A Message from Secretary Kenney

Dear Honorable Legislators,

Thank you for your consideration of our Fiscal Year 2025 (FY25) budget request and your past support of the New Mexico Environment Department.

Our recurring request is straightforward: +$6.1M in recurring general fund to appropriately compensate our employees; and +$825K in recurring general fund to pay for our leased office space across the state. We are also seeking one-time funds to advance specific projects.

With your support, we can advance the following goals:

- Create and support economic development opportunities stemming from the Bipartisan Infrastructure Law and Inflation Reduction Act, like clean hydrogen, uranium mining clean-up, and brackish water desalination.
- Protect communities from emerging public health concerns (e.g., creating an OSHA employer heat stress standard) and mitigating environmental contaminants (e.g., per and polyfluoroalkyl substances (PFAS)).
- Protect the public health and the environment through innovative and traditional compliance assurance activities and assessing civil penalties for violations. This includes the federal government installations as well as the private sector.

This budget request is essential to stem legal risks to the state from employee grievances, litigation, and adverse judgements. In addition, this budget request will allow us to meet the moment in aligning historic public and private investments with our climate, air, water, waste, and other goals while better protecting our communities.

Sincerely,

James C. Kenney
Cabinet Secretary
North Carolina’s 2023 Appropriations Act included permit fee adjustments for 28 programs to support the delivery of services and state employee salaries. Prior to the state budget, the fees for most of these programs remained unchanged since 2007, while the technical demands, operating costs and salary requirements for the programs continued to increase.

In FY 2021, 79% of staff salaries below midpoint. TCEQ was appropriated $36 million from its legislature in FY24 and another $36 million in FY25 to appropriately compensate its 2,700 employees.

### Environmental Agency Funding

#### Environmental Agency Funding Snapshot

<table>
<thead>
<tr>
<th>How do legislatures fund environmental agencies nationally?</th>
<th>61% Federal Funds</th>
<th>27% Permit Fees</th>
<th>12% General Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>How does the New Mexico Legislature fund NMED?</td>
<td>40% Federal Funds</td>
<td>43% Permit Fees</td>
<td>17% General Fund</td>
</tr>
</tbody>
</table>

Nationally: In the last 20 years, federal funds have not increased for staffing or inflationary costs. New Mexico: Permit fees have not increased for staffing or inflationary costs.

### FY25 Executive and LFC Recommendations

#### Base Budget/General Fund Recurring Funding

<table>
<thead>
<tr>
<th>Recurring General Fund Increase</th>
<th>Executive</th>
<th>LFC</th>
<th>HAFC</th>
<th>SFC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel Compensation (Appropriate Placement)</td>
<td>+$6,916,700</td>
<td>+$1,264,700</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other costs (Leased space)</td>
<td>+$6,091,400</td>
<td>+$0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other costs</td>
<td>+$825,300</td>
<td>+$1,264,700</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### One-Time Funding

<table>
<thead>
<tr>
<th>One-Time Funding</th>
<th>Executive</th>
<th>LFC</th>
</tr>
</thead>
<tbody>
<tr>
<td>50-year water plan implementation*</td>
<td>$8,000,000</td>
<td>$0</td>
</tr>
<tr>
<td>Emerging Contaminants, including PFAS and illicit drugs</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Enhanced compliance and enforcement</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Surface water permitting program</td>
<td>$600,000</td>
<td>$600,000</td>
</tr>
<tr>
<td>Digital Self-Service Portal^</td>
<td>$1,600,000</td>
<td>$800,000</td>
</tr>
<tr>
<td>Document Digitization and Management^</td>
<td>$1,600,000</td>
<td>$1,600,000</td>
</tr>
</tbody>
</table>

* ARPA Appropriation Recommendation
^ IT Appropriation Recommendation
Union Grievance

• Prior to submitting our FY2025 budget request, NMED calculated the cost of appropriate placement per employee across the agency.

• On September 1, 2023, NMED submitted its FY2025 budget request to the Department of Finance and Administration.

• On September 6, 2023, Communication Workers of America (CWA) Local 7076 filed a grievance alleging pay discrimination, stating over 90% of bargaining unit employees are not appropriately placed (both pay bands and pay rates).

Civil Penalties to General Fund

$1,086,858 in civil penalties collected and returned to the general fund in FY23.

$3,641,055 in civil penalties collected or agreed to in FY24.

Potential Risks to the State

Lawsuit says New Mexico has failed to protect the environment, communities from oil and gas

Paul and Mary Ann Atencio sometimes hear a loud boom. This boom, they have been told, occurs when an 18-inch high pressure pipeline that runs down the road by their house is cleaned out. They aren’t told when this will occur and, when it does, they say that they can hear and smell the gaseous [...]
Workload Snapshot

- There are 6,804 regulated facilities per inspector in our OSHA Bureau. If the employees inspected one facility per day, it would take this team 29 years to visit each site.

- The Air Quality Bureau had 16 filled permitting and enforcement staff spending about 10% of their time on compliance inspections. With this staffing level and distribution of work, it would take 9.6 years for the team to visit all permittees. This does not include the vast majority of smaller air-emitting sources, including the majority of oil and gas operations.

- The Ground Water Quality Bureau’s Pollution Prevention Section has eight filled permitting and enforcement staff spending about 10% of their time on compliance inspections. With this staffing level and distribution of work, it would take more than two years for the team to visit all permittees.

- The Drinking Water Bureau recently created a second position focused on providing infrastructure funding support to the 1,068 public systems in New Mexico. Unfortunately, both positions are now vacant after a longtime employee advanced within NMED to a higher-paying position.

- Over one million acres of freshwater wetlands in New Mexico are overseen by three FTEs or 333,333 acres per person. This work is even more critical following the U.S. Supreme Court’s recent ruling that dramatically limits the authority to protect wetlands under the federal Clean Water Act.

- The OSHA Bureau’s has four staff to serve 68,041 employers, or 17,010 employers per person, which limits the program’s opportunity to help employers prevent fatalities, amputations, or injuries resulting from occupational hazards.

- The Surface Water Quality Bureau’s monitoring team oversees 6,698 miles of perennial (present year-round) streams, 190,225 miles of non-perennial streams, and 85,369 acres of publicly owned lakes, with only two filled positions responsible for developing water quality standards and four filled positions collecting all water quality data.

- Each of the Construction Programs Bureau Technical Section’s four staff manages 149 water infrastructure projects per person.