

New Mexico Environment Department



OUR MISSION

Our mission is to protect and restore the environment and to foster a healthy and prosperous New Mexico for present and future generations.

OUR VALUES



SCIENCE

Using the best available science to inform our decision-making in protecting public health and the environment.



INNOVATION

Employing creative engineering and technological solutions to address environmental problems.



COLLABORATION

Engaging communities and interested stakeholders in environmental decision-making.



COMPLIANCE

Ensuring meaningful compliance with state regulations and permits.

Fiscal Year 2024

Our FY24 budget request will allow New Mexico to stand out as a national leader in developing clean energy and water infrastructure solutions that create jobs, strengthen our economy, and protect communities and their environment.

The New Mexico Environment Department (NMED) will:

- ✓ Lead the nation in developing a clean hydrogen economy as we race towards our ambitious climate goals.
- ✓ Secure once-in-a-lifetime federal funds and ensure they are quickly invested in communities.
- ✓ Modernize and improve our operations for businesses and communities.
- ✓ Retain and recruit mission-driven employees.

A Message to the New Mexico Legislature

With the support of the Governor and the Legislature, I proudly lead the Department's mission for the State of New Mexico. I am honored to continue to work you, the members of the Legislature, for New Mexicans.

In my tenure, I have come to understand that the Environment Department has one of the most complex budgets in state government – over 125 restricted funds spanning four divisions (P-Codes), 16 bureaus and four offices. Over 80% of this Department's funding sources are for non-discretionary duties related to core functions like permitting and compliance programs.

Our general fund is our only unrestricted revenue source but for your appropriation in House Bill 2. However, our general fund has historically accounted for 18% or less of our budget and is typically used to pay for cross-cutting functions, like human resources, finance and IT staff or contracts, leases, supplies, etc. And, we have not kept NMED's budget in pace with state revenues.

Topics and issues related to pandemics, wildfires, floods, nuclear waste, PFAS, border and tribal issues, and the pursuit of new federal funds, etc. are largely unfunded activities that continue to stress an already stressed workforce and under resourced agency.

I ask that you fully fund the Department's budget request to create a nimble Environment Department ready to respond to the coming challenges and opportunities we will face together while helping us maintain our core services.

Sincerely,

James C. Kenney
Cabinet Secretary

New Mexico State Budget and the New Mexico Environment Department Budget



The State of New Mexico's general fund has increased **20%** or **\$1.4 billion** from FY11 to FY23, as adjusted for inflation.



The New Mexico Environment Department general fund has increased **4.7%** or **\$919,000** from FY11 to FY23, as adjusted for inflation, or is **\$2.3 million less** than if NMED received the same percentage of total recurring general fund appropriations in FY23 as it received in FY11.

Learn more about our Agency's performance on our website:



Base Budget [Recurring Funding]:

+ **\$3.4M** in general fund or a 16.8% increase over FY23.

- 1) \$2.5M supports centralizing building lease costs, a strategic shift in our budget to increase services to New Mexicans while increasing our program support functions.
- 2) \$900K begins to mitigate a payroll shortfall created from the 7% pay raise in FY22 and FY23 to maintain continuity of services.

Special Appropriation [Non-Recurring Funding]:

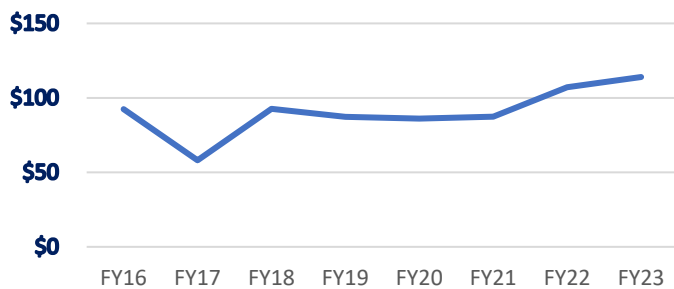
+ **\$32.1M** in one-time funding for the following projects:

- 1) \$8.5M for community revitalization through clean-up of contaminated groundwater sites.
- 2) \$5.5M to implement water reuse strategies, including the Water Task Force recommendations and the Produced Water Act.
- 3) \$4.1M for climate-related work, including required U.S. DOE clean hydrogen hub cost-share funding and reducing carbon emissions from the transportation sector.
- 4) \$3.0M to assess business operations, workforce needs, and optimize leased spaces.
- 5) \$2.8M for non-federal match for Superfund sites.
- 6) \$2.0M for required air quality regulatory changes stemming from southeast New Mexico's violation of federal air quality standards.
- 7) \$1.5M for increased compliance assurance activities related radioactive material licenses.
- 8) \$1.25M to benefit New Mexicans who cannot afford to replace/repair leaking septic systems (i.e., implement Liquid Waste Indigent Fund).
- 9) \$825K to improve core business operations.
- 10) \$750K for broad workplace safety education training regarding heat stress and specific workplace safety education related to the cannabis and film industries.
- 11) \$680K to develop a surface water discharge program that meets federal requirements to allow NMED to issue permits.
- 12) \$650K to establish a retiree worker program.
- 13) \$360K to improve wastewater utility operator certification services.
- 14) \$150K to support/improve internal financial services.

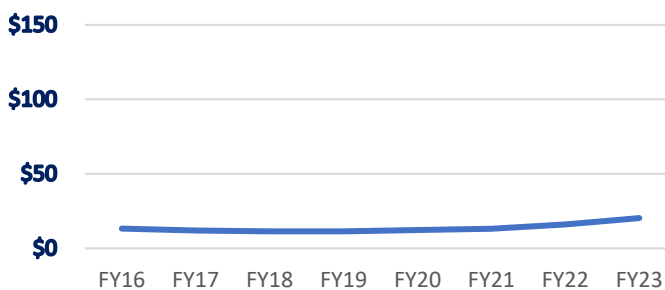
FY23 vs. FY24 Budget Comparison

	FY23	FY24
Base Operating Budget	\$114.0M	\$119.1M
✓ General Fund	\$20.3M	\$23.7M
✓ Special Revenue Funds	\$57.4M	\$60.4M
✓ Federal Grants	\$36.3M	\$35.0M
Special Appropriations	\$1.9M	\$32.1M

Operating Budget - All Funds
FY16 - FY23, Millions



Operating Budget - General Fund
FY16 - FY23, Millions



Learn more about our Agency's performance on our website:



FY24 Budget Roadmap:

Optimize our existing funds to make every dollar work harder:

1. Maximize spending of special revenue funds and federal funds for staff salary expenses to generate the maximum indirect revenues.
2. Use general fund for non-indirect generating expenses, like leases.
3. Favor federal funds, special revenue funds and indirect revenues for personnel costs as opposed to general fund.

Result:

- ✓ NMED can “free up” \$1.8M to create and fund approximately 15 positions that will improve our services for businesses and communities.
- ✓ This will generate over \$350,000 in indirect revenue for our support services, like Human Resources, Finance Staff, IT, etc.
- ✓ Corrects the historical and improper use of restricted special revenue funds and federal funds for paying for unauthorized expenses.

This strategy will free up funding for the Drinking Water, Environmental Health, Hazardous Waste, Ground Water Quality, Construction Programs, Surface Water Quality, Solid Waste, and Radiation Control Bureaus.

Workload Snapshot

Based on current staffing levels, it would take many of our regulatory programs years to assure compliance by all permitted or licensed facilities.

- ✓ **OSHA** – 5,670 regulated facilities per inspector; it would take this team **24 years** to visit each site.
- ✓ **Petroleum Storage Tanks** – Two staff oversee 4,346 storage tanks; it would take **9.25 years** to inspect all tanks in the state.
- ✓ **Air Quality Bureau** – 22 filled permitting and enforcement staff spend about 10% of their time on compliance inspections; it would take **6.5 years** to inspect all permittees.
- ✓ **Ground Water Quality Bureau** – 8 filled permitting and enforcement staff spend about 10% of their time on inspections; it would take **2.5 years** to inspect all permittees.

Recruitment and Retention Snapshot

Propelled by high vacancy rates and long human resource action processing times, the New Mexico State Personnel Office (SPO) delegated authority to NMED to approve certain personnel transactions, including in-band pay adjustments, without the need for SPO approval. As a part of the delegation, SPO audits transactions to ensure the department meets personnel rules.

- ✓ From January 2022 - June 2022, NMED processed approximately 63 personnel actions that would have otherwise needed SPO approval.
- ✓ From July 2022 - September 2022, NMED processed over 275 personnel actions.
- ✓ The time to fill new and vacant positions has reduced from over 200 days in FY22 to 60 days or less in many cases.
- ✓ NMED also initiated a department-wide recruitment and retention effort providing incentives such as voluntary duty station changes, personal time off granted upon referral by current employees of candidates who are hired, extra personal time off to the new employee, and cash incentives to eligible retirees who provide 12 months' notice before retiring.

Employee Exit Interview Snapshot

- ✓ Private/public sector opportunities with greater compensation/flexibility.
- ✓ Greater earning potential for less complex work at other state agencies.
- ✓ Frustration from lack of proper compensation related to the volume, pace, and complexity of work.

Vacancy Rate: 21.7% (FY23Q1)

521 staff persons out of **668** funded positions.

Learn more about our Agency's performance on our website:

