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## FISCAL IMPACT REPORT

SPONSOR Lundstrom ORIGINAL DATE 5/24/17  
 LAST UPDATED \_\_\_\_\_ HB 1

SHORT TITLE Supplemental General Appropriation Act SB \_\_\_\_\_

ANALYST Lucero

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY17	FY18		
	\$763,865.7	Recurring	General Fund
\$1,233.0	\$1,149.6	Nonrecurring	General Fund
	\$1,515,060.5	Recurring	Other state Funds
	\$2,708.8	Nonrecurring	Other state Funds
	\$10,977.5	Recurring	Internal Service/Inter-Agency Transfers
	\$612,006.1	Recurring	Federal Funds

(Parenthesis ( ) Indicate Expenditure Decreases)

House Bill 1 conflicts with House Bill 3 which represents the executive recommendation for restoring vetoed appropriations for legislative and higher education institutions.

### SOURCES OF INFORMATION

LFC Files

### SUMMARY

#### Synopsis of Bill

House Bill 1 appropriates money from the general fund, other state funds, internal services funds/interagency transfers, and federal funds for FY18 for the operation of legislative agencies and higher education institutions in fiscal year 2018. The appropriations in the bill generally reflect vetoed items in the 2017 General Appropriation Act (House Bill 2).

House Bill 1 appropriates \$208.8 thousand from legislative cash balances to various legislative agencies for the purpose of funding the necessary expenses of the First Special Session of the Fifty-Third Legislature.

## House Bill 1 – Page 2

Recurring general fund appropriations total \$763.8 million, a decrease of \$7.3 million, or -0.9 percent, from the adjusted FY17 level.

Nonrecurring general fund appropriations total \$2.38 million.

Section 1, Short Title (page 1);

Section 2, Definitions (pages 1 - 2);

Section 3, General Provisions (pages 2 – 4)

Section 4, Fiscal Year 2018 Appropriations (pages 4 - 34);

Section 5 Special Appropriations (pages 34 - 36);

Section 6, Supplemental (page 36);

Section 7, Special Session Appropriations (pages 36 - 37);

Section 8, Severability (page 37).

## FISCAL IMPLICATIONS

Appropriations totaling \$763.8 million include \$19 million for legislative offices and other interim expenses and \$744.8 million for higher education institutions and are a recurring expense to the general fund for FY18.

Nonrecurring special appropriations totaled \$3.65 million, including general fund appropriations of \$400 thousand for a tax study, \$150 thousand for a Capital Buildings Planning Commission Master Plan, \$99.6 thousand for National Center for State Court dues, and \$500 thousand for student financial aid. Other state funds appropriations total \$2.5 million and include \$1 million from legislative cash balances for repairs, security, and infrastructure upgrades in the Capitol building, \$1 million from University of New Mexico unrestricted cash balances for the Cancer Center at the Health Sciences Center, and \$500 thousand from cash balances in the special programs fund of the Higher Education Department for student financial aid. The bill also includes a contingent special appropriation of \$26.4 million for hospital provider rate increases in Medicaid from County Supported Medicaid funds.

The bill allows the Public Education Department (PED) to increase the preliminary unit value by up to \$16.00 for FY18. Often, the preliminary unit value is adjusted in the second half of the school year, and school districts receive a supplementary distribution from the final unit value. Despite student membership data indicating a decrease in total units for FY18, PED projected an increase in FY18 total units when setting the preliminary unit value. Analysis indicates the preliminary 2017-2018 unit value and number of units set by PED could be adjusted to distribute \$10 million earlier in the school year to school districts statewide. Language in the bill authorizes the department to use cash balances in the state-support reserve fund and up to \$10 million from the general fund operating reserve to address potential shortfalls resulting from the additional \$16.00 unit value increase.

Also included is a \$1.2 million supplemental appropriation to the Administrative Office of the Courts for fiscal year 2017 shortfalls in magistrate courts.

**House Bill 1 – Page 3**

The appropriation of \$208.8 thousand in other state funds contained in this bill is to fund the expenses of the First Special Session of the Fifty-Third Legislature and is a nonrecurring expense from legislative cash balances. The funds are appropriated as follows:

House expenses \$114.5 thousand  
 Senate expenses \$ 72.3 thousand  
 Legislative Council Service \$22 thousand

	General Fund	Other State Funds	Internal Service Funds/ InterAgency Trnsfrs	Federal Funds	Total
Legislative	\$ 19,016.8				\$ 19,016.8
Higher Education Institutions	\$ 744,848.9	\$ 1,515,060.5	\$ 10,977.5	\$ 612,006.1	\$ 2,882,893.0
<b>Total Recurring</b>	<b>\$ 763,865.7</b>	<b>\$ 1,515,060.5</b>	<b>\$ 10,977.5</b>	<b>\$ 612,006.1</b>	<b>\$ 2,901,909.8</b>
Specials	\$ 1,149.6	\$ 2,500.0	\$ -	\$ -	\$ 3,649.6
Supplemental	\$ 1,233.0	<sup>A</sup>	\$ -	\$ -	\$ 1,233.0
Special Session Appropriations		\$ 208.8			\$ 208.8
<b>Total Nonrecurring</b>	<b>\$ 2,382.6</b>	<b>\$ 2,708.8</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,091.4</b>

<sup>A</sup>. \$26.4 million contingent appropriation for certain Medicaid hospital rate increases from the County Supported Medicaid Fund

Unless otherwise indicated in the bill or law, appropriations from the general fund revert to the general fund at the end of FY18.

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**Special Session General Appropriation Act**

HB1 Supplemental GAA					
	General Fund	OSF	ISF/IAT	FF	Total
1 Section 1 Short Title					
2 Section 2 Definitions					
3 Section 3 General Provisions					
4 Section 4 Appropriations					
5 Legislative Council Service	\$ 5,660.0				\$ 5,660.0
6 Legislature	\$ 1,386.0				\$ 1,386.0
7 Legislative Finance Committee	\$ 4,220.3				\$ 4,220.3
8 Senate Chief Clerk	\$ 1,130.3				\$ 1,130.3
9 House Chief Clerk	\$ 1,097.7				\$ 1,097.7
10 Legis Education Study Comm	\$ 1,233.4				\$ 1,233.4
11 Legislative Council Services					\$ -
12 Building Svcs & Energy Dues	\$ 4,054.9				\$ 4,054.9
13 Council of State Governments	\$ 95.5				\$ 95.5
14 National Conf of State Legislatures	\$ 127.1				\$ 127.1
15 National Conference of Insurance Legislators	\$ 8.9				\$ 8.9
16 National Conference of Legislators from Gaming States	\$ 2.7				\$ 2.7
17 Higher Education Institutions	\$ 744,848.9	\$ 1,515,060.5	\$ 10,977.5	\$ 612,006.1	\$ 2,882,893.0
18					
19 Section 5 Special Appropriations					\$ -
20 LCS - Capitol Repairs, Security and Infrastructure Upgrades		\$ 1,000.0			\$ 1,000.0
21 LCS - Capital Planning, Master Plan	\$ 150.0				\$ 150.0
22 LCS - Tax Study	\$ 400.0				\$ 400.0
23 AOC - National Center for State Courts	\$ 99.6				\$ 99.6
24 HSD - Hospital Provider Rates *		*			\$ -
25 HED - Student Financial Aid	\$ 500.0	\$ 500.0			\$ 1,000.0
26 PED (adjust unit value) <sup>2</sup>	Language				
27 UNM - HSC balance for Cancer Center		\$ 1,000.0			\$ 1,000.0
28 Section 6 Supp/Deficiency Approps					\$ -
29 AOC - Magistrate Court Leases	\$ 1,233.0				\$ 1,233.0
30					
31 Section 7 (Lundstrom) Legislative Approps					\$ -
32 LCS - Feed Bill (5 days)		\$ 208.8			\$ 208.8
33					\$ -
34 Section 8 Severability					\$ -
35					
	\$ 766,248.3	\$ 1,517,769.3	\$ 10,977.5	\$ 612,006.1	\$ 2,907,001.2

\* \$26 million other state funds contingent on a bill that broadens the gross receipts tax base and authorizes additional distributions to the county-supported Medicaid fund for increases to inpatient and outpatient hospital rates, including five million dollars (\$5,000,000) for rate increases at hospitals classified during fiscal year 2017 as smallest and small for the purpose of receiving payments for uncompensated care from the safety net care pool fund.

<sup>2</sup> The bill allows the Public Education Department (PED) to increase the preliminary unit value by up to \$16.00 for FY18.