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FISCAL IMPACT REPORT

ORIGINAL DATE
SPONSOR Hall & Varela **LAST UPDATED** 2/23/15 **HB** 5

SHORT TITLE General Appropriation Act of 2015 **SB** _____

ANALYST Lucero

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY15	FY16		
	\$6,275,229.4	Recurring	General Fund
	\$3,935,186.6	Recurring	Other State Funds
	\$488,094.8	Recurring	Internal Service/Inter-Agency Transfers
	\$7,371,687.4	Recurring	Federal Funds
\$152,823.4		Nonrecurring	General Fund
\$29,902.1		Nonrecurring	Other State Funds
\$25,677.1		Nonrecurring	Federal Funds

(Parenthesis () Indicate Expenditure Decreases)

House Bill 5 conflicts with House Bill 2 which represents the executive recommendation for funding the operations of state government.

House Bill 5 relates to House Bill 1 (the "Feed Bill") which funds the operations of most legislative agencies.

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of Bill

House Bill 5 appropriates money from the general fund, other revenue, internal services funds/interagency transfers, and federal funds for the FY16 operation of state agencies, higher education and public schools and certain FY15 expenses. The bill represents the Legislative Finance Committee recommendations for funding the operations of state government.

House Bill 5 – Page 2

Recurring general fund appropriations total \$6.275 billion an increase of \$140.1 million, or 2.3 percent, over the previous General Appropriation Act (GAA) while leaving reserves at 8.2 percent.

Notable appropriation increases include funding for education, early childhood initiatives, public health, workforce development and economic growth, public safety, and the protection of vulnerable citizens. Targeted increases included enrollment growth in the Medicaid program, at-risk student funding in public and higher education, healthcare workforce development, substance abuse, behavioral health, higher minimum teacher salaries, and job creation.

In summary, funding public schools increased \$71 million, or 2.6 percent, including \$30.1 million for targeted minimum salary increases for educators contingent on enactment of legislation revising the three-tiered licensure system and \$10.1 million for initiatives including early childhood education, teacher quality, and school improvement. Funding for higher education increased \$18.8 million, or 2.2 percent including \$13.8 million for instruction and general (I&G) formula funding, \$470 thousand for the University of New Mexico Health Sciences Center instruction and general expenditures, \$3.1 million for research and public service projects, and \$1.4 million for student financial aid programs and adult basic education.

The bill increases funding for early childhood initiatives by nearly \$25 million, a 10 percent increase over FY15 appropriations and includes \$6.5 million for early literacy programs and the K-3 Plus extended school year program, \$13.6 million for prekindergarten, \$3.8 million for home visits to families with infants, and \$300 thousand to support provider training and education advancement.

The recommendation includes an additional \$20.8 million in tobacco settlement program funds for Medicaid (contingent on enactment of legislation in the 2015 legislative session authorizing the transfer), bringing the total to \$30 million including \$1.3 million for breast and cervical cancer treatment.

Nonrecurring general fund appropriations for special, supplemental, and deficiency items totaled \$152.8 million including \$12 million for the computer systems enhancement fund. A significant portion of the funding, \$76 million, is to address deficiencies, including a \$60 million shortfall in Medicaid, in prior fiscal years. Other notable appropriations include \$30 million for Local Economic Development Act (LEDA) projects to recruit new businesses to the state and assist existing businesses expand, \$5.5 million for the Job Training Incentive Program, \$4 million for the Office of the State Engineer and the Attorney General's Office for water litigation, and \$5 million to increase endowments for faculty and researchers at New Mexico colleges and universities.

Unless otherwise indicated in the bill, appropriations from the general fund revert to the general fund as the end of FY16, unless otherwise indicated or provided by law. Notable exceptions include higher education institutions and public schools.

Section 1, Short Title (page 1);

Section 2, Definitions (pages 1 - 3);

Section 3, General Provisions (pages 3 – 5)

Section 4, Fiscal Year 2016 Appropriations (pages 5 - 172);

Section 5 Special Appropriations (pages 172 - 178);

Section 6, Supplemental and Deficiency Appropriations (pages 179 - 181);

Section 7, Data Processing Appropriations (pages 181 - 184);

Section 8, Appropriation Adjustment (pages 184);

Section 9, Severability (page 184).

FISCAL IMPLICATIONS

The appropriations contained in this bill can be summarized as follows:

	General Fund	Other State Funds	Internal Service Funds/ InterAgency Trnsfrs	Federal Funds	Total
Legislative	\$ 4,380.9	\$ -	\$ -	\$ -	\$ 4,380.9
Judicial	\$ 229,195.5	\$ 26,268.6	\$ 6,668.2	\$ 2,532.5	\$ 264,664.8
General Control	\$ 188,304.3	\$ 1,413,672.8	\$ 56,621.3	\$ 12,834.8	\$ 1,671,433.2
Commerce and Industry	\$ 54,656.4	\$ 76,390.3	\$ 17,362.1	\$ 2,624.5	\$ 151,033.3
Ag, Energy & Ntrl Res	\$ 75,478.0	\$ 98,688.2	\$ 19,940.6	\$ 35,848.7	\$ 229,955.5
Health, Hospitals & Human Svcs	\$ 1,665,110.3	\$ 320,548.0	\$ 315,117.2	\$ 5,730,720.8	\$ 8,031,496.3
Public Safety	\$ 418,634.5	\$ 28,538.9	\$ 25,072.1	\$ 71,372.9	\$ 543,618.4
Transportation	\$ -	\$ 434,121.5	\$ -	\$ 408,612.4	\$ 842,733.9
Other Education	\$ 117,617.1	\$ 26,735.9	\$ 3,536.0	\$ 33,074.0	\$ 180,963.0
Higher Education	\$ 857,455.9	\$ 1,507,547.0	\$ 43,777.3	\$ 659,864.5	\$ 3,068,644.7
Public School Support	\$ 2,668,896.5	\$ 2,675.4	\$ -	\$ 414,202.3	\$ 3,085,774.2
Total Section 4	\$ 6,279,729.4	\$ 3,935,186.6	\$ 488,094.8	\$ 7,371,687.4	\$ 18,074,698.2
Section 8 Appropriation Adjustment	\$ (4,500.0)	\$ -	\$ -	\$ -	\$ (4,500.0)
Total Recurring	\$ 6,275,229.4	\$ 3,935,186.6	\$ 488,094.8	\$ 7,371,687.4	\$ 18,070,198.2
Specials	\$ 60,023.7	\$ 13,270.0	\$ -	\$ -	\$ 73,293.7
Supplemental & Deficiency	\$ 92,799.7	\$ 937.1	\$ -	\$ 20,097.1	\$ 113,833.9
Data Processing	\$ -	\$ 15,695.0	\$ -	\$ 5,580.0	\$ 21,275.0
Total Nonrecurring	\$ 152,823.4	\$ 29,902.1	\$ -	\$ 25,677.1	\$ 208,402.6

OTHER SUBSTANTIVE ISSUES

Section 8 appropriation adjustment contained in this bill authorizes the Department of Finance and Administration to adjust Section 4 appropriations for General Service Department unemployment compensation, employee health group insurance, and leased vehicle rates by \$4.5 million.

DL/je/aml