional development dossier management system that allows New Mexico educators to maintain current professional records as a basis for licensure qualification as required by the Public School Reforms Act of 2003.

The expansion will strengthen PED's internal fiscal management and accountability functions for increased efficiency and accuracy, in addition to providing continued support of Governor Richardson's 2006 "Year of the Child" initiatives for increased student wellness, achievement and safety. The additional FTE are necessary to provide adequate oversight and support to the 89 public school districts and over 800 public schools, including approximately 65 charter schools and Bureau of Indian Affairs Schools.

The requested FTE are as follows:

- \$63.0 (\$33.0 in General Fund) for one permanent budget analyst position for the PED Administrative Services Division (ASD). The Department will utilize its current staff in conjunction with the additional FTE to build an ASD program support structure that is sufficient to more accurately and efficiently account for agency operations.
- \$70.0 (\$36.0 in General Fund) for one permanent financial coordinator position to function as a funds management specialist. This position will monitor federal grant balances; reconcile administrative and flow through draws to federal financial systems; monitor last date to draw information provided by the federal government to prevent reversions; and provide expertise regarding the U.S. Department of Education's administrative regulations.
- \$55.1 in General Fund for one permanent purchasing agent in the procurement and building services bureau.
- \$63.0 in General Fund for one permanent financial coordinator to administer the growing capital outlay needs of districts statewide that are required for New Mexico to continue to meet the legally-established adequacy and equity standards for educational facilities.
- \$1,670.2 in General Fund for continued support of the student teacher accountability reporting system (STARS) data accountability project begun in 2005. The four term positions that are recommended in continued term status include an IT project manager; an IT applications developer; an IT database administrator and an IT business operations specialist. Additionally, this recommendation places software and hardware maintenance for the STARS system into the PED base budget.
- \$109.8 in General Fund to provide adequate staff support of two FTE, one educational administrator and one executive secretary and administrative assistant to implement the high school redesign initiative statewide.
- \$162.7 in General Fund to replace federal Title IV and Title V grant support that funds critical staff that operate the School and Family Support Bureau. The Bureau needs to continue to support two FTE who are charged with implementing various high priority initiatives statewide, including truancy and drop out prevention, nutrition standards, behavioral health, physical education, family and youth resource programs, obesity prevention and school-based health centers. This recommendation will provide necessary staff support to continue implementation of 2006 "Year of the Child" student wellness initiatives, in addition to previous years' Executive education priorities, although it reflects the reduction of a third FTE currently supported by federal funds.
- \$155.6 in federal funds for two education administrators to administer school bus driver license skills tests to qualify eligible drivers to ensure State compliance with the federal Motor Carriers Safety Administration Commercial Driver's Licensing program - a joint effort of PED and the Taxation and Revenue Department's Motor Vehicles Division that

will bring in an estimated \$28.0 million in federal highway safety dollars while making school pupil transportation safer statewide.

- \$83.9 in General Fund for one permanent education administrator in the parental involvement and rural education division to enable the Department to implement initiatives to increase parents' involvement in their children's education and to continue community revitalization activities in rural communities.
- \$63.1 in General Fund for one permanent operations research analyst in the Academic Growth and Analysis bureau to enable the Department to meet agency and state accountability data analysis and reporting requirements of both federal and state laws.
- \$76.9 in General Fund for one permanent educational administrator in bilingual education unit to support statewide initiatives to recruit and retain bilingual teachers and to increase academic achievement of bilingual students.
- \$99.9 in federal funds for one health educator and one executive secretary in the Student Nutrition Bureau in order to sustain student health and wellness activities statewide to increase student academic performance.
- \$400.0 to continue the professional development dossier (PDD) online system for tracking teacher credentials and licensure. The PDD system was established as a tool to ensure that New Mexico teachers meet the rigorous standards of the three-tiered licensure system and to develop a database for oversight of teachers' professional development and credentialing statewide. The PDD is critical to PED's ability to oversee and support teacher quality statewide.

Performance Report

Prior to FY06, the Department had no reportable performance measures in the General Appropriation Act, but instead, reported on the implementation of programs resulting from special appropriations. The Department has since been identified in the Governor's Performance and Accountability program as a key agency whose performance is assessed against performance targets and reported on quarterly.

For FY06, the Department developed five key performance measures in the areas of student accountability, fiscal management, customer service, educator quality and implementation of education reform initiatives.

To increase student accountability, in FY06 the Department continued to focus on implementing rigorous academic standards and aligning assessments to those standards. A core element of student accountability is ensuring the development of appropriate tests required by NCLB and the timely availability of those tests to the school districts. The FY06 target of 100% was met and tough standards with fair assessments continue to guide the agency's performance targets for student accountability.

The need to strengthen the Department's fiscal management capabilities carried over from previous years into FY06. 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 actual result achieved in FY06 was 79% completion of the fiscal corrective action plan, short of a targeted 90%, but an increase over the actual result of 74% reported in FY05. Included in the plan was resolution of FY03 and FY04 audit findings, which were adequately addressed by the Department.

Customer satisfaction represents an important element in the agency's ability to work effectively and responsively with multiple, often competing, constituencies, among them: schools, districts, parents, students and government agencies. In FY06, 81% of customers interacting with the Department reported satisfaction with their telephone communications. A second measure of departmental customer service success, and a key component of *Making Schools Work*, is strengthening parental involvement through increased partnership with parents. Department initiatives in FY06 continued to support improved parental satisfaction ratings. The number of parents positively rating their involvement with public high schools was 62.5% in FY06. This measure was different in FY05 and did not target parents specifically. The FY05 measure was percent of customers (districts and/or schools) interacting with PED that report satisfaction with their telephone communications with the department.

Educator quality continued to improve in New Mexico in FY06. The number of core academic subjects taught by highly qualified teachers increased from 78.6% in FY05 to 92% in FY06, an increase of 13.4%. The Department has committed to additional improvement of the teaching force through its FY08 performance target of 97%. The annual percent of teachers on waivers and teachers on waivers in high poverty districts both decreased in FY06.

Ensuring that state resources are spent on students is a high priority best supported through a reliable and accurate information base that enables school districts to report on their budgeting and expenses. The National Center on Educational Statistics chart of accounts is being implementing in FY07 and will provide invaluable data in FY08 and beyond.

The FY06 measure for education reform implementation was percent of fiscal year 2005 appropriated education reform initiatives completed on time and within budget. The Department's target for this effort was 100%. However, FY06 actual performance was 40%.

FY07 and proposed FY08 performance measures are set forth and continuously refined in the Executive's *Making Schools Work* policy framework. The Department's FY08 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 FY07, 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, 65 charter schools and over 400 private, alternative and home schools.

With the additional resources recommended for FY08, PED will improve its fiscal reporting, accounting and funds oversight performance as outlined the *Making Schools Work* performance and accountability contract, which in turn will benefit all the schools and students in the state.

Budget Summary Tables

Agency Budget Summary (Dollars in Thousands)						
	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	Recom- <u>mendation</u>	FY08		
				<u>Budget to Recommendation</u>		
				<u>Dollar/FTE</u>	<u>Percent</u>	<u>Change</u>
SOURCES						
General Fund Transfers	11,761.7	12,625.0	16,953.5	4,328.5	34.3	
Other Transfers	2,773.1	0.0	0.0	0.0	***	
Federal Revenues	16,942.8	19,522.0	20,293.7	771.7	4.0	
Other Revenues	1,014.8	748.5	884.3	135.8	18.1	
TOTAL SOURCES	32,492.4	32,895.5	38,131.5	5,236.0	15.9	
USES						
Personal Services and Employee Benefits	16,612.0	18,149.3	23,127.8	4,978.5	27.4	
Contractual Services	12,088.1	10,910.2	12,740.9	1,830.7	16.8	
Other	3,290.6	3,836.0	2,262.8	-1,573.2	-41.0	
Other Financing Uses	116.9	0.0	0.0	0.0	***	
TOTAL USES	32,107.6	32,895.5	38,131.5	5,236.0	15.9	
FTE						
Permanent	215.20	205.20	216.20	11.00	5.4	
Term	178.00	99.00	103.00	4.00	4.0	
Temporary	2.60	5.60	5.60	0.00	0.0	
TOTAL FTE POSITIONS	395.80	309.80	324.80	15.00	4.8	

Performance Measures

		FY06 <u>Target</u>	FY06 <u>Result</u>	FY07 <u>Target</u>	FY08 <u>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 fiscal year 2007 appropriations that require a request for proposal or grant application sent to school districts by September 30, 2006			100%	
Outcome	Percent of customers interacting with the public education department that report satisfaction with their telephone communications with the department			100%	90%
Outcome	Percent of No Child Left Behind Act yearly progress designations accurately reported by August 1			100%	100%
Outcome	Percent of completion of fiscal corrective action plan			100%	
Outcome	Percent of money designated for teacher scholarships through the Indian Education Act that has been expended			90%	90%
Outcome	Average processing time for school district budget adjustment requests, in days			7	15
Outcome	Percent of public education department contracts issued within sixty days of receipt of completed request for proposals or grant applications			100%	80%
Outcome	Percent of compliance with the agreed-upon audit schedule for the public education department internal audit section			100%	95%
Outcome	Percent change from the preliminary unit value to the final unit value			2%	98%
Outcome	Percent completion of the data warehouse project			50%	75%

		<u>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 Recomm</u>
Outcome	Percent of fiscal year 2005 appropriated education reform initiatives completed on time and within budget	100%	40%		
Outcome	Percent of teachers adequately informed and trained on the preparation of the licensure advancement professional dossiers	80%			87%
Outcome	Percent of customers (districts and schools) interacting with the public education department that report satisfaction with their telephone communications with the department	100%	80.95%		
Outcome	Percent of criterion reference tests required by No Child Left Behind Act and New Mexico state statute developed and ready for distribution to school districts	100%	100%		
Outcome	Percent of fiscal year 2003 audit findings resolved and not repeated in the fiscal year 2004 audit	15%	20%		
Outcome	Percent of fiscal year 2004 audit findings resolved and not repeated in the fiscal year 2005 audit	100%	41%		20%
Outcome	Percent of current fiscal year appropriations that require a request for proposal or grant application sent to school districts by September 30				60%
Outcome	Completion of fiscal corrective action plan in fiscal year 2005	90%	79%		90%
Outcome	Percent of bureaus meeting the public education department's customer service standards				60%
Outcome	Percent of prior fiscal year audit findings resolved and not repeated				65%

Executive Summary

The Regional Education Cooperatives (RECs) 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. They receive no direct General Fund dollars.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	0.0	0.0	***
Total Sources	30,516.9	36,449.7	19.4
Program			
Regional Education Cooperative	30,516.9	36,449.7	19.4
Total Uses	30,516.9	36,449.7	19.4
FTE	0.00	0.00	***

- The Executive recommendation is consistent with the requests of the Regional Education Cooperatives, which reflect a total increase of \$5,932.8 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 2006 the "Year of the Child" 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, RECs administer the Eisenhower Math and Science Training Act, Drug Free Schools and Communities Act, Headstart, Class Size Reduction, and Medicaid programs.

For FY07, \$750.0 in general fund was appropriated to the Public Education Department for the RECs for temporary cash flow assistance to be used to cover costs associated with federal reimbursement requirements. The Department was authorized in statute to advance amounts to one or more RECs upon a finding that the cooperative has a timely audit, is in compliance with financial reporting requirements, is otherwise financially stable and has adequately justified a need for the advance. The law requires an REC to return the general fund advance to the Department by June 30, 2007 and provides that funds returned to the Department shall not revert to the general fund to remain available for advances to RECs in FY08.

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 increase of \$5,932.8 over FY07.

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

FY08 Executive Recommendation for Regional Education Cooperatives

Cooperative	Other State Funds	Federal Funds	Total
Northwest Regional Education Cooperative #2 (Gallina)	\$0.0	\$1,593.0	\$1,593.0
High Plains Regional Education Cooperative #3 (Raton)	\$3,357.5	\$2,854.8	\$6,212.3
Northeast Regional Education Cooperative #4 (Las Vegas)	\$0.0	\$2,415.4	\$2,415.4
Central Regional Education Cooperative #5 (Albuquerque)	\$2,000.0	\$2,000.0	\$4,000.0
Regional Education Cooperative #6 (Clovis)	\$335.7	\$1,700.0	\$2,035.7
Lea Regional Education Cooperative #7 (Hobbs)	\$0.0	\$3,900.0	\$3,900.0
Pecos Valley Regional Cooperative #8 (Artesia)	\$1,321.5	\$1,371.8	\$2,693.3
Regional Education Cooperative #9 (Ruidoso)	\$4,000.0	\$4,800.0	\$8,800.0
Southwest Regional Cooperative #10 (Truth or Consequences)	\$300.0	\$4,500.0	\$4,800.0
Total	\$11,314.7	\$25,135.0	\$36,449.7

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.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	0.0	0.0	***
Total Sources	5,853.7	5,853.7	0.0
Program			
Public School Facilities Authority	5,853.7	5,853.7	0.0
Total Uses	5,853.7	5,853.7	0.0
FTE	55.00	55.00	0.0

- The Executive recommendation maintains funding at the FY07 level from other state funds.

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.

The Authority assists school districts with the: 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.

The Authority 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 is a partner in the Executive's performance and accountability policy, *Making Schools Work*. The Authority's goal is to ensure that all students attend schools that are safe, adequate, well-maintained and equipped with current educational technology.

The Authority 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 FY08, the Authority will: further refine its ongoing reviews of 5-year facilities master plans and preventive maintenance plans and review performance pursuant to those plans; ensure that capital outlay projects comply with applicable building codes, procurement codes and all other applicable regulatory requirements; ensure that all authority actions are consistent with educational programs pursuant to the Public School Code; oversee construction specifications; conduct on-site inspections of work in progress; require use of standardized construction documents and processes; consult with districts and PED to develop school building standards and maintain the statewide database on the condition of schools and maintenance schedules.

The overall strategic focus will be to apply institutional learning gained in the first operational years to improved cost management, efficiency and effectiveness. In addition, emphasis is placed on continued responsiveness to school district needs and local conditions, while promoting statewide school facilities health, safety and equity.

Key Elements of Recommendation

The Executive Recommendation maintains funding for the Public Schools Facility Authority at the FY07 operating level and continues to fund the agency from the Public Schools Capital Outlay Fund.

Performance Report

In FY06, PSFA operated with one explanatory performance measure in statute: change in statewide public school facility condition index (New Mexico Facility Condition Index-FCI) measured at December 31 of prior calendar year compared with prior year. The agency's actual performance against this measure showed a continuing decline in the FCI from 37.85% in FY05 to 36.95% in FY06. The baseline FCI established in 2002 was 40.06%. A declining FCI indicates improvement in the statewide condition of school district physical plant, net of the \$140 million annual investment necessary to maintain baseline condition.

Historically, no annual target has been set for the FCI and the measure has remained explanatory because it is highly sensitive to actual appropriation levels and rising construction costs. Whether or not to establish a target is under study by various oversight bodies, however, all recognize that decreasing the FCI to a theoretical level of 0% is neither realistic nor possible. The Executive recommendation is to retain this measure as explanatory with no specified target, pending ongoing review of future actual performance trends.

In addition, for FY06, the agency reported additional, more detailed results on agency business process. These data reveal that the PSFA reviewed and acted upon 95% of the total submitted school construction plans and achieved 99% compliance with prompt payment of provision of Retainage Act for all direct payments to vendors. In addition, 100% of projects meeting all contingencies were completed within the specified period of awards. The average number of days taken to disseminate all pertinent documents to school districts for all awards made by the Public School Capital Outlay Council was lowered to 16, as was the average processing time of final action on plans submitted. The processing timeframe of 14-21 days has been satisfactory in the first years of the initiative, however, in an effort to increase responsiveness to local needs and to further refine efficiency measures, the target was established at 16.

Budget Summary Tables

		Agency Budget Summary (Dollars in Thousands)			FY08	
		FY06	FY07	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	0.0	0.0	0.0	0.0	***
	Other Revenues	5,673.1	5,853.7	5,853.7	0.0	0.0
	TOTAL SOURCES	5,673.1	5,853.7	5,853.7	0.0	0.0
USES						
	Personal Services and Employee Benefits	3,472.4	4,103.2	4,103.2	0.0	0.0
	Contractual Services	346.6	255.0	255.0	0.0	0.0
	Other	1,854.1	1,495.5	1,495.5	0.0	0.0
	TOTAL USES	5,673.1	5,853.7	5,853.7	0.0	0.0
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

		FY06	FY06	FY07	FY08
		<u>Target</u>	<u>Result</u>	<u>Target</u>	<u>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%	95%	85%	85%
Outcome	Percent compliance with prompt payment provision of Retainage Act for all direct payments to vendors	85%	99%	85%	100%
Outcome	Percent of projects meeting all contingencies completed within the specified period of awards	75%	100%	75%	75%
Outcome	Number of days to disseminate all pertinent documents to school districts for all awards made by the public school capital outlay council	45	16	45	20
Explanatory	Change in statewide public school facility condition index measured at December 31 of prior calendar year compared with prior year		36.95%	None	None
Outcome	Average processing time of final action on plans submitted	14-21 days	16 days	16 days	16 days

Executive Summary

The Higher Education Department is the coordinating agency for the system of public higher education in New Mexico. The Department provides policy and financial oversight over higher education institutions and administers financial aid programs.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	40,824.7	44,638.1	9.3
Total Sources	84,543.4	93,272.6	10.3
Program			
Policy Development and Institute Financial Oversight	21,699.9	27,915.7	28.6
Student Financial Aid Program	62,843.5	65,356.9	4.0
Total Uses	84,543.4	93,272.6	10.3
FTE	34.00	53.00	55.9

- The Executive recommendation provides \$2,247.4 and eight FTE for IDEAL-NM, a statewide eLearning initiative that will support distance education for public schools, higher education institutions and state agencies.
- The recommendation provides an increase of \$200.0 in General Fund to create a Consortium for Behavioral Health Training and Research to improve the provision of behavioral health services in the state.
- The Adult Basic Education program is increased by \$450.0 in General Fund to offset cost increases and expand some services.
- To assist teachers in reducing their debt burden, \$400.0 in General Fund is provided contingent upon enactment of the Teacher Loan Forgiveness Program.
- To ensure better policy and financial oversight, an additional position for an institutional auditor and \$80.4 in General Fund as well as \$50.0 in General Fund for a contract attorney is recommended.
- Federal funds are increased by \$3 million and ten term positions are added for the GEAR UP grant.
- Lottery Tuition Scholarship expenditures are estimated to be \$38.7 million in FY08.

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 over public higher education institutions and the constitutionally-created special schools.

The Department 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. Its governance over the system must be consistent with the individual authority provided to constitutionally-created institutions. The Department also oversees several programs that implement statewide educational goals as well as significant student financial aid programs.

Additionally, HED is responsible for licensing proprietary post-secondary schools, for which it charges fees. Policy and rule changes are coordinated through the Propriety School Advisory Committee. The Department 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.

The statute creating the Department also provides for a fourteen-member Higher Education Advisory Board whose membership is determined by statute. The Board was created to advise the Department 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 over 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 nineteen 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

The Department 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, the Department has developed statewide strategic priorities for higher education. These priorities are closely coordinated with work being done regarding public school curricula and workforce requirements.

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 under each priority will drive the Department's work in all these areas during FY08.

HED also successfully reapplied for a federal Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) grant. The U.S. Department of Education awarded the Department an \$18 million grant that will provide funding of \$3 million per year over six years. HED will work with schools around the state to work with a cohort of 6,000 students from seventh grade onwards to prepare them to attend and be successful in college. This is the second statewide grant New Mexico has received. The first grant was awarded in 1999 and ended in 2006.

In collaboration with the Public Education Department (PED) and the Office of Education Accountability, HED completed the "Ready for College" study, which examined the number of students requiring remedial education upon entering college after high school graduation. This study not only establishes the baseline for measuring whether students are better prepared for college in the future, but also provides a first step in looking at the quality of teacher preparation programs

around the state. The Department continues its work with PED on the Alignment Task Force on High School Competencies and College Placement to help reduce the number of high school graduates requiring remediation upon entering college.

Key Elements of Recommendation

To support the Department's work in furthering goals within the Executive's performance and accountability policies and of the higher education strategic priorities, the Executive recommendation provides an overall increase of 10.3% in FY08.

Policy Development and Institutional Financial Oversight. To strengthen the P-20 system and provide equal educational opportunities statewide, the Executive recommendation provides \$2,247.4 and eight FTE for IDEAL-NM. This initiative will establish a statewide eLearning support system for all learners served by public schools, higher education and state agencies. By implementing an advanced technology infrastructure, participating entities will be able to share instructional content, subject matter expertise and other resources. The initiative includes a statewide Cyber Academy for middle and high school classes that will initially focus on serving rural schools and teacher professional development.

The recommendation provides \$200.0 in General Fund to create a Behavioral Health Research and Training Consortium. The Consortium would be based at a higher education institution and would coordinate statewide efforts to strengthen the behavioral health workforce by increasing program offerings, graduates in behavioral health and training to existing behavioral health workers as well as providing deeper understanding of evidence-based practices within the behavioral health field. Over the long-term, these efforts will help improve the quality of behavioral health services and reduce the shortage of providers. Twenty-nine out of 33 counties in the state are currently designated by the federal government as Health Professional Shortage Areas for Behavioral Health. The Consortium directly supports the *Healthy New Mexico* performance and accountability policy goal of enhancing the state's behavioral health workforce.

An increase of \$450.0 in General Fund is provided for the Adult Basic Education (ABE) program to offset cost increases in the program as well as expand services through some of the high-performing community providers.

The recommendation supports an additional position and an increase of \$80.4 in General Fund for an institutional auditor to help strengthen the Department's oversight over institutional funding. As the interest by both the Executive and the Legislature grows in accountability and oversight over funding provided to further specific policy goals within higher education, the Department needs additional support to provide the monitoring and responses to questions. There is a particular need to review the increasing number of non-formula, special line item appropriations to institutions other than the Health Sciences Center that now total approximately \$30 million (4.4% of the total budget).

To provide professional support for the Department's regulatory updates and other legal issues, particularly in the financial aid area, the recommendation provides \$50.0 for a contract attorney. Using a contract attorney for a year will allow the Department to assess its overall need for legal services on an ongoing basis.

The recommendation further reallocates funding between HED and some higher education institutions to ensure programmatic accountability and transparency in budgeting. \$100.0 in funding for the Dental Residency Program is transferred out of the Department to the Health Sciences Center at the University of New Mexico. Within the ABE program, \$135.0 is transferred from the Ruidoso campus of Eastern New Mexico University (ENMU) to HED. All other ABE funding is budgeted through HED and is allocated based on applications submitted from institutions statewide. Integrating this special line item appropriation to ENMU-Ruidoso into the HED ABE budget will ensure that the ABE program continues to operate efficiently and effectively as a statewide program rather than one funded through specific institutions.

The award of the GEAR UP grant to HED is reflected through a three million dollar increase in federal funds and ten term positions in FY08. The initial spending for the GEAR UP grant in FY07 has been budgeted through a budget adjustment to the FY07 operating budget.

Student Financial Aid. A state-funded Teacher Loan Forgiveness Program is proposed as an incentive for teachers to work in low-income areas. The program would assist those teachers who do not qualify for the existing federal teacher loan forgiveness program by reducing their college debt burden. \$400.0 in General Fund is provided, contingent upon authorizing legislation being enacted. To help make college more affordable, existing financial aid programs are increased by \$197.6 in General Fund to be directed to those programs with the most demand.

Other state funds are increased because of estimated increases in Lottery Tuition Scholarships and incorporating the College Affordability Scholarships into the FY08 budget. Lottery Tuition Scholarship expenditures are estimated to be \$38.7 million in FY08. Revenue transferred by the Lottery Authority to the Scholarship fund is estimated to be \$35 million in FY08. Therefore, an estimated \$3.7 million in Lottery Fund balances are expected to be used. Income from the College Affordability Endowment Fund to support the scholarship fund is estimated at \$1.2 million for FY08, assuming no new investment in the endowment and a five percent return.

Performance Report

To reflect the Department's role in setting strategic priorities for the higher education system, a number of performance measures were added for FY08 that focus on strengthening the P-20 system and the ultimate goal of student success. Most of these measures are also included in the *Making Schools Work* performance and accountability policy.

The Department also has several existing measures that focus on persistence (continued enrollment) for financial aid recipients. Interestingly, students in work study programs have a higher persistence rate than students in merit-based financial aid programs. At the time of writing, the number of lottery scholarship recipients who were still enrolled or had graduated after their ninth semester was still undetermined. While the target for students on need-based aid was generally met, it is clear from the lower overall target level that it is still difficult for students requiring financial assistance to maintain continuous enrollment.

HED generally met most of its operational measures. However, the Department continues to struggle with the timeliness of capital outlay draws from the Board of Finance. The target for the facility condition index has not yet been set for FY08, pending the conclusion of the systemwide

infrastructure survey being conducted by an outside contractor. Overall, the Executive recommends that the Department provide more policy-level focus on its performance measures.

Recommended Language for the General Appropriation Act

Language is recommended to clarify that appropriations for the Policy Development and Institutional Financial Oversight Program are reverted while appropriations for the Financial Aid Program are not. In addition, language is recommended to specify the amounts appropriated to the Program Development Enhancement Fund and from other funds to the Policy Development and Institutional Financial Oversight Program and from other funds to the Financial Aid Program.

Any unexpended balance in the policy development and institutional financial oversight program remaining at the end of fiscal year 2008 from appropriations made from the general fund shall revert to the general fund.

The general fund appropriation to the policy development and institutional financial oversight program includes four million dollars (\$4,000,000) for the higher education program development enhancement fund for higher education institutions to address the state's nursing and dental hygienist shortages.

The internal service funds/interagency transfers appropriation to the policy development and institutional financial oversight program includes eighty thousand dollars (\$80,000) from the proprietary fund.

The internal service funds/interagency transfers appropriation to the financial aid program includes thirty-eight million six hundred eighty thousand dollars (\$38,680,000) from the lottery tuition fund, one million two hundred thousand dollars (\$1,200,000) from the college affordability scholarship fund and twenty-four thousand dollars (\$24,000) from the endowed merit scholarships fund.

Additional language is recommended to clarify that funding for the proposed Teacher Loan Forgiveness Program is contingent upon enactment of legislation:

The general fund appropriation to the student financial aid program includes four hundred thousand dollars (\$400,000) contingent upon the enactment of legislation authorizing the creation of a teacher loan forgiveness program.

Budget Summary TablesAgency Budget Summary
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY08	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	38,707.0	40,824.7	44,638.1	3,813.4	9.3
Other Transfers	32,210.7	38,170.6	40,250.6	2,080.0	5.4
Federal Revenues	6,241.9	4,997.9	7,997.9	3,000.0	60.0
Other Revenues	300.0	130.0	130.0	0.0	0.0
Fund Balance	956.6	420.2	256.0	-164.2	-39.1
TOTAL SOURCES	78,416.2	84,543.4	93,272.6	8,729.2	10.3
USES					
Personal Services and Employee Benefits	2,315.9	2,720.7	3,946.3	1,225.6	45.0
Contractual Services	462.0	461.5	1,441.4	979.9	212.3
Other	59,735.9	64,592.7	70,413.6	5,820.9	9.0
Other Financing Uses	14,549.1	16,768.5	17,471.3	702.8	4.2
TOTAL USES	77,062.9	84,543.4	93,272.6	8,729.2	10.3
FTE					
Permanent	28.00	28.50	37.50	9.00	31.6
Term	1.50	5.50	15.50	10.00	181.8
TOTAL FTE POSITIONS	29.50	34.00	53.00	19.00	55.9

Student Financial Aid Program
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Operating Budget</u>	<u>Recom- mendation</u>	FY08	
				<u>Budget to Recommendation Dollar/FTE Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	23,143.0	23,929.4	24,527.0	597.6	2.5
Other Transfers	32,210.7	37,824.0	39,904.0	2,080.0	5.5
Federal Revenues	449.6	569.9	569.9	0.0	0.0
Other Revenues	100.0	100.0	100.0	0.0	0.0
Fund Balance	956.6	420.2	256.0	-164.2	-39.1
TOTAL SOURCES	56,859.9	62,843.5	65,356.9	2,513.4	4.0
USES					
Other	55,373.2	62,743.5	65,256.9	2,513.4	4.0
Other Financing Uses	133.4	100.0	100.0	0.0	0.0
TOTAL USES	55,506.6	62,843.5	65,356.9	2,513.4	4.0
FTE					
TOTAL FTE POSITIONS	0.00	0.00	0.00	0.00	***

Policy Development and Institutional Financial Oversight
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	<u>Recom- mendation</u>	FY08	
				<u>Budget to Recommendation Dollar Change</u>	<u>Percent Change</u>
SOURCES					
General Fund Transfers	15,564.0	16,895.3	20,111.1	3,215.8	19.0
Other Transfers	0.0	346.6	346.6	0.0	0.0
Federal Revenues	5,792.3	4,428.0	7,428.0	3,000.0	67.8
Other Revenues	200.0	30.0	30.0	0.0	0.0
TOTAL SOURCES	21,556.3	21,699.9	27,915.7	6,215.8	28.6

**Policy Development and Institutional Financial Oversight
(Dollars in Thousands)**

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	Recom- <u>mendation</u>	FY08	
				<u>Budget to Recommendation</u>	
				<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>
USES					
Personal Services and Employee Benefits	2,315.9	2,720.7	3,946.3	1,225.6	45.0
Contractual Services	462.0	461.5	1,441.4	979.9	212.3
Other	4,362.7	1,849.2	5,156.7	3,307.5	178.9
Other Financing Uses	14,415.7	16,668.5	17,371.3	702.8	4.2
TOTAL USES	21,556.3	21,699.9	27,915.7	6,215.8	28.6
FTE					
Permanent	28.00	28.50	37.50	9.00	31.6
Term	1.50	5.50	15.50	10.00	181.8
TOTAL FTE POSITIONS	29.50	34.00	53.00	19.00	55.9

Performance Measures

		FY06 <u>Target</u>	FY06 <u>Result</u>	FY07 <u>Target</u>	FY08 <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.					
Output	Number of students receiving college affordability awards.				625
Output	Number of lottery success recipients enrolled in or graduated from college after the ninth semester	3,000	TBD	2,500	2,500
Outcome	Percent of students meeting eligibility criteria for state loan programs who continue to be enrolled by the sixth semester	80%	81%	75%	75%
Outcome	Percent of students meeting eligibility criteria for work-study programs who continue to be enrolled by the sixth semester	70%	74%	70%	70%
Outcome	Percent of students meeting eligibility criteria for merit-based programs who continue to be enrolled by the sixth semester	80%	68%	85%	85%
Outcome	Percent of students meeting eligibility criteria for need-based programs who continue to be enrolled by the sixth semester	65%	64%	65%	65%
Outcome	Percent of state funds for need-based aid relative to Pell grant aid		30.9%		30.9%
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	5,100	6,691	7,575	6,700
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.		32%		35%
Outcome	Percent of New Mexico public high schools participating in dual credit programs		84%		90%
Outcome	Percent of New Mexico public post-secondary institutions participating in dual credit programs		100%		100%
Output	Percent of recent New Mexico high school graduates who are first-time entering undergraduates who take developmental education courses		47%		40%
Output	Number of recent New Mexico high school graduates who are first-time entering undergraduates who take developmental education courses		5,036		4,200
Outcome	Persistence rate of high school graduates who are first-time entering undergraduates who take developmental education courses		63%		70%
Output	Number of adult basic education students setting passing the general educational development test as a goal		2,731		3,205
Outcome	Number of adult basic education students who set passing the general educational development test as a goal who succeed		985		1,016
Outcome	Percent of first-time freshman from New Mexico public high schools		91%		91%

Higher Education Department

95000

		<u>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 Recomm</u>
Output	Number of first-time freshman from New Mexico public high schools		12,868		13,200
Output	Number of enrollments in four-year public post-secondary institutions that are transfers from public two-year post-secondary institutions.		9,554		11,400
Outcome	Percent of enrollments in four-year public post-secondary institutions that are transfers from public two-year post-secondary institutions		17%		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
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		11%		15%
Outcome	Degree production in career-technical programs geared toward New Mexico's needs		4,338		4,500
Outcome	Facility condition index for public, post-secondary institutions				TBD
Output	Percent of all special projects and flow-through appropriations that are disbursed to institutions within thirty days of release of funds by the department of finance and administration or receipt of required institutional documentation				100%
Output	Percent of special appropriation performance reports received from institutions by the due date that are reviewed				100%
Efficiency	Percent of properly completed capital infrastructure draws released to the state board of finance within thirty days of receipt from the institutions	90%	60%	90%	100%
Output	Number of outreach services and events provided to secondary schools and students related to college readiness, college preparation curriculum and financial aid	100	97	120	120
Outcome	Percent of adult basic education students who set attainment of general educational development as a goal	14%	13.6%	16%	15%
Output	Percent of capital projects evaluations and audits performed to insure institutional accountability and responsibility	50%	60%	60%	100%
Efficiency	Percent of properly completed financial aid allocations and draw-downs processed within thirty days	100%	100%	100%	100%

Executive Summary

The public higher education system provides undergraduate and graduate courses as well as vocational and workforce training at 26 different campuses across the state to New Mexican residents and out-of-state students.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	720,367.1	730,941.3	1.5
Total Sources	2,288,965.3	2,183,583.0	-4.6
Program			
University of New Mexico	1,196,024.3	1,223,864.3	2.3
New Mexico State University	502,813.6	337,306.9	-32.9
New Mexico Highlands University	47,956.5	59,469.9	24.0
Western New Mexico University	25,078.6	25,878.8	3.2
Eastern New Mexico University	96,252.2	70,147.2	-27.1
New Mexico Institute of Mining and Technology	132,416.6	143,864.8	8.6
Northern New Mexico College	12,646.2	19,746.7	56.1
Santa Fe Community College	48,515.9	40,981.7	-15.5
Central New Mexico Community College	120,009.5	132,743.8	10.6
Luna Community College	14,737.6	14,863.7	0.9
Mesalands Community College	4,936.6	4,970.1	0.7
New Mexico Junior College	20,186.9	20,899.9	3.5
San Juan College	31,157.4	53,986.6	73.3
Clovis Community College	14,954.0	13,727.3	-8.2
New Mexico Military Institute	21,279.4	20,911.9	-1.7
Total Uses	2,288,965.3	2,183,583.0	-4.6
FTE	0.00	0.00	***

- FY08 workload funding is a decrease of \$2,328.6 as a result of an overall one percent decline in student credit hours for the 2005-2006 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 an increase of \$45,339.7 as part of the statewide compensation package, including an additional \$332.3 for Northern New Mexico College. The third year phase-in of the increase in the employer contribution to the education retirement program is provided at \$6,228.3.
- The Executive provides \$2,873.0 to increase building renewal and replacement funding from 40% to 50% and \$1,012.6 to fund a 3.4% increase in utilities costs.
- Over \$9 million in increases for Department of Agriculture programs, research and public service initiatives and athletics are recommended.

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, eight independent community colleges and one teaching hospital - 26 campuses in total. 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.

Most residents are within a one-hour commute of at least one campus. Many campuses host more than one institution, so that a variety of courses and programs are available at one location. Distance learning also helps provide a broader variety of courses at different campuses as students are able to take classes that may be offered at another campus but are made available through videoconferencing or other means.

The institutions served 122,267 students as of Fall 2005, of which 58,291 were full-time. Of the total number, 45% percent were enrolled at four-year universities and 55% were enrolled at two-year colleges and institutions. New Mexico residents make up 88% 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 61% 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 inflationary costs for utilities, various types of insurance and library acquisitions. Finally, the formula also includes the three percent State Scholarships, which are based upon three percent of the previous year's enrollment and tuition costs. Funding requirements are calculated as an increase above 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, which 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 post-secondary 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 affected 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. Additionally, the Department has focused on raising New Mexico's grades in the "Measuring Up" report released bi-annually by The National Center for Public Policy and Higher Education. The goal is to see the low grades given to New Mexico in the 2006 report increase by the 2008 report and substantially increase by 2010.

"Measuring Up" grades all states on six criteria: preparation, participation, affordability, completion, benefits and learning. The 2006 "Measuring Up" report continued to give New Mexico low grades on preparation (F), affordability (F), completion (D) and benefits (C). The last measure, learning, is new and therefore ungraded.

New Mexico receives an "A" on the "participation" measure because of high participation by working adult students in higher education. However, even within this area where the state is successful, the report identifies two weaknesses. The first is that the chance that a student will enroll in college by age 19 is only 35% for New Mexico versus 53% for top states. The second is that while the state's population is projected to grow by 10% from 2005 to 2020, the number of high school graduates is expected to decline by 8%. This indicates that the state needs to develop strategies to improve the likelihood that young adults are receiving the education they need to be competitive in the job market as well as active citizens.

While New Mexico has a high rate of students enrolling in college, the number of students actually completing their education is low. In 2005, the three-year graduation rate for community college students was 20.8% compared with a national average of 29.3%. The six-year graduation rate for students at four-year institutions was 38% compared with a national average of 55.8%.

Another factor in New Mexico's poor postsecondary completion rate is that many students drop out of school because of financial constraints. While the Lottery Success Scholarship provides opportunities for many students, only 14% of students enrolled in the 2005-2006 academic year received Lottery Scholarships. New Mexico has proportionally little needs-based aid. The State Higher Education Executive Officers organization reports that while total state grant aid per undergraduate FTE is 29% above the national average, need-based state aid is 56% below.

While the "Measuring Up" report gives almost every state an "F" in affordability, it noted that New Mexicans must pay a larger share of family income than residents of most states, even with currently available financial aid programs. Families within the two lowest income groups must pay 33% of family income for community college attendance and 41% for four-year institutions. New Mexico undergraduate students graduated with an average of \$3,177 in student loan debt compared to \$2,619 for top performing states. Therefore, the Executive recommends a special appropriation to increase funding for the College Affordability Act endowment and scholarships.

To further improve students' opportunities for success, institutions should be provided incentives to increase student completion rates. Currently, the system rewards institutions for enrolling students rather than for ensuring student success. A model for performance funding that rewards institutions for persistence and completion rates is being test-piloted for the next two years, with the goal of having a portion of the funding formula be based on performance rather than just growth.

To help ensure that the state's education system supports development of a high-wage economy, the Department will continue to expand the number and scope of career technical-vocational education centers. These centers prepare high school juniors and seniors for successful high school completion as well for transition into either college career programs or entry into technical careers. In FY06, \$10 million was provided for 18 centers at 13 higher education institutions, three school districts, one charter school and one technical-vocational institution. The Executive recommends a special appropriation in FY08 to continue this effort.

Key Elements of Recommendation

The Executive recommendation is guided primarily by the higher education funding formula, which adjusts funding based on increases and decreases in enrollment. Total workload funding for FY08 is a decrease of \$2,328.6 based on an overall one percent decline in student credit hours in the 2005-2006 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 \$165.1 for the last year of the five-year phase-in in base funding increases for the UNM-Taos branch and \$105.7 for the second year of the five-year base funding phase-in for 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 FY08. In FY07, the average tuition and fee increase for all institutions was 7.1%. 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 FY08 as low as possible.

To further assist in curbing tuition increases, the Executive supports a 3.4% increase in funding for utilities at a cost of \$1,012.6. 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 builds on the cost benchmarking and revised method for calculating the inflationary increases in utilities by using a factor per square foot rather than actual costs proposed by HED's funding formula taskforce. Funding inflation based on actual usage rather than benchmarked cost increases and cost factors rewarded inefficiencies. The new method should reward those institutions that manage and conserve their utility use.

A recently completed 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. To help fund some of these costs, the Executive supports increasing the recurring formula funding for building renewal and replacement from 40% to 50% at a cost of \$2,873.0. 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. The Higher Education Department is also working to develop a system that will track use of building renewal and replacement fund and keep updated information on the condition of buildings. This should be tied to priorities for facilities that serve students and help meet the statewide strategic priorities for higher education.

Finally, the Executive also recommends \$45,007.3 for a system-wide compensation increase of six percent for faculty and five percent for staff. This will help institutions retain and recruit qualified faculty and staff. An additional \$332.3 is provided for faculty salaries at Northern New Mexico College as it transitions to a four-year institution. The recommendation also supports the third year of the .75 percentage point increase in the employer share of the Educational Retirement Board contribution with \$6,228.3.

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 \$1,509.3 increase to the Department of Agriculture's operating budget. Supported NMDA initiatives are: \$275.0 for increased specialty crop marketing, \$150.0 to address increasing inspections required by the Standards and Consumer Services division; \$140.0 for the Veterinary Diagnostic Services division to increase its capacity for molecular diagnostic services; and \$219.3 for implementing handheld devices for field staff. The recommendation also includes two joint projects between NMDA and the College of Agriculture and Home Economics: \$250.0 for ongoing research and training on structural and urban pests; and \$475.0 to establish a state-of-the-art animal and food testing facility.

To further dual goals of supporting the state's agriculture and improving nutrition to school children and low-income families, the recommendation provides \$2,000.0 in funding to NMDA for the following initiatives: \$965.5 for a "Healthy Kids/Health Economy" program that will provide additional servings of fresh fruits and vegetables for more than 200,000 school children; \$172.4 for a farmers' market nutrition program to provide more than 6,600 low-income residents with coupons to shop at farmers' markets; \$103.5 for capacity building for farmers' markets; and \$758.6 to provide New Mexico-produced fresh and processed food for the statewide food bank system.

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 affect New Mexicans such as

cancer, diabetes and brain and behavioral illnesses, the Executive provides \$2.2 million to UNM-HSC for a 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.

As development and resolution of water rights becomes increasingly important to the economic development of the state, the Executive recommends \$250.0 for the New Mexico Institute of Mining and Technology to conduct statewide aquifer mapping and characterization to provide science-based decision-making regarding the state's groundwater. To assist with adjudication of water rights, the Executive also provides \$575.0 for the Acequia and Community Ditch Fund at NMDA.

The Executive recommendation also includes \$1,000.0 to enhance the Latin American studies program at UNM; \$300.0 to replace lost federal funding for the mental health nurse practitioner/clinical nurse program at New Mexico State University (NMSU); \$300.0 for an institute of international relations at NMSU; and increases of \$250.0 for New Mexico Highlands University, Eastern New Mexico University, Western New Mexico University and Northern New Mexico College to support athletic programs.

The Executive also supports the recommendations of the Tobacco Settlement Revenue Oversight Committee for funding certain programs at University of New Mexico's Health Sciences Center from the Tobacco Settlement Program Fund. Proposed FY08 funding levels are (as listed in the General Appropriation Act): pediatric oncology at \$800.0; area health education centers at \$50.0; the poison control center at \$450.0; telemedicine at \$300.0; lung and tobacco-related illnesses at \$1,500.0; genomics, biocomputing and environmental health at \$2,000.0; the Los Pasos program at \$50.0; trauma specialty education at \$400.0; and pediatrics specialty education at \$400.0.

Performance Report

Monitoring the performance of higher education institutions in meeting statewide goals is an important part of the effort to improve the success of 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 Presidents' "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 provide 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 Appropriation Act of 2006:

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 2008 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.

The Executive also recommends the following language to clarify that certain programs previously receiving General Fund support will now receive the same level of funding through the Tobacco Settlement Program Fund:

The other state funds appropriations to the University of New Mexico for research and other programs in the Health Sciences Center include a total of five million nine hundred fifty thousand dollars (\$5,950,000) from the tobacco settlement program fund for the following: eight hundred thousand dollars (\$800,000) for the pediatric oncology program; fifty thousand dollars (\$50,000) for area health education centers; four hundred fifty thousand dollars (\$450,000) for the poison control center; three hundred thousand dollars (\$300,000) for the telemedicine program; one million five hundred thousand dollars (\$1,500,000) for research and clinical care programs in lung and tobacco-related illnesses; two million dollars (\$2,000,000) for research in genomics and environmental health; fifty thousand dollars (\$50,000) for the los pasos program; four hundred thousand dollars (\$400,000) for specialty education in trauma; and four hundred thousand dollars (\$400,000) for specialty education in pediatrics.

**FY08 Higher Education Recommendation
Recurring General Fund**

	FY06 Recurring Appropriation	FY07 Recurring Appropriation	FY08		
			Budget to Recommendation Recom- mendation	Dollar Change	Percent Change
SUMMARY BY INSTITUTION					
University of New Mexico	189,018.6	200,541.5	206,256.4	5,714.9	2.8%
UNM Health Sciences Center	80,084.8	82,321.6	84,573.9	2,252.3	2.7%
New Mexico State University	171,524.0	181,632.9	187,933.8	6,300.9	3.5%
New Mexico Highlands University	26,646.1	30,842.8	31,269.9	427.1	1.4%
Western New Mexico University	17,682.2	18,562.8	18,455.0	(107.8)	-0.6%
Eastern New Mexico University	39,900.4	43,941.2	44,999.1	1,057.9	2.4%
New Mexico Institute of Mining and Technology	34,552.9	36,630.9	36,955.1	324.2	0.9%
Northern New Mexico College	8,672.2	9,241.5	10,347.4	1,105.9	12.0%
Santa Fe Community College	12,727.4	13,358.3	13,182.0	(176.3)	-1.3%
Central New Mexico Community College	48,914.0	52,409.5	50,243.8	(2,165.7)	-4.1%
Luna Community College	7,203.2	7,808.4	7,934.5	126.1	1.6%
Mesalands Community College	2,406.9	2,512.5	2,660.1	147.6	5.9%
New Mexico Junior College	7,306.7	7,974.8	5,992.2	(1,982.6)	-24.9%
San Juan College	20,065.7	21,310.3	19,580.1	(1,730.2)	-8.1%
Clovis Community College	10,227.9	10,489.3	9,769.3	(720.0)	-6.9%
<i>Subtotal - Institutions</i>	676,932.8	719,578.3	730,152.5	10,574.2	1.5%
New Mexico Military Institute	213.8	788.8	788.8	0.0	0.0%
New Mexico School for the Blind and Visually Impaired	164.6	153.1	191.4	38.3	25.0%
New Mexico School for the Deaf	2,128.3	2,524.4	2,568.3	43.9	1.7%
<i>Subtotal - Special Schools</i>	2,506.7	3,466.3	3,548.4	82.1	2.4%
Financial Aid	23,330.1	23,929.4	24,527.0	597.6	2.5%
Higher Education Department Operating	12,181.6	16,895.3	20,111.1	3,215.8	19.0%
<i>Subtotal - Higher Education Department</i>	35,511.7	40,824.7	44,638.1	3,813.4	9.3%
Compensation for institutions	0.0	0.0	45,339.7	45,339.7	na
Educational Retirement Board contribution increase	0.0	0.0	6,228.3	6,228.3	na
TOTAL GENERAL FUND	714,951.2	763,869.3	829,907.1	66,037.8	8.6%
SUMMARY BY MAJOR FUNCTION					
University I&G	349,041.3	370,823.3	376,810.3	5,987.0	1.6%
Community College I&G	170,184.6	181,797.3	177,288.0	(4,509.3)	-2.5%
UNM/HSC I&G	46,797.6	50,603.2	50,555.5	(47.7)	-0.1%
Special schools	2,506.7	3,466.3	3,548.4	82.1	2.4%
Nursing programs	5,341.0	6,947.9	7,251.6	303.7	4.4%
Dental programs	277.7	829.2	829.7	0.5	0.1%
Athletics	11,191.8	11,404.2	12,404.2	1,000.0	8.8%
NMHED – Operations/Flow-Through	10,012.5	12,799.5	16,111.1	3,311.6	25.9%
NMHED - Student financial aid	23,330.1	23,929.4	24,527.0	597.6	2.5%
Other programs	96,268.0	101,269.0	109,013.2	7,744.2	7.6%
Compensation for institutions	0.0	0.0	45,339.7	45,339.7	na
Educational Retirement Board contribution increase	0.0	0.0	6,228.3	6,228.3	na
TOTAL GENERAL FUND	714,951.2	763,869.3	829,907.1	66,037.8	8.6%

Performance Measures

		FY06 Target	FY06 Result	FY07 Target	FY08 Recomm
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	184	129	204	204
Outcome	Percent of full-time, degree-seeking, first-time freshmen retained to second year	76%	76%	76.5%	76.6%
Output	Number of post-baccalaureate degrees awarded	1,300	1,395	1,325	1,350
Output	Number of degrees awarded using extended services	170	133	190	190
Outcome	Amount of external dollars for research and public service, in millions	\$114.4	\$111.1	\$116.7	\$117.0
Output	Number of undergraduate transfer students from two-year colleges	1,590	1,617	1,610	1,630
Outcome	Percent of full-time, degree-seeking, first-time freshmen completing an academic program within six years	42.5%	41.1%	44.0%	44.0%
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%	44.6%	42.2%	42.5
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%	7.2%	11%	9.4%
Outcome	Percent of graduates placed in jobs in New Mexico	55%	60.7%	60%	60.4%
Outcome	Percent of Hispanic students enrolled	10%	9.40%	10%	10%
Outcome	Percent of Hispanic graduates	11%	8.32%	11%	11%
Output	Number of students enrolled in the adult basic education program	685	807	730	735
Output	Number of students enrolled in the area vocational schools program	452	417	453	440
Efficiency	Percent of programs having stable or increasing enrollments	55%	70%	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	79.8%	79.3%	82%	82%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	76%	70.5%	76%	75%
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%	65%	65%
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%	54.2%	64%	55%
Outcome	Percent of graduates placed in jobs in New Mexico	65%	42%	65%	43%
Outcome	Percent of Asian graduates	5%	2%	5%	5%
Output	Number of students enrolled in the adult basic education program	480	495	485	485
Output	Number of students enrolled in the small business development center program	580	511	282	580
Efficiency	Percent of programs having stable or increasing enrollments	77%	63.6%	77%	65%
Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	73.6%	66.7%	78%	75%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	75.5%	64%	52%	65.5%
Outcome	Percent of white students enrolled	53%	45%	53%	53%

		<u>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 Recomm</u>
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	55%	63%	60%	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	10.1%	5%	12%	23%
Outcome	Percent of graduates placed in jobs in New Mexico	68%	68%	68%	68%
Outcome	Percent of Native Americans enrolled	4.7%	3.3%	4.7%	4.4%
Outcome	Percent of Native American graduates	3.5%	3.6%	3.5%	3.5%
Output	Number of students enrolled in the adult basic education program	1,150	924	950	950
Output	Number of students enrolled in the community services program	1,400	2,063	3,350	3,000
Efficiency	Percent of programs having stable or increasing enrollments	74%	61%	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	72.4%	77%	75%	75%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	82.5%	83%	82.5%	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	57%	58%	58%	58%
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	9.3%	10%	20%	23%
Outcome	Percent of graduates placed in jobs in New Mexico	64%	55%	70%	56%
Outcome	Percent of males enrolled	34%	31%	34%	34%
Outcome	Percent of male graduates	23%	33%	21%	21%
Output	Number of students enrolled in the adult basic education program	163	224	100	250
Output	Number of students enrolled in the concurrent enrollment program	494	1,394	400	1,600
Efficiency	Percent of programs having stable or increasing enrollments	52%	47%	52%	52%
Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	74.65%	68%	75%	75%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	80.00%	77%	82%	78%
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	21	25	25
Output	University of New Mexico hospital inpatient readmission rate	12	9.1	12	12
Outcome	University of New Mexico inpatient satisfaction rate	78.1%	76.8%	79.1%	80.1%
Output	Number of university of New Mexico cancer research and treatment center clinical trials	215	209	185	188
Outcome	Pass rate on licensure test by college of nursing students	90%	93.8%	90%	85%
Outcome	Number of health science center technology commercialization activities	95	66	83	86
Output	Number of post-baccalaureate degrees awarded	275	271	275	277
Outcome	External dollars for research and public service, in millions	\$236.0	\$229.4	\$240.7	\$245.5
Outcome	Pass rates for step three of the United States medical licensing exam on the first attempt	99%	100%	99%	98%
Outcome	Percent of medical students who secured one of their top	85%	78%	84%	84%

		<u>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 Recomm</u>
Outcome	three choices in the residency program				
Outcome	Medical student satisfaction rates on national standardized survey	87.1%	84.6%	89.3%	91.0%
Output	Number of university of New Mexico hospital clinic visits	372,031	341,347	362,806	381,571
Output	Number of university of New Mexico hospital inpatient discharges	23,022	22,724	23,166	23,748
Output	Percent of human poisoning exposures treated safely at home after poison and drug information center contact	67%	67%	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	79	116	116
Outcome	Percent of full-time, degree-seeking, first-time freshmen retained to second year	75%	70.4%	75%	75%
Output	Number of degree programs offered via distance education	21	23	27	28
Quality	Percent of academic departments or programs using the results of student learning outcomes for improvement	75%	89%	91%	91%
Outcome	External dollars for research and creative activity, in millions	\$175.8	\$181.1	\$185.0	\$185.0
Output	Number of teacher preparation programs available at New Mexico community college sites	5	5	5	5
Outcome	Percent of full-time, degree-seeking, first-time freshmen completing an academic program within six years	52%	41.9%	50%	50%
Outcome	Number of undergraduate transfer students from two-year colleges	1,028	884	1,028	1,028

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	43%	46.4%	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	12.0%	9.2%	14.4%	14%
Outcome	Percent of graduates placed in jobs in New Mexico	56%	62.6%	60%	64%
Outcome	Percent of Hispanic students enrolled	23.5%	25%	26%	25.5%
Outcome	Percent of Native Americans graduates	2.9%	6.3%	2.9%	3.3%
Output	Number of students enrolled in the adult basic education program	800	806	830	820
Output	Number of students enrolled in the small business development center program	1,000	919	1,000	1,000
Efficiency	Percent of programs having stable or increasing enrollments	55%	92.3%	75%	90%
Outcome	Percent of first-time, full-time degree-seeking students enrolled in a given fall term who persist to the following spring term	77.2%	72.4%	78%	78%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	75.5%	72.3%	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%	54.3%	55%	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			7%	
Outcome	Percent of graduates placed in jobs in New Mexico	82%	80.3%	82%	82%
Outcome	Percent of Hispanic students enrolled	39.0%	37.3%	39%	40%
Outcome	Percent of Hispanic graduates	39.0%	32.8%	39%	36%
Output	Number of students enrolled in the contract training program	225	442	300	450
Output	Number of students enrolled in the area vocational school	80	83	80	85

Higher Education

95200-97800

		<u>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 Recomm</u>
Efficiency	program				
Outcome	Percent of programs having stable or increasing enrollments	75%	74%	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%	
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	83%	85.2%	84%	83%
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	39%	49.3%	41%	43%
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%	9.4%	14.6%	15%
Outcome	Percent of graduates placed in jobs in New Mexico	66%	76.7%	77%	77%
Outcome	Percent of males enrolled	47%	43.4%	47%	47%
Outcome	Percent of Hispanic graduates	56%	63.4%	60%	59%
Output	Number of students enrolled in the contract training program	1,200	1,491	1,300	1,500
Output	Number of students enrolled in the adult basic education program	4,900	4,955	5,100	5,100
Efficiency	Percent of programs having stable or increasing enrollments	84%	93.1%	85%	90%
Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	81%	81.1%	81%	81%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	84%	82.3%	84%	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%	49.6%	46%	47%
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	10.1%	12.8%	12%	17.2%
Outcome	Percent of graduates placed in jobs in New Mexico	68%	80.9%	79%	80%
Outcome	Percent of Hispanic students enrolled	29%	32.8%	32%	33%
Outcome	Percent of Native American graduates	36%	42.1%	46%	36%
Output	Number of students enrolled in the adult basic education program	400	375	375	375
Output	Number of students enrolled in the community services program	1,180	1,014	1,180	725
Efficiency	Percent of programs having stable or increasing enrollments	70%	67%	70%	70%
Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	72.5%	74.5%	75%	73.6%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	84%	86.2%	84%	85%
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%	8%
Outcome	Percent of full-time, degree-seeking, first-time freshmen retained to second year	53%	54%	57%	61%
Output	Number of students enrolled in extended services	1,300	1,285	1,300	1,300
Outcome	Percent of graduating seniors indicating "satisfied" or "very satisfied" with the university on student satisfaction survey	93%	80%	93%	90%
Outcome	Percent of total funds generated by grants and contracts	31%	26%	23%	20%
Output	Number of undergraduate transfer students from two-year	250	256	275	437

		<u>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 Recomm</u>
Output	colleges Percent of full-time, degree-seeking, first-time freshmen completing an academic program within six years	24%	23%	28%	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	9	8	10	5
Outcome	Percent of full-time, degree-seeking, first-time freshmen retained to second year	54%	53.9%	54%	51%
Output	Number of courses available through instructional television and online via the internet	115	146	115	175
Efficiency	Year-end instruction and general balance as a percent of instruction and general expenditures	3%-5%	3.8%	3%-5%	3%-5%
Output	Number of graduates receiving teacher licensure	150	160	155	155
Outcome	External dollars to be used for programs to promote student success, in millions	\$3.7	\$6.9	\$4	\$4.1
Output	Number of undergraduate transfer students from two-year colleges	150	153	160	150
Output	Percent of full-time, degree-seeking, first-time freshmen completing an academic program within six years	23%	20%	23%	20%

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	210	162	220	225
Outcome	Percent of full-time, degree-seeking, first-time freshmen retained to second year	62%	57.6%	62.5%	60%
Output	Number of internet-based courses offered	65	101	75	150
Outcome	External dollars supporting research and student success, in millions	\$8.6	\$8.3	\$8.65	\$8.8
Output	Number of undergraduate transfer students from two-year colleges	360	431	370	400
Output	Percent of full-time, degree-seeking, first-time freshmen completing an academic program within six years	32%	34.6%	32.5%	33.0%
Outcome	Percent of graduating seniors who are "satisfied" or "very satisfied" with their educational experience.		96.9%	95.0%	95.0%

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%	59.8%	61%	61%
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	8.72%	12.9%	12.5%	13.5%
Outcome	Percent of graduates placed in jobs in New Mexico	75%	72.5%	75.5%	73%
Outcome	Percent of males enrolled	46%	46.4%	46.5%	46.5%
Outcome	Percent of male graduates	26%	46.2%	25.5%	26.5%
Output	Number of students enrolled in the concurrent enrollment program	550	707	600	630
Output	Number of students enrolled in the distance education program	1,750	2,355	1,950	2,000
Efficiency	Percent of programs having stable or increasing enrollments	80%	72.1%	80.5%	80%
Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	75.8%	75.2%	76%	75.9%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	76%	76%	85%	76.5%

		<u>FY06</u> <u>Target</u>	<u>FY06</u> <u>Result</u>	<u>FY07</u> <u>Target</u>	<u>FY08</u> <u>Recomm</u>
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		56.6%	61%	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		34.8%	17.4%	26.2%
Outcome	Percent of graduates placed in jobs in New Mexico			66%	
Outcome	Percent of Hispanic students enrolled		20.8%	22%	22.5%
Outcome	Percent of Hispanic student graduates		24.3%	28%	23.5%
Output	Number of students enrolled in adult basic education		352	350	400
Output	Number of students enrolled in the contract training program		461	460	495
Efficiency	Percent of programs having stable or increasing enrollments		64%	81%	65%
Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term		54.8%	75%	54.9%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico		78.5%	83%	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	105	60	80
Outcome	Percent of full-time, degree-seeking, first-time freshmen retained to second year	75%	68%	75%	75%
Output	Number of students enrolled in distance education courses	297	255	300	248
Output	Number of students registered in master of science teaching program	132	146	150	100
Outcome	External dollars for research and creative activity, in millions	\$64	\$70	\$71	\$75
Output	Number of undergraduate transfer students from two-year colleges	40	38	40	40
Output	Percent of full-time, degree-seeking, first-time freshmen completing an academic program within six years	42%	43%	50%	45%
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%	61%	71%	71%
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	17.2%	9.7%	15%	15%
Outcome	Percent of graduates placed in jobs in New Mexico	70%	67%	70%	70%
Outcome	Percent of Native Americans enrolled	9.3%	6.9%	9.3%	9.3%
Outcome	Percent of Native American graduates	7%	8.5%	7%	7%
Output	Number of students enrolled in the adult basic education program	400	404	300	300
Output	Number of students enrolled in the concurrent enrollment program	300	232	300	300
Efficiency	Percent of programs having stable or increasing enrollments	69%	47%	69%	60%
Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	66.2%	80.4%	75%	75%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	86.5%	76%	80%	80%

		FY06 Target	FY06 Result	FY07 Target	FY08 Recomm
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%	47.9%	45%	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	8.9%	4.0%	9%	7.9%
Outcome	Percent of graduates placed in jobs in New Mexico	77%	73.2%	78%	78%
Outcome	Percent of Hispanic students enrolled	42%	35.5%	43%	43%
Outcome	Percent of Hispanic graduates	46%	45.5%	47%	46%
Output	Number of students enrolled in the adult basic education program	2,300	2,212	2,300	2,300
Output	Number of students enrolled in the contract training program	2,000	2,762	2,900	3,000
Efficiency	Percent of programs having stable or increasing enrollments	74%	79.6%	75%	77%
Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	71.78%	75%	75%	75%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	78%	78%	80%	78.5%
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%	50%	44.2%	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	7.28%	7.6%	11%	11%
Outcome	Percent of graduates placed in jobs in New Mexico	82%	79.4%	83.5%	82%
Outcome	Percent of Hispanic students enrolled	40.2%	40.8%	40.3%	40.9%
Outcome	Percent of Hispanic graduates	37.2%	35.7%	37.2%	37.2%
Output	Number of students enrolled in distance education program	2,400	4,048	2,600	2,900
Output	Number of students enrolled in concurrent enrollment program	500	849	550	
Efficiency	Percent of programs having stable or increasing enrollments	85%	77.9%	85%	85%
Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	79.3%	78.5%	81.3%	83.3%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	83%	84.1%	84%	84%
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	73%	49%	71%	56%
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	19.8%	19%	25%	22.5%
Outcome	Percent of graduates placed in jobs in New Mexico	50%	88%	93%	90%
Outcome	Percent of white students enrolled	20%	12%	16%	16%
Outcome	Percent of male graduates	38%	26%	25%	25%
Output	Number of students enrolled in the health education center program	2,588	3,161	2,500	2,800
Output	Number of students enrolled in the small business development center program	324	404	350	400
Efficiency	Percent of programs having stable or increasing enrollments	75%	83%	75%	80%
Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following	66.3%	78%	84%	80%

		<u>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 Recomm</u>
Outcome	spring term Percent of graduates placed in jobs and continuing their education in New Mexico	92.8%	90%	96%	90%

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	40.2%	45.4%	42.1%	45.6%
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	13.35%	28.4%	15.8%	30%
Outcome	Percent of graduates placed in jobs in New Mexico	54.3%	67.3%	59.2%	67.5%
Outcome	Percent of Hispanic students enrolled	39.1%	36.4%	37.5%	36.6%
Outcome	Percent of female graduates	35.1%	39.1%	41.4%	39.3%
Output	Number of students enrolled in the adult basic education program	426	365	390	390
Output	Number of students enrolled in the small business development center program	61	70	75	75
Efficiency	Percent of programs having stable or increasing enrollments	78%	80%	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	67.4%	58.5%	75%	64%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	57%	67.3%	65.6%	67.5%

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%	60.9%	65%	65%
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	18.24%	33.8%	25%	27%
Outcome	Percent of graduates placed in jobs in New Mexico	62%	68.6%	66%	67%
Outcome	Percent of Hispanic students enrolled	34%	35.3%	34%	34%
Outcome	Percent of Hispanic graduates	34%	36.6%	34%	34%
Output	Number of students enrolled in the area vocational school program	170	175	180	182
Output	Number of students enrolled in distance education program	2,400	6,139	3,000	4,300
Efficiency	Percent of programs having stable or increasing enrollments	82%	64.9%	82%	82%
Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	73.1%	70.9%	72.1%	72.5%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	71.50%	75.3%	77.9%	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	55%	70.4%	66%	71%
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	12.71%	13.3%	15%	15.7%
Outcome	Percent of graduates placed in jobs in New Mexico	65%	60.3%	65%	62%
Outcome	Percent of Native Americans enrolled	27.00%	31.2%	27%	27%
Outcome	Percent of Native American graduates	26%	22.8%	26%	26%
Output	Number of students enrolled in the community services program	2,720	2,734	2,720	2,720
Output	Number of students enrolled in the service learning program	360	381	375	385

		FY06 Target	FY06 Result	FY07 Target	FY08 Recomm
Efficiency	Percent of programs having stable or increasing enrollments	85%	73.7%	85%	85%
Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	81.9%	72.6%	82%	80%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	65%	63.9%	70%	70%
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	44%	71%	55%	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	18.9%	7.3%	20%	20%
Outcome	Percent of graduates placed in jobs in New Mexico	59%	64%	81%	72%
Outcome	Percent of Hispanic students enrolled	30%	27.3%	28%	29%
Outcome	Percent of Hispanic graduates	24%	27.8%	27%	29%
Output	Number of students enrolled in the distance education program	700	1,173	1,050	1,100
Output	Number of students enrolled in the concurrent enrollment program	400	402	450	560
Efficiency	Percent of programs having stable or increasing enrollments	77.5%	76%	80%	79%
Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	70%	80.6%	75%	81%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	73.5%	73%	85%	79%
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%	94%	95%	95%
Outcome	American college testing composite scores for graduating high school seniors	21.4	21.2	21.5	21.5
Outcome	Collegiate assessment of academic proficiency reading scores for graduating college sophomores	60	61	61	61
Outcome	Collegiate assessment of academic proficiency mathematics scores for graduating college sophomores	61.5	58	62	62
Quality	Number of faculty holding master's or doctoral degrees from accredited institutions	58	65	59	60
Quality	Number of faculty development events	65	69	70	72
Efficiency	Percent of cadets on scholarships or financial assistance	67%	80%	68%	70%
Efficiency	Total annual cost of attendance	\$8,216	\$8,048	\$8,400	\$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.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	153.1	191.4	25.0
Total Sources	11,194.9	12,363.3	10.4
Program			
New Mexico School for the Blind and Visually Impaired	11,194.9	12,363.3	10.4
Total Uses	11,194.9	12,363.3	10.4
FTE	0.00	0.00	***

- The Executive recommendation provides a \$38.3 General Fund increase for building renewal and replacement.

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 and 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 1st 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 the 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 a \$38.3 General Fund increase to support the proposed systemwide increase for building renewal and replacement funding from 40% to 50%. This represents a 25% increase in General Fund support for the School. Overall, the School's FY08 expenditures are increasing by 10.4%, supported mostly through increases in Land Grant Permanent Fund revenues and use of fund balance.

Performance Report

The School met or exceeded most of its targets for FY06. It excelled at bringing more children into its Early Childhood Program by significantly increasing its training in and implementation of visual screening for very young children. Parents also indicated a high level of satisfaction with the School's services overall. However, the School did not meet its targets for students served through its outreach programs and for number of staff proficient in Braille. While the School strives for 100% proficiency, staff turnover can make this target hard to meet in any given year.

The School no longer tracks many measures that were included in the FY06 and FY07 budget recommendations. During the interim, the Executive will work with the Legislative Finance Committee and NMSBVI to clarify additions and deletions to measures.

Budget Summary Tables

New Mexico School for the Blind and Visually Impaired
Instruction and General Budget
Unrestricted Funds
(Dollars in Thousands)

	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	<u>Request</u>	FY08		
				<u>Recom- mendation</u>	<u>Dollar Change</u>	<u>Budget to Percent Change</u>
Beginning Balance	11,688.7	382.4	1,280.3	1,280.3	897.9	234.8%
Sources						
General Fund	164.6	153.1	153.1	191.4	38.3	25.0%
Land Grant and Permanent Fund	9,609.9	9,385.9	9,756.6	9,756.6	370.7	3.9%
Other Revenues	472.6	2,553.8	2,415.3	2,415.3	(138.5)	-5.4%
Fund Balance	11,306.3	0.0	0.0	0.0	0.0	na
TOTAL SOURCES	21,553.4	12,092.8	12,325.0	12,363.3	270.5	2.2%

New Mexico School for the Blind and Visually Impaired
 Instruction and General Budget
 Unrestricted Funds
 (Dollars in Thousands)

Uses	FY08					Budget to
	FY06 <u>Actuals</u>	FY07 <u>Budget</u>	<u>Request</u>	Recom- <u>mendation</u>	Dollar <u>Change</u>	Percent <u>Change</u>
Expenditures	10,230.8	11,194.9	12,325.0	12,363.3	1,168.4	10.4%
Transfers Out	11,322.6	0.0	0.0	0.0	0.0	na
TOTAL USES	21,553.4	11,194.9	12,325.0	12,363.3	1,168.4	10.4%
Ending Balance	382.4	1,280.3	1,280.3	1,280.3	0.0	0.0%

Notes:
 FY06 "Transfers Out" includes \$10,627.0 transfer to endowment fund

Performance Measures

New Mexico School for the Blind and Visually Impaired		FY06 <u>Target</u>	FY06 <u>Result</u>	FY07 <u>Target</u>	FY08 <u>Recomm</u>
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, and the work force, and to lead independent, productive lives.					
Outcome	Percent of students achieving at least seventy percent of annual individualized education	80%		95%	
Output	Number of students served at main campus	60	64	60	
Quality	Number of staff proficient in Braille on main campus	52	49	52	52
Efficiency	Ratio of students per teacher at main campus	5:1		5:1	
Outcome	Percent of students achieving at least seventy percent of annual individualized education program goals in the early childhood program	80%		80%	
Output	Number of students served through the early childhood program	210	1,611	500	
Quality	Number of staff proficient in Braille within early childhood program	20	27	20	27
Efficiency	Number of students per teacher in the early childhood program	6:1		6:1	
Output	Number of students served through outreach programs	165	124	200	
Quality	Number of staff proficient in Braille in outreach programs	8	9	10	9
Quality	Percent of parents' and districts' rating of overall quality of services based on annual survey	75%	86%	80%	86%
Output	Number of students served through a full continuum of services		1,799		1,979
Outcome	Number of training opportunities within the state using a diverse service delivery model	2	2	2	4
Outcome	Number of contacts with outside agencies	50	81	50	60
Efficiency	Number of interactions and communications among departments and programs	25	25	25	26

Executive Summary

The New Mexico School for the Deaf provides parent-infant programs, residential instruction and outreach services to deaf and hard-of-hearing students from birth to age 22 throughout the state.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund	2,524.4	2,568.3	1.7
Total Sources	13,033.8	13,784.9	5.8
Program			
New Mexico School for the Deaf	13,033.8	13,784.9	5.8
Total Uses	13,033.8	13,784.9	5.8
FTE	0.00	0.00	***

- The Executive recommendation provides a \$43.9 General Fund increase for building renewal and replacement.

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.

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 team agrees that enrollment is appropriate is eligible for enrollment in the preschools in Albuquerque and Roswell and the residential school in Santa Fe. Students from New Mexico attend free of charge. The School also provides outreach services to children and youth who are enrolled in their local public schools, as well as to their families and their educational providers. 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 learning environments for young children. The K-12 residential 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 expertise to local school districts that serve deaf and hard-of-hearing students and professionals working with students who are deaf or hard of hearing. The Summer Program provides a place where deaf or hard-of-hearing children in grades 3 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. It also requires that the Public Education Department develop a model for considering the communication needs for students who are deaf or hard-of-hearing, which will become part of the individual education plans for such students within the public school system.

NMSD is currently working with the Public Education Department to disseminate and train on the "communications consideration" model. NMSD has developed interpreter standards and training for school districts to use in enhancing education services to deaf and hard-of-hearing students attending local programs. In addition, the School worked with the Governor's Commission on Disability and other state agencies to sponsor the first state-wide transition summit focusing on School-to-Work and School-to-Postsecondary Education programs.

Key Elements of Recommendation

The Executive recommendation provides a \$43.9 General Fund increase to support the proposed system wide increase for building renewal and replacement funding from 40% to 50%. The School will also receive \$378.6 in General Fund through the Executive's proposed compensation package and support for the increased employer contribution to the educational retirement fund.

Overall, the School's FY08 expenditures are increasing by 5.8%, supported mostly through increases in Land Grant Permanent Fund revenues and use of fund balance. The Executive recommends that the School review its expenditures and determine a sustainable level of expenditures and target fund balances.

Performance Report

The School met or exceeded most of its targets for FY06. Student improvement goals were met or exceeded and the number of children referred to the Step-Hi program by age six months increased because of targeted training for physicians in newborn hearing screenings. The only target not met was parents receiving outreach services who indicated an ability to make informed decisions about educational options. Participation in the survey was low.

Budget Summary Tables

New Mexico School for the Deaf
 Instruction and General Budget
 Unrestricted Funds
 (Dollars in Thousands)

	FY08				<u>Budget to</u>	
	<u>FY06</u> <u>Actuals</u>	<u>FY07</u> <u>Budget</u>	<u>Request</u>	<u>Recom-</u> <u>mendation</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>
Beginning Balance	2,238.7	2,578.7	1,715.3	1,715.3	(863.4)	-33.5%
SOURCES						
General Fund	2,128.3	2,524.4	3,975.4	2,568.3	43.9	1.7%
Land Grant and Permanent Fund	9,628.2	9,329.0	9,492.5	9,492.5	163.5	1.8%
Other Revenue	399.5	317.0	317.0	317.0	0.0	0.0%
Fund Balance	0.0	850.9	0.0	1,407.2	556.3	65.4%
TOTAL SOURCES	12,156.0	13,021.3	13,784.9	13,784.9	763.6	5.9%
USES						
Expenditures	9,997.0	12,036.1	12,637.9	12,637.9	601.8	5.0%
Transfers Out	1,819.0	997.7	1,147.0	1,147.0	149.3	15.0%
TOTAL USES	11,816.0	13,033.8	13,784.9	13,784.9	751.1	5.8%
Ending Balance	2,578.7	1,715.3	1,715.3	308.1	(1,407.2)	-82.0%

Notes:

FY08 recommendation does not include funding for proposed compensation package
 Request as of August 1, 2006

Performance Measures

		<u>FY06</u> <u>Target</u>	<u>FY06</u> <u>Result</u>	<u>FY07</u> <u>Target</u>	<u>FY08</u> <u>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%	74.5%	75%	75%
Outcome	Percent of students in grades three to twelve who are significantly cognitively delayed demonstrating sufficient growth across curricular domains	75%	78%	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	75%	85%	80%	80%
Outcome	Percent of parents satisfied with educational services from New Mexico school for the deaf	90%	93%	90%	90%

		<u>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 Recomm</u>
Outcome	Number of teachers and support staff participating in a two-year intensive staff development-training program in bilingual education methodologies		14		10
Outcome	Percent of parents with children receiving outreach services indicating ability to make informed decisions about educational options and programs	90%	71%	100%	100%
Outcome	Percent of individualized education program meetings that address special factors of language and communication	90%	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	19	15	20
Outcome	Percent of students enrolled in preschool, kindergarten and first and second grade programs demonstrating three to six month developmental progress	75%	94%	100%	100%
Outcome	Percent of level 1 beginning licensed teachers assigned a mentor		50%		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.

	FY07 Operating <u>Budget</u>	FY08 <u>Recommendation</u>	<u>% Change</u>
General Fund			
Total Sources	2,280,835.7	2,484,896.6	8.9
Program			
State Equalization Guarantee	2,116,949.2	2,279,672.1	7.7
Categorical:			
Transportation	104,389.5	107,445.8	2.9
Instructional Material	32,965.4	37,224.9	12.9
Other	11,358.1	12,470.0	9.8
Other Public Education Support	15,173.5	48,083.8	231.7
Total Uses	2,280,835.7	2,484,896.6	8.9

¹ 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 \$9,488.5 for enrollment growth; \$2,937.0 for fixed costs; \$10,327.3 for insurance costs; and \$14,000.0 for educational retirement contributions.
- For Public School Employee Compensation, the Executive recommendation includes a total of \$126,136.1 million to provide: a 7.4% compensation increase for all teachers including \$20,809.7 million to raise level 3 teachers to the \$50.0 minimum annual salary as the final phase in of the three-tiered licensure; a 5% compensation increase for all other school employees including transportation; and \$580.6 for school principals and assistant principals.
- The recommended increase for the Transportation Program is \$790.3, including \$325.2 for educational retirement contributions.
- The recommended increase for Instructional Material of \$4,259.5 supports math, music and arts materials, scheduled for purchase next fiscal year.
- The Executive supports other categorical funding of \$2,500.0 to the Schools in Need of Improvement Fund.
- Key Executive initiatives are given priority for Other Public Education Support: \$1,000.0 for accreditation, \$2,000.0 for advanced placement; \$6,000.0 for after school enrichment program; \$1,000.0 for anti-obesity programs; \$2,921.8 for elementary school breakfasts, \$6,562.0 for elementary physical education; \$18,000.0 for Pre-Kindergarten (\$9 million to Public School Support and \$9 million to Children, Youth and Families Department); \$6,000.0 for high school redesign; \$1,000.0 for parental training and involvement activities; and \$250.0 for school safety.

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 full-day kindergarten and elementary fine arts. The amount distributed to each school district is based on the number of units generated by each school district pursuant to Section 22-8-20 through 22-8-23.5 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, Education Technology, Incentives for School Improvement and Schools in Need of Improvement. 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 the 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 definition of developmentally disabled and for transportation of students to and from their regular attendance centers and the place 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 five 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 Materials 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 ninety percent of the school district's estimated adjusted entitlement.

Incentives for School Improvement and state improving schools program monies are appropriated to the Incentives for School Improvement Fund (Section 22-2C-9 NMSA 1978), which was created in the state treasury by the 2003 Public School Reforms legislation in response to federal accountability provisions of NCLB. This fund includes appropriations, federal allocations, income from investment of the fund, gifts, grants and donations to PED to provide supplemental incentive funding for the adequate yearly progress (AYP) program and the state improving schools program. The law requires distributions for the AYP program to account for at least 60 percent of the fund, including federal funds if those funds are restricted to AYP improvements. Up to 40 percent of the fund, not including restricted federal dollars, may be used for state improving schools program. The total number of public schools that receive this supplemental funding must not exceed 15 percent of the student membership in the state. Distributions are made proportionately to public schools that qualify and money received by a public school must not be used for salaries, salary increases or bonuses, but may be used to pay substitute teachers when teachers attend professional development activities.

Other Education Support

Other Education Support includes programs such as Accreditation, Apprenticeship Assistance, Beginning Teacher Induction, Breakfast For Elementary Students, Elementary Physical Education, and Kindergarten Plus. These programs and others provide targeted resources and support to public schools to enable them to provide quality education while meeting federal requirements, 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 FY08 strategic policy initiatives:

- 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 competent teachers; and
- Ensuring that students graduate from high school better prepared to succeed in higher education and the workplace.

Last year, Governor Richardson declared 2006 the "Year of the Child" to improve the status of New Mexico's children in terms of education, health care and safety. The Governor intends to keep the focus on children during 2007. The recommendations in the following section represent the Executive's continuing priorities within the "*Making Schools Work*" policy framework.

Key Elements of Recommendation

Including the Public Education Department, the Executive's FY08 Public School Support recommendation is \$2,501,850.1, a \$208,389.4 (9.1 percent) increase over the FY07 appropriation of \$2,293,460.7. 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 FY08 Executive recommendations are presented in five sections in the attached table entitled “*Public School Support and Related Appropriations for FY08*.” The line numbers referenced throughout this document are associated with that table. The sections include:

- Program Costs and the State Equalization Guarantee (lines 1-22)
- Categorical Public School Support (lines 23-38)
- Other Public Education Recurring (lines 39-64)
- Public Education Nonrecurring (lines 65-96)
- Data Processing Appropriations (lines 97-99)

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 is based on the 2007-2008 budgeted enrollment growth units, funding 2,754.8 enrollment growth units.

The fixed costs (line 4) increase 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 5) are funded through the formula. The percent of increase for the insurance costs (property, liability, health and medical and other employee benefits) were derived in consultation with the New Mexico Public Schools Insurance Authority. Insurance costs are less than last year, in part because the New Mexico Public Schools Insurance Authority is using their fund balances to offset increases in insurance.

The Executive recommends \$20,809.7 million to implement the final year of the five year phase-in of the three-tiered teacher salary structure (line 13) to bring teacher minimum salary to \$50.0, for those teachers meeting the requirements of level three licensure. The recommendation is based on an analysis of salary data obtained by the Office of Education Accountability.

The Executive recommendation for the increase in the employer share of the educational retirement contributions (line 15) is based on current Educational Retirement Board data.

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% and is reduced by \$2 million from FY07. These federal revenues have been declining. The credit for drivers’ safety fees is reduced by \$100.0 from FY07 because of the new eight-year driver’s license.

Categorical Public School Support. The transportation distribution (lines 23-29) of the public school fund 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 FY08, through normal cycle replacements New Mexico will replace 131 busses. The funding request 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 \$3,056.3 (2.9%) over the FY07 level funds takes into account increases in fuel costs, increase educational retirement contributions and compensation increases.

Based on data and the requests of participating school districts, the Executive recommendation for supplemental out-of-state tuition distributions (line 31) maintains current funding levels. These funds provide out-of-state tuition to Lordsburg and Alamogordo as a cost-savings measure and as a result of this supplemental funding, 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.

The Executive recommendation for supplemental emergency distributions (line 32) is to fund this program at its current General Fund level. This funding provides for districts that experience a shortfall in their budget. For FY06, 18 districts and three charter schools have emergency supplemental funds in their budget. The districts are: Chama, Cimarron, Quemado, Wagon Mound, Mosquero, Corona, Des Moines, Elida, Fort Sumner, Grady, Hondo, Lake Arthur, Logan, Reserve, Roy, Springer, Vaughn, and Raton. The charter schools are Roots and Wings – Questa, Amistad – Clayton, and Lacy Simms – Alamogordo.

The Executive recommends an increase of \$4,259.5 million over FY07 level for Instructional Material (line 33) to fund the adoption of instructional materials for math, music, and arts.

The Executive recommends an increase of \$1,005.2 to the Educational Technology Fund (line 34) to bring the funding for educational technology to a total of \$6,000.0.

The Executive recommendation is to maintain current funding to the Incentives for School Improvement Fund (line 35) is to fund this program at \$1,600.0.

Other Public Education. The Executive recommendation for the Public Education Department (line 39) is discussed in another section of this document

The Executive recommendation for apprenticeship assistance (line 43) increases the program by \$200.7 to \$850.0. This appropriation will provide classroom instruction to qualified apprentice programs 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*.

The Executive recommendation for the Family and Youth Resource Act (line 50) increases by \$501.6 over FY07, to \$2.0 million.

The Executive recommendation for teen pregnancy prevention (GRADS, line 52) maintains the current funding level at \$1.0 million. PED estimates that the requested funds will affect 900-1,000

students at 38 sites through career preparation programs. Mothers train in computer technology and fathers train in nursing. In the educational component, the GRADS program standards align to New Mexico benchmarks. After three years, the districts pick up the associated cost and state money will be allocated to other sites to begin the prevention program.

The Executive recommendation for the Indian Education Act (line 54) is to fund this program at its current General Fund level. The *Indian Education Act* is designed to increase the number of Native American teachers and administrators and to establish partners for tribal communities and schools. The *Act* provides an equitable education opportunity for Native American students, while maintaining their native languages with the implementation of curriculum and teaching approaches designed to positively impact their success.

The Executive recommends \$500.0 for the uniform public school chart of accounts (line 62). In August 2005, PED implemented a new uniform chart of accounts (UCOA) that is aligned with the National Center for Education Statistics (NCES) chart of accounts. This federal accounting alignment will enable New Mexico to more accurately track expenditures of public school districts in compliance with the national standard for state departments of education to use in reporting financial data and for school districts to use in preparing their comprehensive annual financial reports. The uniform chart of accounts is a system of fiscal management and tracking that is required by the federal government's National Council of Education Statistics (NCES) and has been implemented by states nationwide. The initiative funds performance upgrade enhancements to servers and increased Help Desk Support for School Districts and Charters Schools, which will improve the quality of and help streamline reporting of school district and charter school data to the PED. PED is currently piloting UCOA in 3 districts and will be adding 30-40 Grants to system.

Public School Compensation

The Executive's State Equalization Guarantee compensation recommendation of \$126,136.1 includes funding for the fifth and final phase of the three-tiered licensure program, a minimum 7.4% percent salary increase for all public school teachers, and a 5% percent salary increase for all other school employees. For transportation compensation, the Executive recommendation includes \$2,266.0 to fund a 5% increase for transportation employees.

Ensure that All Young Children are Ready for School

Pre-Kindergarten - \$18,000.0 (line 57). The Executive recommendations for school readiness focus primarily on its pre-kindergarten initiative; a total of \$18.0 million is recommended, \$9.0 million to Public Education Department and \$9.0 million to the Children, Youth and Families Department. The Executive's FY08 recommendation will serve 5,018 children, 2,824 more children than in FY07. 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, \$2,592	\$13,007,646
Technical assistance and professional development, 14.4%	2,601,529
Evaluation, 1.6%	290,000
Pre-kindergarten instructional material, 2.5%	455,268
Transportation, 4.3%	780,459
Administration, 5.1%	<u>910,535</u>
Subtotal	\$18,045,437

Pre-Kindergarten Startup - \$7,500.0 nonrecurring (line 76). PreK start-up costs include written curriculum materials, hands-on manipulative for pre-literacy and numeric activities, equipment for science experiments, furniture, visual displays and any safety improvements in the classroom. The funding to support PreK program start-up costs will be directed to 72 classrooms, at a cost of \$20.0 per classroom.

Keep Students Ready to Learn By Providing Access to Health Care, Healthy Food and Physical Fitness Activities

Breakfast for Elementary Students - \$2,921.8 (line 46). Over 760 schools in New Mexico currently operate one or more meal programs. Many schools already provide breakfast on a voluntary basis at a cost of \$1.27 per meal, contingent upon federal eligibility for free and reduced meals. This initiative provided a breakfast program at approximately 200 (45%) of the 447 elementary schools statewide to serve 21,475 students in school year 2005-06 and 45,750 students during the entire school year 2006-07. By expanding the current initiative, the funding will increase breakfast serving to 78,200 students in FY08.

Elementary Physical Education - \$6.562.0 (line 49). Academic success is directly linked to physical fitness. Studies show that schools with the lowest percentage of students participating in physical activity also perform less well academically. The Executive recommendation includes funding to hire 200 additional physical education teachers with a goal of having a PE program in every New Mexico elementary school within four years. The program goals are to provide elementary school children access to quality PE; provide PE instruction by a licensed teacher; increase physical activity during the school day and at home; develop skills, knowledge and attitudes related to personal fitness and physical activity; and develop an understanding of nutrition and healthy eating habits.

Anti-Obesity Programs - \$1,000.0 (line 44). New Mexico has rates of overweight children by school levels as follows: 17% of elementary children, 52% of middle school children, and 43% of high school children. Research confirms that the economic burden of chronic disease associated with obesity is \$324 million in New Mexico and \$117 billion nationally. The Executive recommendation for the requested expansion would provide 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 daily physical activity; (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 activity 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 shows that there is a positive association between physical activity and academic achievement.

School Safety: Security Cameras - \$2,000.0 (line 89). As part of the Executive's school safety initiative, as many as 4,000 security cameras would be purchased for New Mexico's schools, starting with those schools with the highest level of need based on their school safety reporting. The plan includes the purchase of metal detectors that can be moved from school to school on specific threats. When students and teachers do not feel safe at school, effective teaching and learning cannot occur. Security cameras can make school campuses more secure by helping to monitor the safety of students and faculty. Cameras can also record incidents that can be used as evidence in catching perpetrators committing wrongful acts. They enable school staff to view the entire school throughout the day to monitor activities from a central location. Funding this initiative will ensure that students, families, school personnel and community members are protected and that schools are safe and secure learning environments.

School Safety: GPS for School Buses - \$2,600.0 (line 90). As part of the Governor's school safety initiative, the Global Positioning System (GPS) for School Buses program will provide tracking in all New Mexico's 3,200 school buses to help pinpoint actual locations of buses, provide two-way communication, disable the bus if the bus is hijacked, provide real time video and includes a panic button where the bus driver can call for help in the case of an emergency. In 2006, New Mexico's 2,369 school buses transported 183,744 students daily covering 34,836,914 miles. Approximately 700 activity school buses were used outside of normal school hours to transport students on activities and athletic events. The installation of a GPS for vehicle tracking allows for response to an emergency situation such as a hijack. The GPS device would have a "panic button" that the driver could use in an emergency or security situation. This expansion will increase student and community safety by providing additional security devices for school buses.

Increase Parents' Involvement in their Children's Education

Parental Training and Involvement Initiatives - \$1,000.0 (line 56) and \$1,000.0 nonrecurring (line 74). The funding for parental training and involvement will support a statewide coordinated effort to educate parents and school personnel on the importance of effective school/parent partnerships in all schools in New Mexico. This will be accomplished in a variety of ways, including direct training opportunities, media campaigns, production of training materials and statewide partnerships between the Public Education Department (PED) and parent interest groups. A web-based Toolkit for New Mexico School Communities, "Working Together School-Family-Community Partnerships," was funded with federal funds and produced in 2006 and was distributed in hard copy to each of the 89 school districts in July. Current training initiatives began with 26 districts, including 13 rural revitalization schools and 13 other districts not including Albuquerque, Santa Fe or Las Cruces. Program expansion will allow the PED to provide training in all 89 school districts.

Increase the Level of Educational Excellence for All Students

Advanced Placement Expansion - \$2,000.0 (line 41). In school year 2006-07, the total number of students enrolled in advanced placement (AP) classes is 11,571. The initiative expands the students served by 4,182 to 15,753. AP and Pre-AP courses provide college preparatory curriculum and classes to high and middle school students, respectively. The initiative expands 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 expands AP professional development, expands outreach to rural school districts and the southern region of the state, in addition to statewide, and increases enrollment of under-represented minorities in AP programs.

Close the Student Achievement Gap by Supporting the Children and Schools who Need the Most Assistance

Schools in Need of Improvement Fund – \$2,500.0 (line 36). The Schools in Need of Improvement Fund is the funding mechanism of the New Mexico School Improvement Framework, which provides support to schools designated as “in need of improvement” or in “corrective action.” Expand the extended day and extended year program to make intensive interventions available to students not meeting proficiency goals in reading and/or mathematics through the Schools in Need of Improvement Fund. This initiative will impact approximately 2,300 students.

A pilot program to lengthen the school day will be implemented in response to a growing concern among education specialists that U.S. students spend too little time in school relative to other countries. Research shows that Americans spend only 40-45 percent of the time that other countries are spending on core academic subjects. School districts will have the option to elect to lengthen their school days in line with local needs and conditions.

In prior years, the PED provided professional development and technical assistance to designated schools in compliance with the federal *No Child Left Behind Act* as a means to close the achievement gap. Components of the current PED improvement framework are: (1) building capacity at the school and district level; (2) monitoring/sanctions; (3) rewards/advocacy; (4) additional targeted assistance; and (5) Public Education Department professional development. The Executive recommendation supports a \$10.4 million multi-faceted and multi-year effort to improve school leadership.

School Improvement Framework – \$7,500.0 nonrecurring (line 82). Provides for systemic reform by developing and implementing a comprehensive system within schools to create and sustain fully aligned improvement goals, strategies, and action steps. This process includes targeted assistance and intensive classroom assistance for increasing achievement in schools and districts not meeting proficiency as measured by the New Mexico Standards-Based Assessment.

School Improvement: Summer Reading, Math and Science Institutes – \$2,000.0 (line 60). 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.

New Mexico Executive Educator Turnaround Specialists – \$1,500.0 nonrecurring (line 72). Supports the New Mexico Executive Educator Turnaround Specialist program through which the state will invest \$1.5 million to train 20 certified school principals and three additional staff teams to be executive turnaround specialists for low-performing schools. They will undergo intensive training at the University of Virginia using the most advanced thinking in business and education to meet the demands of our most challenged schools. The program is part of Microsoft’s Partners in Learning initiative.

After School Enrichment Program – \$6,000.0 (line 42). 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. Promotes and supports critical thinking and collaborative techniques that allow students to successfully develop academic skills, pursue useful knowledge and help prevent obesity. The program will fund a projected 108 programs (including transportation costs) in schools across the state and reach an estimated 108,000 students.

Truancy Prevention/Dropout Prevention – \$1,000.0 nonrecurring (line 61). 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. The truancy prevention initiative began in 2003 for the purpose of determining and implementing successful programs for preventing truancy. In 2006, dropout prevention was added to the appropriation for truancy prevention. These programs are ongoing multi-year programs that provide funding, technical assistance and training to schools and communities to prevent dropout and truancy. Goals include the following:

- Implement culturally sensitive programs and strategies for the purpose of identifying best practices for dropout and truancy prevention;
- Establish collaborative partnerships and agreements with New Mexico's Native American tribes and pueblos for the purpose of implementing effective dropout and truancy prevention programs and strategies; and
- Establish collaborative partnerships and agreements with New Mexico's communities, including schools, correction entities, community-based organizations, youth advocates and others for the purpose of implementing effective dropout and truancy prevention programs and strategies at the local level.

Rural Education and Community Revitalization – \$1,500.0 nonrecurring (line 79). 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 in the community. 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.

Indian Education Act of 2003 – \$2,500.0 million recurring (line 54). In 2003, Governor Richardson signed the *Indian Education Act*. This legislation was developed to provide culturally and linguistically appropriate curricula and instruction to New Mexico's diverse Native American students. 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 the resources required to excel in the classroom. Included among the

accomplishments of the Indian Education Division, over the last four years, are:

- Increased communication with tribes and pueblos;
- Provided fiscal and technical assistance to school districts and tribes to meet education needs of Native American students;
- Certified 69 Native American language teachers (an increase from seven in FY04);
- Established a Northwest Indian Education Office in Gallup;
- Established partnerships with tribal education departments and tribal governments;
- Developed procedures in order to collect and maintain education-related data for Native American student populations; and
- Conducted culturally appropriate Content and Instructional Strategy Workshops.

As of the 2006-07 school year, the Indian Education Division had established joint powers agreements with a total of 12 Pueblos and Tribes.

Ensure that All Students are Taught by Competent Teachers

Ensuring that every student in New Mexico is taught by a qualified, competent, and caring teacher is one of the most effective strategies for improving student success.

Teacher Professional Development Fund – \$2,500.0 nonrecurring (line 94). Develops a systematic framework for professional development as provided for in state statute. The goal is to ensure through training that New Mexico has quality teachers, school principals and instructional support providers who will improve and enhance student achievement. As required in the General Appropriation Act of 2006, the Teacher Professional Development Fund is to be used to fund the following educational associates: RE:Learning, Regional Education Technology Assistance (RETA), Strengthening Quality in the Schools (SQS), Service Learning, Golden Apple, Closing the Achievement Gap, Leadership Academy and other professional development programs. This initiative provides support primarily to priority schools on both targeted assistance and monitoring status and priority districts in the areas of leadership, curriculum support, instructional delivery and staff development. Schools needing targeted assistance are Schools in Need of Improvement (SINOI) schools that did not make Adequate Yearly Progress (AYP) in the all students category in reading or math or both and are furthest from their targeted goal.

Data Warehouse at Public Education Department – \$4,500.0 nonrecurring (line 97). The Public Education Department in 2005 received a \$6,650.0 appropriation for the Data Warehouse and in 2006 received an additional \$2,000.0 for its continued development and implementation. The appropriations have provided for planning and implementation of the Data Warehouse, Internet access and interfaces and support for schools. Referred to as STARS (Student Teacher Accountability Reporting System), the Data Warehouse coordinates with the unique student identification system. The PED's charge has been to develop clear, concise, consistent guidelines, procedures and protocols for the collection, verification, analysis, dissemination and communication of all data collected and used by the agency and related data and information requested by outside entities.

STARS provides data collection and decision support tools to support decision making at the state level and to meet federal and state funding initiatives. At this time, however, STARS provides limited detail analysis at the district/school level that can be used to enhance actual teacher and student performance. The disaggregated data that districts, schools and individual teachers require to improve performance is currently in STARS. However, the means to disseminate and apply this data to respective stakeholders is not available. STARS Phase 3 will provide districts and schools with web-based access to the disaggregated data so that it can be used locally. At the end of Phase three, it is anticipated that principals and teachers will have comparative state and district data to identify best practices to assist with student instruction and site management.

Ensure Students Graduate from High School Better Prepared to Succeed in Higher Education

Assessment and Test Development/Exit Exams – \$1,000.0 nonrecurring (line 65). The Assessment and Test Development/Exit Exam initiative provides compliance for the PED with federal and state statutory requirements to develop and implement grade specific exams and high school exit exams that align with college level courses. Funds for Assessment and Test Development/Exit Exam will be used to meet the continuing requirements for ensuring that the New Mexico Standards-based Assessments, the New Mexico Alternate Assessments and the New Mexico English Language Proficiency Exam continue to meet the requirements of alignment to New Mexico’s content standards, technical rigor and improvements in quality. Activities will include alignment studies, improvement of reporting procedures and refinement of assessment instruments. By assuring that New Mexico’s assessments are of the highest quality and are appropriately aligned to the state’s academic content standards, schools and districts will have useful data for examining instructional practices and making needed changes to improve student learning.

IDEAL Statewide E-Learning – \$8,501.6 nonrecurring (line 98) Innovative Digital Education and Learning in New Mexico (IDEAL NM) invests in technology and new opportunities for New Mexicans to access school programs no matter where they are in the state and will provide educational opportunities and allows for flexible learning that is accessible regardless of pace, place and time. IDEAL NM combines a shared New Mexico Learning Network eLearning Service Center with an enterprise model of a standardized eLearning system in New Mexico. IDEAL NM will provide professional development and training to educational staff and state agencies, will provide students PreK-12 and higher education courses they are unable to get in a face-to-face setting and will provide an eLearning Service Center. Priorities include statewide grades 6-12 cyber academy and professional development for teachers. IDEAL NM addresses learning and teaching barriers including those related to geographical, scheduling, administrative, learning level, and curriculum-based issues. IDEAL NM leverages several existing technology programs and provides a coordinated infrastructure.

High School Redesign: Advanced Placement Courses and Teacher Training – \$4,000.0 (line 53). Increases funding for Advanced Placement (AP) courses and teacher training to better prepare students for post secondary education and careers. This initiative will expand AP courses to rural districts and the southern region of the state and increase enrollment of underrepresented minorities in AP programs. Expanding AP opportunities is a critical component in the High School Redesign initiative aimed at addressing the current opportunity gap so that students will be more successful in

making the transition from high school to college or a career. The goal is to expand current AP courses enrollment of 11,571 by 4,182 students to a total of 15,753 and serve 100% of the 46 rural districts.

High School Redesign: Pre-AP or Achievement via Individual “Gear-Up” Determination (AVID) – \$2,000.0 (line 53). Provides funding for Pre-AP programs that target students in grades 5-12 in underserved areas and better prepare them for more rigorous courses in high school, including AP courses. The AVID program focuses on minority, rural, low-income and other students without a college-going tradition in their families. The AVID program has proven successful for Native American and Hispanic students and is to be implemented school-wide and district-wide. The goal is to better prepare middle school students and high school students to take advantage of expanded AP programs.

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 2006 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 FY07, for school year 2006-07.

The continuing roll-out of New Mexico’s education reform initiatives, begun in 2003, is reflected in the performance and accountability framework applied to PSS for school years 2005-06 and 2006-07. The measures for these school years are reflected for fiscal year cycle monitoring in FY04, FY05, FY06 and FY07. PSS measures are under an annual review and revision process to ensure the highest level of accountability to the people of New Mexico for the state’s public school dollars. The Executive will continue to work to improve performance data collection and analysis in addition to improving reporting processes.

For PSS performance targets, PED will continue to report through FY08 on FY06 performance measures currently in statute for school year 2005-06. This is a transitional approach as the Executive’s *Making Schools Work* Performance and Accountability Contract was implemented in FY07. For PSS performance targets for FY07 (covering school year 2006-07), PED will report on both FY06 measures and FY07 measures. This approach is practical because public school performance and accountability data collection and reporting requirements do not cycle on the state fiscal year, but are based on federal fiscal and school years.

The Governor’s *Making Schools Work* Performance and Accountability Contract performance measures for PSS will be implemented within the PBB framework for FY07.

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 2007-08 school year and then, upon verification of the number of units statewide for fiscal year 2008 but no later than January 31, 2008, the secretary of the public education department may adjust the program unit value.

The general fund appropriation to the state equalization guarantee includes twenty million eight hundred nine thousand seven hundred dollars (\$20,809,700) to implement the fifty thousand dollar (\$50,000) minimum salary for level three-A teachers.

The secretary of the public education department, in collaboration with the department of finance and administration office of educational accountability, shall ensure level three-A teachers receiving salary increases under the three-tiered minimum salary have been evaluated under the tiered licensure evaluation system and have the professional competencies of level two and level three-A teachers. The secretary of the public education department shall withhold from the public school district distribution funding for minimum salaries for any teacher that has not been evaluated. The secretary of the public education department shall report the findings to the legislative education study committee and legislative finance committee by July 1, 2007.

The general fund appropriation to the state equalization guarantee includes one hundred one million seven hundred thirty thousand one hundred dollars (\$101,730,100) for a seven and three tenths percent salary increase for all public school teachers, and a five percent salary increase for instructional staff, and other certified and non-certified school employees. The general fund appropriation to the state equalization guarantee includes five hundred eighty thousand six hundred dollars (\$580,600) for principal salaries in accordance with Section 22-10A-11(F) NMSA 1978. The general fund appropriation also includes two million two hundred and sixty-six thousand dollars (\$2,226,000) for a five percent salary increase for transportation staff.

The general fund appropriation to the state equalization guarantee distribution contains sufficient funding to provide a three-quarter percent increase in the employer contribution to the educational retirement fund.

For the 2007-08 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 2007 from appropriations made from the general fund shall revert to the general fund.

Budget Summary Tables

Public School Support Summary (Dollars in Thousands)

	FY07 Operating Budget	Recom- mendation	FY08 Budget To Recommendation	
			Dollar Change	Percent Change
STATE EQUALIZATION GUARANTEE				
1 PROGRAM COST	2,025,533.3	2,175,399.2		
2 Adjustment for Prior Year Workload Decline	(2,996.9)			
3 ENROLLMENT GROWTH	11,987.4	9,488.5		
4 FIXED COSTS	3,166.3	2,937.0		
5 INSURANCE COSTS	21,227.7	10,327.3		
6 COMPENSATION FOR PUBLIC SCHOOL EMPLOYEES:				
7 Teachers (7.4%)	55,789.1	69,923.5		
8 Instructional Staff	9,638.4	9,240.6		
9 Other Certified and Non-certified	18,232.9	23,315.7		
10 Educational Assistants	7,907.7			
11 Minimum Salaries – Three-tiered Licensure Structure				
12 Level 3 to \$45,000 in FY07	6,841.3			
13 Level 3 to \$50,000 in FY08		20,809.7		
14 Principals Salaries		580.6		
15 Increase in Employer's ERB Contribution (.75 percent)	13,215.6	14,000.0		
16 Student Assessment CRTs/School District Costs				
17 Elementary Fine Arts	4,795.0			
18 Sanding Adjustment	61.4	-	-	
19 PROGRAM COST	2,175,399.2	2,336,022.1	160,622.9	7.4%
20 LESS PROJECTED CREDITS	(57,600.0)	(55,600.0)	2,000.0	
21 LESS OTHER STATE FUNDS (from driver's license fees)	(850.0)	(750.0)	100.0	
22 STATE EQUALIZATION GUARANTEE	2,116,949.2	2,279,672.1	162,722.9	7.7%
CATEGORICAL				
23 TRANSPORTATION				
24 Operational	93,784.4	93,209.8	(574.6)	
25 School-owned Bus Replacements		420.4	420.4	
26 Rental Fees (Contractor-owned Buses)	10,605.1	11,224.4	619.3	
27 Compensation		2,266.0	2,266.0	
28 Increase in Employer's ERB Contribution (.75 percent)	-	325.2	325.2	
29 TOTAL TRANSPORTATION	104,389.5	107,445.8	3,056.3	2.9%
30 SUPPLEMENTAL DISTRIBUTIONS				
31 Out-of-state Tuition	369.6	370.0	0.4	
32 Emergency Supplemental	1,997.9	2,000.0	2.1	
33 INSTRUCTIONAL MATERIAL FUND (Math, Music & Arts)	32,965.4	37,224.9	4,259.5	

	FY07 Operating Budget	Recom- mendation	FY08 Budget To Recommendation	
			Dollar Change	Percent Change
34 EDUCATIONAL TECHNOLOGY FUND	4,994.8	6,000.0	1,005.2	
35 INCENTIVES FOR SCHOOL IMPROVEMENT FUND	1,598.3	1,600.0	1.7	
36 SCHOOLS IN NEED OF IMPROVEMENT FUND	<u>2,397.5</u>	<u>2,500.0</u>	<u>102.5</u>	
37 TOTAL CATEGORICAL	148,713.0	157,140.7	8,427.7	5.7%
38 TOTAL PUBLIC SCHOOL SUPPORT	2,265,662.2	2,436,812.8	171,150.6	7.6%
OTHER PUBLIC EDUCATION RECURRING				
39 Public Education Department	12,625.0	16,953.5	4,328.5	
40 Accreditation (NCA)		1,000.0	1,000.0	
41 Advanced Placement	1,198.7	2,000.0	801.3	
42 After School Enrichment Program		6,000.0	6,000.0	
43 Apprenticeship Assistance	649.3	850.0	200.7	
44 Anti-obesity programs		1,000.0	1,000.0	
45 Beginning Teacher Mentorship	899.1	900.0	0.9	
46 Breakfast for Elementary Students		2,921.8	2,921.8	
47 Core Curriculum Framework	381.6		(381.6)	
48 Cyber Academy for Rio Rancho High School	256.9		(256.9)	
49 Elementary Physical Education (4-year phase in)		6,562.0	6,562.0	
50 Family and Youth Resource Act	1,498.4	2,000.0	501.6	
51 Food to Schools		500.0	500.0	
52 GRADS – Teen Pregnancy Prevention	999.0	1,000.0	1.0	
53 High School Redesign (AP and Pre-Advanced Placement)		6,000.0	6,000.0	
54 Indian Education Act of 2003	2,497.4	2,500.0	2.6	
55 Kindergarten Plus	999.0	1,000.0	1.0	
56 Parental Training and Involvement		1,000.0	1,000.0	
57 Pre-kindergarten Program (4-year phase in)	3,995.8	9,000.0	5,004.2	
58 Reading Material Fund	100.0	100.0	-	
59 Statewide School Safety Crime Stoppers		250.0	250.0	
60 Summer Reading, Math and Science Institutes	699.3	2,000.0	1,300.7	
61 Truancy Prevention/Dropout Prevention	999.0	1,000.0	1.0	
62 Uniform Chart of Accounts Support and Maintenance	-	500.0	500.0	
63 TOTAL OTHER PUBLIC EDUCATION RECURRING	27,798.5	65,037.3	37,238.8	134.0%
64 TOTAL PUBLIC EDUCATION RECURRING	2,293,460.7	2,501,850.1	208,389.4	9.1%
PUBLIC EDUCATION NONRECURRING				
65 Assessment and Test Development/Exit Exams (lockbox)	6,600.0	1,000.0		
66 Breakfast for Elementary Students/Food to Schools	2,000.0			
67 Bullying Prevention Initiative (lockbox)		500.0		
68 Computer-based Math & On-demand Student/Classroom Info. Access (lockbox)	2,500.0	750.0		
69 Dance Program in Albuquerque		50.0		
70 Elementary Physical Education/Anti-obesity Programs	2,000.0			
71 Emergency Supplemental	5,000.0	5,000.0		
72 New Mexico Executive Educator Turnaround Specialists (lockbox)		1,500.0		

		FY07	Recom-	FY08	
		Operating	mendation	Budget To	
		Budget		Dollar	Percent
				Change	Change
73	Northern New Mexico Sci & Technology Camp & Prof Development		80.0		
74	Parental Training and Involvement (lockbox)	750.0	1,000.0		
75	Pilot teacher training program for reading		300.0		
76	Pre-kindergarten Start-up (lockbox)	1,500.0	7,500.0		
77	Public School Funding Formula Study	500.0			
78	Regional Education Cooperatives Operations	750.0			
79	Rural Education/Community Revitalization (lockbox)	250.0	1,500.0		
80	Santa Fe Public Schools Science Initiative		60.0		
81	SCHOOL LIBRARY MATERIAL FUND	3,000.0			
82	School Improvement Framework (lockbox)	6,000.0	7,500.0		
83	School-owned Bus Replacements	3,680.9			
84	School -to-Careers/Dropout Prevention		250.0		
85	Science and Supercomputing Challenge		100.0		
86	Science Teacher Resources		1,000.0		
87	STATE SUPPORT RESERVE FUND		1,000.0		
88	Statewide School Safety				
89	Security Cameras		2,000.0		
90	Global Positioning Systems for School Buses		2,600.0		
91	Summer Camp Program in Santa Fe	300.0	350.0		
92	Summer Institutes for Reading, Science and Mathematics	1,000.0			
93	Teach for America		500.0		
94	TEACHER PROFESSIONAL DEVELOPMENT FUND	2,000.0	2,500.0		
95	Three-tiered Licensure Evaluation System	300.0	-		
96	TOTAL PUBLIC EDUCATION NONRECURRING	38,130.9	37,040.0		
DATA PROCESSING APPROPRIATIONS					
97	Data Warehouse at PED (lockbox)	2,000.0	4,500.0		
98	IDEAL (Innovative Digital Education and Learning)(lockbox)	-	8,501.6		
99	TOTAL DATA PROCESSING	2,000.0	13,001.6		

Performance Measures

		FY06	FY06	FY07	FY08
		Target	Result	Target	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.					
Outcome	Percent of students in full-day kindergarten meeting benchmark for nonsense words			60%	65%
Explanatory	Number of public school students receiving school breakfasts			89,873	94,000
Outcome	Annual percent of stakeholders positively rating their involvement with public elementary, middle and high schools			80%	
Outcome	Annual percent of core academic subjects taught by highly qualified teachers in kindergarten through twelfth grade		81%	95%	97%
Outcome	Percent of school districts and charter schools participating in the national center for education statistics chart of accounts			100%	100%
Outcome	Percent of recent New Mexico high school graduates who take remedial courses in higher education at two-year and four-year schools			55%	50%

		<u>FY06 Target</u>	<u>FY06 Result</u>	<u>FY07 Target</u>	<u>FY08 Recomm</u>
Outcome	Percent of elementary school students who achieve the school year 2006-2007 No Child Left Behind Act annual measurable objective for proficiency or above on standards-based assessments in reading and language arts			49%	55%
Explanatory	Annual cohort graduation rate for school year 2004-2005 ninth graders			90%	92%
Outcome	Percent of middle school students who achieve the school year 2006-2007 No Child Left Behind Act annual measurable objective for proficiency or above on standards-based assessments in reading and language arts			42%	48%
Outcome	Percent of elementary school students who achieve the school year 2006-2007 No Child Left Behind Act annual measurable objective for proficiency or above on standards-based assessments in mathematics			33%	40%
Outcome	Percent of middle school students who achieve the school year 2006-2007 No Child Left Behind Act annual measurable objective for proficiency or above on standards-based assessments in mathematics			20%	26%
Outcome	Percent of American Indian language classes being taught in public schools that serve American Indian students			100%	100%
Explanatory	Number of schools in need of improvement schools making significant academic gains			35	40
Outcome	Percent of 4th grade students who achieve proficient or above on the state assessment in mathematics			33%	44%
Outcome	Percent of public school students habitually truant		11%	10%	10%
Outcome	Percent of 4th grade students who achieve proficient or above on the state assessment in reading			49%	59%
Outcome	Percent of 8th grade students who achieve proficient or above on the state assessment in reading		49%	65%	70%
Outcome	Percent of 8th grade students who achieve proficient or above on the state assessment in mathematics		25%	62%	70%
Outcome	Percent of K-3 students in reading first schools scoring on grade level on reading first assessments				30%

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.

Outcome	Percent of fourth-grade students who achieve proficiency or above on the criterion-referenced assessments in reading and language arts	61%			
Outcome	Percent of eighth-grade students who achieve proficiency or above on the criterion-referenced assessments in reading and language arts	65%			
Outcome	Percent of fourth-grade students who achieve proficiency or above on the criterion-referenced assessments in mathematics	67%			
Outcome	Percent of eight-grade students who achieve proficiency or above on the criterion-reference assessments in mathematics	62%			
Quality	Annual percent of classes in core academic subjects taught by highly qualified teachers in high-poverty schools K-12	90%			80%
Quality	Annual percent of core academic subjects taught by highly qualified teachers K-12	92%		95%	97%
Quality	Percent of stakeholders who rate their involvement with public elementary schools as positive	91%	89.6%	76%	
Quality	Percent of stakeholders who rate their involvement with public middle schools as positive	88%	75.5%	76%	
Quality	Percent of stakeholders who rate their involvement with public high schools as positive	85%	62.5%	65%	69%
Explanatory	Percent of American Indian language classes being taught in public schools that serve American Indian students			100%	100%

Governor's Fiscal Year 2008 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	7025	22
Administrative Assistant II	7026	24
Administrative Assistant III	7027	26
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 2008 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	30
Deputy Agency Director II	7226	32
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 2008 Exempt Salary Plan

Governor's Exempt Salary Schedule Fiscal Year 2008 (Based on 2080 hours)				
Pay Range	Hourly		Annual	
	Minimum	Maximum	Minimum	Maximum
4	.001	7.818	20.800	16,261.44
6	7.819	17.593	16,263.52	36,593.44
8	8.572	19.287	17,829.76	40,116.96
10	9.394	21.136	19,539.52	43,962.88
12	10.296	23.165	21,415.68	48,183.20
14	11.285	25.391	23,472.80	52,813.28
16	12.367	27.826	25,723.36	57,878.08
18	13.555	30.499	28,194.40	63,437.92
20	14.856	33.427	30,900.48	69,528.16
22	16.283	36.637	33,868.64	76,204.96
24	17.846	40.153	37,119.68	83,518.24
26	19.559	44.007	40,682.72	91,534.56
28	21.437	48.233	44,588.96	100,324.64
30	23.495	52.865	48,869.60	109,959.20
32	25.749	57.936	53,557.92	120,506.88
34	27.038	60.835	56,239.04	126,536.80
36	28.390	63.877	59,051.20	132,864.16
38	29.808	67.068	62,000.64	139,501.44
40	31.298	70.421	65,099.84	146,475.68
42	32.863	73.942	68,355.04	153,799.36
44	34.519	77.668	71,799.52	161,549.44
46	36.259	81.584	75,418.72	169,694.72
48	38.088	85.697	79,223.04	178,249.76
50	40.008	90.018	83,216.64	187,237.44
52	42.025	94.557	87,412.00	196,678.56
54	44.144	99.999	91,819.52	207,997.92
70	100.00	200.00	208,000.00	416,000.00

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

Governor's Fiscal Year 2008 Exempt Salary Plan

Attorney General (305)

	<u>FTE</u>	<u>Pay Range</u>		<u>FTE</u>	<u>Pay Range</u>
Administrative Assistant I	9	18	Administrative Assistant II	26	20
Administrative Assistant III	1	24	Administrator II	1	24
Assistant Attorney General I	6	20	Assistant Attorney General II	25	22
Assistant Attorney General III	26	26	Attorney General	1	52
Deputy Attorney General	2	36	Deputy Director	3	32
Director of Communication	1	30	Division Director II	1	32
Division Director III	9	34	Financial Auditor I	6	22
Financial Auditor II	1	24	Financial Auditor Supervisor	1	26
Financial Specialist	1	18	General Counsel	1	34
Human Resource Administrator II	1	22	Human Resource Manager	1	26
Information Systems Manager	1	28	Investigator	7	22
Legal Assistant I	3	14	Legal Assistant II	9	18
Medical Care Investigator	3	22	Public Information Officer I	1	24
Secretary I	1	14	Secretary II	1	18
Special Agent	8	22	Special Agent Supervisor	2	24
Special Projects Coordinator I	1	24	Special Projects Coordinator II	5	26
Systems Analyst	1	24	Systems Software Engineer	5	24
Victim Advocate Ombudsman	1	18			

State Auditor (308)

	<u>FTE</u>	<u>Pay Range</u>		<u>FTE</u>	<u>Pay Range</u>
Administrative Assistant II	1	20	Administrator III	1	26
Auditor	1	30	Deputy State Auditor	1	42
Secretary II	1	18	State Auditor	1	52

Taxation and Revenue Department (333)

	<u>FTE</u>	<u>Pay Range</u>		<u>FTE</u>	<u>Pay 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
Tax Ombudsman	1	26			

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

Governor's Fiscal Year 2008 Exempt Salary Plan

Department of Finance and Administration (341)

	<u>FTE</u>	<u>Pay</u> <u>Range</u>		<u>FTE</u>	<u>Pay</u> <u>Range</u>
Deputy Director	1	32	Division Director II	5	32
General Counsel	1	34	Grant Manager	1	24
Information Systems Administrator	1	26	Policy Analyst	1	26
Research & Policy Analyst	1	24			

Public School Insurance Authority (342)

	<u>FTE</u>	<u>Pay</u> <u>Range</u>		<u>FTE</u>	<u>Pay</u> <u>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</u> <u>Range</u>		<u>FTE</u>	<u>Pay</u> <u>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</u> <u>Range</u>		<u>FTE</u>	<u>Pay</u> <u>Range</u>
Administrative Assistant II	2	20	Administrator III	1	26
Cabinet Secretary	1	46	Deputy Cabinet Secretary	1	38
Division Director II	8	32	Governor's Chef	1	28
Governor's Residence Manager	1	28	Litigation Bureau Chief	1	32
Secretary II	1	18	Senior Litigation Attorney	5	26

Educational Retirement Board (352)

	<u>FTE</u>	<u>Pay</u> <u>Range</u>		<u>FTE</u>	<u>Pay</u> <u>Range</u>
Chief Investment Officer	1	50	Deputy Director	1	32
Director Finance & Administration	1	30	Executive Director	1	36

Public Defender Department (355)

	<u>FTE</u>	<u>Pay</u> <u>Range</u>		<u>FTE</u>	<u>Pay</u> <u>Range</u>
Appellate Defender	1	32	Assistant Chief Public Defender	2	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 (356)

	<u>FTE</u>	<u>Pay</u> <u>Range</u>		<u>FTE</u>	<u>Pay</u> <u>Range</u>
Administrator II	1	24	Agency Dir. of Victims Advocacy	1	26

Governor's Fiscal Year 2008 Exempt Salary Plan

Governor (356)

	<u>FTE</u>	<u>Pay</u> <u>Range</u>		<u>FTE</u>	<u>Pay</u> <u>Range</u>
Assistant Director of Legis. Affairs	1	32	Border Liaison	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	2	18
Deputy Chief Legal Counsel	1	30	Deputy Chief of Staff	1	38
Deputy Director	1	32	Deputy Director of Legis. Affairs	1	28
Deputy Director of Communications	1	28	Director of Cabinet Affairs	1	28
Director of Communication	1	30	Director of Media Coordination	1	34
Executive Assistant	1	24	Executive Assistant to the Governor	1	22
Executive Director of Homeland Sec.	1	36	First Lady	1	04
First Lady's Assistant	1	30	Governor	1	52
Legal Assistant II	1	18	Policy Advisor	1	24
Policy Analyst	1	26	Press Assistant	1	20
Receptionist II	1	12	Secretary II	1	18
Sen. Energy & Enviro. Policy Adv.	1	26	Senior Manager	2	26
Special Assistant I	6	22	Special Assistant II	5	24
Special Director	2	32	Systems Analyst	1	24
Southern New Mexico Rep.	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	Director of Communication	1	30
Executive Assistant	1	24	Lt. Governor	1	52
Ombudsman I	1	22	Scheduler	1	18
Second Gentlemen	1	04	Senior Policy Analyst	1	24
Staff Assistant	1	12			

Office of the Chief Information Officer (361)

	<u>FTE</u>	<u>Pay</u> <u>Range</u>		<u>FTE</u>	<u>Pay</u> <u>Range</u>
Chief Information Officer	1	36	General Counsel	1	34

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	Attorney	1	30
Chief Investment Officer	1	50	Chief Legal Counsel	1	34
Director of Finance & Adm.	1	30	Executive Deputy Director	2	28
Executive Director	1	36	Litigation Attorney	1	30

State Commission of Public Records (369)

	<u>FTE</u>	<u>Pay</u> <u>Range</u>
Agency Director	1	32

Governor's Fiscal Year 2008 Exempt Salary Plan

Secretary of State (370)

	<u>FTE</u>	<u>Pay Range</u>		<u>FTE</u>	<u>Pay Range</u>
Administrative Assistant I	1	18	Administrator II	1	24
Assistant Secretary of State	1	22	Director of Bureau Elections	1	30
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>
Deputy Agency Director II	2	32	Executive Director	1	36
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 I	1	30			

State Treasurer (394)

	<u>FTE</u>	<u>Pay Range</u>		<u>FTE</u>	<u>Pay Range</u>
Administrative Assistant I	1	18	Administrator III	1	26
Attorney	1	30	Deputy Treasurer	1	40
Investment Advisor	1	28	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

Sports Authority (416)

	<u>FTE</u>	<u>Pay Range</u>		<u>FTE</u>	<u>Pay Range</u>
Administrative Assistant I	1	18	Agency Director	1	32
Deputy Director I	1	30			

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

Tourism Department (418)

	<u>FTE</u>	<u>Pay Range</u>		<u>FTE</u>	<u>Pay Range</u>
Cabinet Secretary	1	46	Deputy Cabinet Secretary	2	38
Division Director I	4	30	Division Director II	1	32

Governor's Fiscal Year 2008 Exempt Salary Plan

Secretary II 1 18

Economic Development Department (419)

	<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	6	32	Executive Secretary	1	26
Public Information Officer I	1	24			

Regulation and Licensing Department (420)

	<u>FTE</u>	<u>Pay Range</u>		<u>FTE</u>	<u>Pay Range</u>
Administrative Assistant I	1	18	Administrator II	1	24
Chief Legal Counsel	1	34	Deputy Superintendent	1	32
Director of Security	1	30	Division Director I	1	30
Division Director II	5	32	Secretary II	1	18
Senior Litigation Attorney	1	26	Super indent	1	46

Public Regulation Commission (430)

	<u>FTE</u>	<u>Pay Range</u>		<u>FTE</u>	<u>Pay Range</u>
Actuary	2	38	Bureau Chief I	2	24
Bureau Chief II	4	28	Chief Clerk	1	30
Chief Legal Counsel	2	34	Chief of Staff	1	46
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	Superintendent of Insurance	1	32

New Mexico Board of Medical Examiners (446)

	<u>FTE</u>	<u>Pay Range</u>		<u>FTE</u>	<u>Pay Range</u>
Agency Director	1	32	Chief Legal Counsel	1	34

Board of Nursing (449)

	<u>FTE</u>	<u>Pay Range</u>
Agency Director	1	32

State Fair Commission (460)

	<u>FTE</u>	<u>Pay Range</u>		<u>FTE</u>	<u>Pay Range</u>
Attorney	1	30	Division Director I	3	30
Executive Assist. & Comm. Liaison	1	22	Executive Director	1	36
Market Manager-Security	1	24	Office Assistant	1	16
Special Projects Coordinator I	1	24	Strategic Planner Director	1	20

State Board of Registration for Professional Engineers and Surveyors (464)

	<u>FTE</u>	<u>Pay Range</u>
Agency Director	1	32

Governor's Fiscal Year 2008 Exempt Salary Plan

Gaming Control Board (465)

	<u>FTE</u>	<u>Pay Range</u>		<u>FTE</u>	<u>Pay Range</u>
Administrative Assistant III	1	24	Chief Executive Officer	1	32
Deputy Director	1	32	Division Director III	1	34
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

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 Agency Director II	1	32
Deputy Cabinet Secretary	1	38	Division Director I	8	30
Division Director II	8	32	Executive Assistant	1	24
Liaison Officer I	1	22			

New Mexico Livestock Board (508)

	<u>FTE</u>	<u>Pay Range</u>		<u>FTE</u>	<u>Pay Range</u>
Agency Director	1	32			

Department of Game and Fish (516)

	<u>FTE</u>	<u>Pay Range</u>		<u>FTE</u>	<u>Pay Range</u>
Attorney	1	30	Deputy Director	1	32
Executive Director	1	36			

Energy, Minerals and Natural Resources Department (521)

	<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 I	1	30	Division Director II	5	32
Policy Analyst	1	26			

Governor's Fiscal Year 2008 Exempt Salary Plan

Commissioner of Public Lands(539)

	<u>FTE</u>	<u>Pay Range</u>		<u>FTE</u>	<u>Pay Range</u>
Administrative Assistant III	1	24	Commissioner II	2	26
Assistant Commissioner III	2	28	Chief Legal Counsel	1	34
Deputy Land Commissioner	1	34	Division Director II	1	32
Land Commissioner I	1	52	Policy Analyst II	2	26
Secretary II	1	18			

State Engineer (550)

	<u>FTE</u>	<u>Pay Range</u>		<u>FTE</u>	<u>Pay Range</u>
Assistant State Engineer	1	38	Division Director II	3	32
General Counsel	1	34	Liaison Officer III	1	26
Pecos Compact Commissioner	1	04	Secretary II	1	18
Special Assistant III	1	26	State Engineer	1	46

Organic Commodity Commission (569)

	<u>FTE</u>	<u>Pay Range</u>
Agency Director	1	32

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	Agency Director	1	32

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>
Agency Director	1	32

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	Agency Director	1	32
Secretary I	1	14			

Commission for the Blind (606)

	<u>FTE</u>	<u>Pay Range</u>		<u>FTE</u>	<u>Pay Range</u>
Agency Director	1	32	Deputy Agency Director II	2	32
Administrative Assistant I	1	18			

Governor's Fiscal Year 2008 Exempt Salary Plan

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	3	32	Division Director III	1	34
Insurance Program Manager	1	28	Liaison Officer III	1	26

Labor Department (631)

	<u>FTE</u>	<u>Pay Range</u>		<u>FTE</u>	<u>Pay Range</u>
Cabinet Secretary	1	46	Deputy Cabinet Secretary	2	38
Division Director II	4	32	General Counsel	1	34
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	3	44			

Office of Workforce Training and Development (635)

	<u>FTE</u>	<u>Pay Range</u>		<u>FTE</u>	<u>Pay Range</u>
Administrative Assistant II	1	20	Deputy Director	1	32
Executive Director	1	36	Policy Analyst	1	26

Division of Vocational Rehabilitation (644)

	<u>FTE</u>	<u>Pay Range</u>
Division Director II	1	32

Governor's Fiscal Year 2008 Exempt Salary Plan

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>
Agency Director	1	32

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	Radiologist	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	5	32
General Counsel	1	34	Public Information Officer II	1	26
Special Projects Coordinator II	1	26			

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			

Governor's Fiscal Year 2008 Exempt Salary Plan

Veteran's 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
Children's Cabinet Director	1	26	Deputy Cabinet Secretary	2	38
Division Director II	5	32	Domestic Violence Coordinator	1	28
Executive Director of Volunteerism	1	24	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>
Consumer Specialist Supervisor	1	24

Corrections Department (770)

	<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	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 Range</u>
Agency Director	1	32

Governor's Fiscal Year 2008 Exempt Salary Plan

Department of Public Safety (790)

	<u>FTE</u>	<u>Pay Range</u>		<u>FTE</u>	<u>Pay Range</u>
Administrative Assistant III	3	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 I	1	24	Public Information Officer II	1	26
State Police Chief	1	34	Tribal Liaison	1	26

Department of Transportation (805)

	<u>FTE</u>	<u>Pay Range</u>		<u>FTE</u>	<u>Pay Range</u>
Adjutant Secretary	1	30	Agency Director	1	32
Assistant Public Information Officer	1	24	Assistant to the Deputy Cabinet Sec.	1	26
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 Range</u>		<u>FTE</u>	<u>Pay Range</u>
Cabinet Secretary	1	46	Chief Statistician	1	28
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	Secretary II	2	18
Special Projects Coordinator III	1	28			

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 Manager	1	22	CIMS Trainer	2	18
Communications Specialist	1	18	Deputy Director	1	32
Director 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	1	28
Information Systems Specialist	1	24	Maintenance Manager	1	24
Maintenance Specialist	3	22	Value Engineer	1	24
Planning & Design Manager	1	24	Project Technician	2	12
Regional Manager I	3	18	Regional Manager II	16	20
Regional Manager II	2	22	Secretary I	1	14
Secretary II	1	18	Senior Regional Manager	1	28
Special Projects Coordinator II	2	26	Technical Coordinator	1	18

Governor's Fiscal Year 2008 Exempt Salary Plan

Higher Education Department (950)

	<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	7	32
Executive Assistant	1	24	Public Information Officer II	1	26

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