

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current and previously issued FIRs are available on the NM Legislative Website (www.nmlegis.gov).

FISCAL IMPACT REPORT

ORIGINAL DATE 2/2/2020
 SPONSOR HAFC LAST UPDATED 2/18/2020 HB CS/2&3/aSFC
 SHORT TITLE General Appropriation Act of 2020 SB _____
 ANALYST Sallee

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY20	FY21		
	\$7,538,069.8	Recurring	General Fund
	\$4,258,348.9	Recurring	Other State Funds
	\$751,966.1	Recurring	Internal Service Funds/Interagency Transfers
	\$8,341,080.5	Recurring	Federal Funds
\$841,506.1		Nonrecurring	General Fund
\$180,664.2		Nonrecurring	Other State Funds
\$37,916.8		Nonrecurring	Internal Service Funds/Interagency Transfers
\$133,750.8		Nonrecurring	Federal Funds

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB 1

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of Bill

House Appropriations and Finance Committee Substitute for House Bills 2 and 3 appropriates money from the general fund, other revenue, internal services funds/interagency transfers, and federal funds for the FY21 operation of state agencies, higher education, and public schools.

- Section 1, Short Title;
- Section 2, Definitions;

- Section 3, General Provisions;
- Section 4, Fiscal Year 2021 Appropriations;
- Section 5 Special Appropriations;
- Section 6, Supplemental and Deficiency Appropriations;
- Section 7, Data Processing Appropriations;
- Section 8, Compensation Appropriations;
- Section 9, Special Transportation Appropriations;
- Section 10, Fund Transfers;
- Section 11 Additional Fiscal Year 2020 Budget Adjustment Authority;
- Section 12, Certain Fiscal Year 2021 Budget Adjustments Authorized;
- Section 13, Transfer Authority and
- Section 14, Severability.

FISCAL IMPLICATIONS

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

CS/HB 2&3/aSFC					
Agency	General Fund	Other State Funds	Internal Service Funds/ Interagency Transfers	Federal Funds	Total
Section 4. Recurring Appropriations					
A. LEGISLATIVE	\$4,477.4	\$0.0	\$0.0	\$0.0	\$4,477.4
B. JUDICIAL	\$332,924.7	\$22,846.8	\$12,354.7	\$6,248.0	\$374,374.2
C. GENERAL CONTROL	\$156,582.7	\$1,516,765.3	\$114,256.2	\$15,525.6	\$1,803,129.8
D. COMMERCE AND INDUSTRY	\$69,071.3	\$81,216.5	\$105,599.2	\$810.0	\$256,697.0
E. AGRICULTURAL, ENERGY AND NATURAL RESOU	\$80,372.9	\$93,902.7	\$17,170.5	\$40,790.6	\$232,236.7
F. HEALTH, HOSPITALS AND HUMAN SERVICES	\$2,074,284.8	\$298,304.5	\$427,301.7	\$6,652,525.4	\$9,452,416.4
G. PUBLIC SAFETY	\$496,461.8	\$27,364.3	\$23,804.8	\$76,393.9	\$624,024.8
H. TRANSPORTATION	\$0.0	\$578,821.0	\$6,371.9	\$404,137.5	\$989,330.4
I. OTHER EDUCATION	\$47,219.0	\$58,451.3	\$541.4	\$37,452.6	\$143,664.3
J. HIGHER EDUCATION	\$905,553.4	\$1,573,676.5	\$44,565.7	\$620,896.9	\$3,144,692.5
K. PUBLIC SCHOOL SUPPORT	\$3,371,121.8	\$7,000.0	\$0.0	\$486,300.0	\$3,864,421.8
Recurring Grand Total	\$7,538,069.8	\$4,258,348.9	\$751,966.1	\$8,341,080.5	\$20,889,465.3
Sections 5,6,7,8,9 & 10 Non-Recurring Appropriations					
Section 5. Special Appropriations	\$175,765.4	\$113,509.1	\$6,250.0		\$295,524.5
Section 6. Supplemental and Deficiency Appropriations	\$42,869.8	\$7,134.0	\$31,666.8	\$78,714.5	\$160,385.1
Section 7. Information Technology Appropriations		\$60,021.1		\$55,036.3	\$115,057.4
Section 8. Compensation	\$65,870.9				\$65,870.9
Section 9. Other Special Transportation Appropriations	\$180,000.0				\$180,000.0
Section 10. Fund Transfers	\$377,000.0				\$377,000.0
Non-Recurring Grand Total	\$841,506.1	\$180,664.2	\$37,916.8	\$133,750.8	\$1,193,837.9

Unless otherwise indicated in the bill, appropriations from the general fund revert to the general fund at the end of FY19, or unless otherwise indicated or provided by law.

OTHER SUBSTANTIVE ISSUES

Highlights of HAFC Substitute for HB2, 2020 General Appropriation Act, as amended by the Senate Finance Committee.

HB 2, as amended by the Senate Finance Committee (SFC), along with HB1, the legislative feed bill, make FY21 recurring General Fund appropriations of \$7.621 billion. This is an increase of \$536 million or 7.6 percent over the FY20 General Fund operating budget. The SFC amended bill provides compensation increases for all public employees, including all public school employees, at an average of 4 percent and maintains the targeted compensation for judges, district attorney lawyers, prison guards, dispatchers, forensic scientists and state police. The SFC amended bill also further increases appropriations for higher education to \$905.5 million or 4.4 percent above FY20. The amended bill includes \$32 million in total funding for a package of financial aid programs, including a new targeted Opportunity Scholarship to cover 100 percent of tuition and fees, and funding for Lottery Scholarship recipients that will cover 83 percent of tuition costs for eligible students next year. The amended HB 2 makes other adjustments, including providing for provider rate increases for senior services and Medicaid providers. Finally, the amended bill reduces nonrecurring appropriations by \$142.5 million, including roads, and includes an additional \$20 million for the new early childhood endowment fund for a total transfer of \$320 million. General fund reserves would be \$1.9 billion, or 25 percent of recurring appropriations.

Public Education. The amended HB 2 increases FY21 General Fund appropriations for public education by \$216.8 million or 6.7 percent over the FY20 operating budget, with another \$93 million in total revenue for nonrecurring education-related initiatives. Total General Fund recurring appropriations for public education are \$3.47 billion. HB 2 makes appropriations to further increase the SEG's at-risk factor by \$50 million, a 20 percent increase to the \$255 million in the current operating budget. The bill provides teachers an average 4 percent salary increase along with 4 percent for the rest of public school employees, increases funding for new teacher induction and mentorship, professional development, and evidence-based early literacy programs. Finally, HB 2, as amended, includes almost \$19 million for facilities and maintenance costs at school districts with federally connected students residing on tribal lands and \$13.5 million for the development and purchase of culturally relevant instructional materials.

Higher Education. HB 2, as amended, makes appropriations to higher education institutions and the Higher Education Department of \$905.5 million and another \$33 million for faculty and staff compensation increases to average 4 percent. HB 2 includes \$18 million more than the FY20 operating budget to increase formula funding for instruction and general purposes with no performance formula base shave which ensures every institution is rewarded for their work. The bill also makes adjustments with increases for several research and public service projects and includes \$32 million for a student financial aid package. The amended bill creates a new targeted Opportunity Scholarship to cover unmet tuition and fees for full-time students receiving the Lottery Scholarship or who are returning adult students at community colleges. Federal Pell grants would be excluded from the calculations of unmet need, and the bill further boosts funding for state work study funding for returning adults receiving the new scholarship. Finally, HB 2 includes a one-time \$9.7 million increase for the Lottery Tuition Scholarship – estimated to increase tuition coverage from 65 percent to 83 percent – which would also benefit Opportunity Scholarship recipients.

Early Childhood. Funding increases for the new Early Childhood Education and Care Department total almost \$40 million from the general fund or almost 23 percent, largely for child care assistance and 3-and-4 year old private prekindergarten. HB 2 sub increases public school prekindergarten almost 30 percent to almost \$52 million.

Health and Human Services. General fund appropriations to the Human Services Department tops \$1.2 billion, an almost 7 percent increase, for Medicaid medical inflation, increased use of services, targeted provider rate increases, and evidence-based housing and jail reentry behavioral health programming. The general fund appropriations to the Health Department are \$318 million and fund DD waiver provider rate increases and additional services for removing people from the wait list and creating a new supports waiver. The General Fund appropriation to the Children, Youth and Families Department is up about \$13 million or 6 percent with significant increases for child protective services and children’s behavioral health services.

Corrections and Public Safety. The General Fund appropriation for the Corrections Department is up \$18.8 million or 5.8 percent with increases for the state taking over the private prison in Clayton, additional targeted salary increases for prison guards, cost increases for new medical contract, a private prison COLA and evidence-based recidivism reduction programming. HB 2 increases general fund appropriations for the Department of Public Safety by \$10.4 million, or 7.3 percent to expand the state police force, provide additional targeted compensation increases and appropriates non-recurring general fund appropriations for vehicle replacements.

Judiciary. HB2, as amended, sub include \$191.5 million from the general fund for the courts, an increase of \$7.7 million, or 4.2 percent. The bill includes a total pay increase for judges of 7 percent, three percent in each court’s base budget and four percent across-the-board increases for all state employees and expands pretrial services. For District Attorneys’ offices, HB2 increases funding by \$3.5 million, or 4.5 percent, and includes 6 percent targeted pay increases for attorney positions. Funding for the Public Defender increases by \$2.9 million, or 5.2 percent, and includes increases for contract attorneys.

Natural Resources. HB2, as amended, increases funding for the State Engineer by \$1.8 million, or 9.4 percent; Energy, Minerals and Natural Resources Department by \$1.2 million, or 5.3 percent; Environment Department by \$1.8 million, or 14.6 percent.

Special and Supplemental Appropriations and Fund Transfers. HB2, as amended, has general fund special and supplemental appropriations of \$218 million, including \$52 million for information technology, \$15 million for LEDA projects, \$4 million for job training, \$9 million for LEDA and \$1 million for education and training programs in Cibola and McKinley counties to the closure of a power plant in Prewett, \$17 million for the State Engineer for interstate compact compliance on the lower Rio Grande, \$25 million in general fund and other state funds for Hepatitis C treatment in prisons, and \$5.1 million for state vehicles. HB 2 also includes \$68 million in appropriations from the public education reform fund. HB2 provides for \$377 million in fund transfers from the general fund to other funds, including \$320 million to an early childhood endowment fund and \$55 million to PERA to implement legislation authorizing a noncompounding cost-of-living adjustments for the next three years to retirees.

Transportation. HB2 sub includes \$180 million from the general fund for additional road funding which may be used for projects named in the section, for equipment, maintenance, or rest area improvements statewide.