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FISCAL IMPACT REPORT

ORIGINAL DATE 02/02/21

SPONSOR Lundstrom/Small LAST UPDATED _____ HB 117

SHORT TITLE General Appropriation Act of 2021 SB _____

ANALYST Sallee

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY21	FY22		
	\$7,344,382.9	Recurring	General Fund
	\$4,467,003.1	Recurring	Other State Funds
	\$732,058.8	Recurring	Internal Service/Inter-Agency Transfers
	\$8,849,367.2	Recurring	Federal Funds
\$866,039.5			General Fund
\$61,351.3			Other State Funds
\$100.0			Internal Service/Inter-Agency Transfers
\$32,854.2			Federal Funds

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB 1,
Conflicts with HB 2

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of Bill

- House Bill 117 appropriates money from the general fund, other revenue, internal services funds/interagency transfers, and federal funds for the FY22 operation of state agencies, higher education, and public schools.
- Section 1, Short Title
- Section 3, Definitions

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- Section 3, General Provisions
- Section 4, FY22 Appropriations
- Section 5, Special Appropriations
- Section 6, Supplemental & Deficiency Approps
- Section 7, Data Processing Appropriations
- Section 8, Transportation
- Section 9, Compensation
- Section 10, Additional FY21 BAR Authority
- Section 11, FY22 BAR Authority
- Section 12, Fund Transfers
- Section 13, Transfer Authority
- Section 14, Severability

There is no effective date of this bill, however a General Appropriation Act goes into effect upon signature of the Governor.

FISCAL IMPLICATIONS

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

HB 117 General Appropriations Act					
	General Fund	Other State Funds	Internal Service Funds/ Interagency Transfers	Federal Funds	Total
Section 4. Recurring Appropriations					
<i>GENERAL APPROPRIATION ACT:</i>					
A. LEGISLATIVE	\$4,315.8	\$0.0	\$0.0	\$0.0	\$4,315.8
B. JUDICIAL	\$321,238.0	\$26,971.6	\$14,610.0	\$4,821.4	\$367,641.0
C. GENERAL CONTROL	\$154,254.5	\$1,530,092.7	\$102,934.0	\$27,374.4	\$1,814,655.6
D. COMMERCE & INDUSTRY	\$63,713.8	\$88,126.5	\$20,884.4	\$780.0	\$173,504.7
E. AGRICULTURE, ENERGY & NATURAL RESOURCES	\$76,159.1	\$85,379.0	\$19,336.7	\$41,615.3	\$222,490.1
F. HEALTH, HOSPITALS & HUMAN SERVICES	\$2,012,597.2	\$304,342.0	\$498,437.8	\$7,126,526.6	\$9,941,903.6
G. PUBLIC SAFETY	\$471,938.2	\$101,508.1	\$24,122.2	\$71,199.2	\$668,767.7
H. TRANSPORTATION	\$0.0	\$547,944.0	\$6,371.9	\$404,145.4	\$958,461.3
I. OTHER EDUCATION	\$33,579.5	\$36,849.3	\$796.1	\$44,803.4	\$116,028.3
J. HIGHER EDUCATION	\$862,263.2	\$1,613,436.8	\$44,565.7	\$641,801.5	\$3,162,067.2
K. PUBLIC SCHOOL SUPPORT	\$3,283,724.1	\$132,353.1	\$0.0	\$486,300.0	\$3,902,377.2
Recurring Grand Total Section 4	\$7,283,783.4	\$4,467,003.1	\$732,058.8	\$8,849,367.2	\$21,332,212.5
Sections 5, 6, 7,					
Section 5. Special Appropriations	\$152,388.3	\$37,473.0	\$100.0	\$0.0	\$189,961.3
Section 6. Supplemental and Deficiency Appropriations	\$28,051.2	\$284.2	\$0.0	\$0.0	\$28,335.4
Section 7. Information Technology Appropriations	\$0.0	\$23,594.1	\$0.0	\$32,854.2	\$56,448.3
Section 8. Compensation Appropriations	\$60,600.0	\$0.0	\$0.0	\$0.0	\$60,600.0
Section 9. Road Appropriations	\$250,000.0	\$0.0	\$0.0	\$0.0	\$250,000.0
Section 10. Fund Transfers	\$375,000.0	\$0.0	\$0.0	\$0.0	\$375,000.0
Non-Recurring Grand Total	\$866,039.5	\$61,351.3	\$100.0	\$32,854.2	\$960,345.0

Unless otherwise indicated in the bill, appropriations from the general fund revert to the general fund at the end of FY22, or unless otherwise indicated or provided by law.

SIGNIFICANT ISSUES

House Bill 117 contains the Legislative Finance Committee (LFC) recommendation. Total recurring general fund appropriations total \$7.283 billion, that with combined with House Bill 1 totals about \$7.36 billion, up \$298.4 million, or 4 percent, from FY21 spending levels.

Early Childhood The Early Childhood Education and Care Department

General fund revenues for ECECD include a slight reduction of \$2 million, or 1 percent, for prekindergarten and replaces the reduction with fund balances. Of the \$20 million in new revenue from the early childhood care and education fund, the bill allocates \$3 million for home-visiting services to new families, \$3 million for workforce supports, \$1.8 million for prekindergarten to replace general fund revenues, \$9.2 million for expanding prekindergarten, \$1 million for Families First case management home visiting service, and \$2 million for department information technology. In total, the FY22 recommendation for ECECD is \$416.4 million, of which \$191.6 million is from the general fund.

Public Education.

The bill includes general fund appropriations for public education totals \$3.32 billion, a \$105 million, or 3.3 percent, increase from FY20 levels. The bill further includes \$185 million in nonrecurring, education-related appropriations, including \$153 million from the public education reform fund to address issues highlighted in the Martinez and Yazzie education sufficiency lawsuit. The vast majority of the public education funding recommendation is attributable to the formula-based state equalization guarantee (SEG) distribution to school districts and charter schools, which totals \$3.16 billion, a \$115 million, or 3.8 percent, increase from FY21 funding levels. Contingent on enactment of legislation, the bill includes \$83 million to remove federal and local revenue credits from the funding formula. In addition to removing credits, the bill also provides \$44.7 million to backfill a credit for federal CARES Act funding taken during FY21. The bill includes sufficient funding for all schools and students to participate in Extended Learning Time Programs (ELTP) and restores K-5 Plus extended school year program funding to FY20 levels with appropriations from the public education reform fund. With significant projected learning loss due to school closures and remote learning in FY20 and FY21, the state must provide additional instruction both to help students catch up and address deficiencies highlighted by the Martinez-Yazzie lawsuit.

Higher Education.

For FY22, the bill restores the \$20 million in general fund revenues swapped with federal funds as a solvency measure during the first special legislative session, reprioritizes spending to increase I&G to higher education institutions by 0.5 percent, and increases the University of New Mexico (UNM) Health Sciences Center (HSC) I&G by 2 percent. The bill increases expenditures by 0.2 percent to \$862.2 million.

Human Services

For the Human Services Department (HSD) the bill includes \$8.19 billion from all revenue sources, a \$626.5 million, or 8.3 percent, increase over the FY21 operating budget, and includes an additional \$110.1 million from the general fund, an increase of 10 percent. The bill includes a \$112.2 million increase in general fund support for the state's Medicaid program in FY22, an increase of 11.8 percent over the FY21 operating budget. The bill includes general fund revenue to replace the general fund dollars swapped for \$75 million in federal funds appropriated during the 2020 first special legislative session to shore up the state budget.

Health

The bill contains \$313.1 million general fund revenue for the Department of Health (DOH). The bill increases general fund revenues for the Public Health and Developmental Disabilities programs resulting in an overall DOH general fund increase of \$10.8 million, or 3.6 percent, above FY21. The recommendation replaces \$7 million in general fund revenue that was reduced in FY21 due to a higher federal match rate for the developmental disabilities Medicaid waiver in place during the Covid-19 pandemic. The total recommendation is \$618.9 million.

Other

General fund appropriations for judiciary agencies is essentially flat with FY21 spending, and public safety agencies would see a slight decrease.

Finally, the bill includes \$60 million for pay increases for state, public school, and higher education employees, enough for average increases of 1.5 percent, and \$3 million for increases targeted at essential health and social service frontline employees. Funding is also included in the base budgets of the Department of Public Safety and Corrections Department for pay hikes for state police and correctional officers.

CS/rl