



million for obstetric care services in Las Vegas and Gallup; and \$50 million to expand behavioral health and \$50 million expand nursing faculty at institutions of higher education. The bill requires agencies to report on the expenditures of the appropriations to the Legislative Finance Committee (LFC) by November 30 of each year up through 2025.

In a related bill, HB2, another \$371.45 million is appropriated from a transfer of over \$1 billion in ARPA state relief funds to the Appropriation Contingency Fund. HB2 includes an additional \$15 million for nursing expansion. The LFC recommendation for the 2022 General Appropriation Act also includes recommendations related to SB9, notably for faculty endowments for behavioral health and building behavioral health provider capacity. The LFC recommendation will be issued January 6, 2022.

**FISCAL IMPLICATIONS**

See table below listing appropriations and purposes. SB9 transfers \$1.069 billion of federal ARPA state relief funds to the ACF in the general fund and then appropriates and transfers \$335 million to various agencies and funds as listed below.

**Senate Bill 9 Appropriations and Transfers**  
(In thousands)

Agency	Converted ARPA State Relief to ACF/GF	ARPA Capital	Description
<b>Appropriations</b>			
UNM	\$50,000		For a school of public health building
UNM	\$20,000		For salaries and operations at a school of public health
UNM	\$5,000		For development of a program for a school of public health
UNM	\$40,000		For equipment to provide proton therapy at the UNM cancer center
HSD	\$100,000		To expand and provide behavioral health services
DOH	\$10,000		For perinatal care services statewide
DOH	\$10,000		To provide obstetric care services in Las Vegas and Gallup
HED	\$50,000		To the higher education program development enhancement fund for expansion of nursing faculty
HED	\$50,000		To the higher education program development enhancement fund for expansion of behavioral health faculty
Total	\$335,000		

**SIGNIFICANT ISSUES**

Since the Covid-19 pandemic began in March 2020, Congress has allocated stimulus funding to states, tribes, local governments, individuals, and businesses through six pieces of stimulus legislation.

1. Mar. 2020: The Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020
2. Mar. 2020: The Families First Coronavirus Response Act
3. Mar. 2020: The Coronavirus Aid, Relief, and Economic Security (CARES) Act
4. Apr. 2020: Paycheck Protection Program and Health Care Enhancement Act
5. Dec. 2020: The Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act, 2021
6. Mar. 2021: American Rescue Plan (ARP) Act of 2021

Combined, these six bills infused \$22.4 billion worth of money and services into New Mexico in the form of direct payments to individuals, expanded unemployment benefits, Paycheck Protection Program loans and other business supports, increased federal share of Medicaid costs, payments to healthcare providers, and FEMA support.

**American Rescue Plan Act (ARPA) Coronavirus State and Local Fiscal Recovery Funds.**

The March 2021 American Rescue Plan Act included \$350 billion in Covid-19 relief aid to states, tribes, and localities, of which New Mexico received \$1.75 billion that are to be used through the end of 2024. The Acts stipulated allowable uses of the relief funding that was generally broader than the CARES coronavirus relief fund including:

- to respond to the public health emergency or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;
- to cover premium pay to workers performing essential tasks during the pandemic;
- to cover government revenue losses from the pandemic; or
- to make necessary investments in water, sewer, or broadband infrastructure.

ARPA also stipulated that the funds could not be used for state pensions, to offset a new tax cut, or to delay a tax increase.

Based on the ARPA language, the Legislature directed DFA to transfer the ARPA state fiscal recovery funds to the appropriation contingency fund of the state general fund for \$944.9 million of APRA-allowable expenditures in Section 11 of HB2 in the 2021 regular session, including \$600 million for unemployment insurance. The Legislature also appropriated \$200 million of the funds in Section 10 (fund transfers), and directed some general fund appropriations to be contingent on the state fiscal recovery funds being placed into the appropriation contingency fund. The governor vetoed the entirety of Section 11 and all other appropriations of the ARPA funds, noting in her veto message that she considered these appropriations an impermissible attempt by the Legislature to appropriate or control the allocation of federal funds to a New Mexico governmental entity.

During the summer and fall of 2021 the executive spent about \$682.7 million of the ARPA state relief funding, with \$656.6 million going to replenish the Unemployment Insurance (U.I.) trust fund, almost \$10 million for vaccine incentives, \$5 million for a U.I. return to work incentive program, \$5 million for a chile picker worker wage supplement program through the Department of Agriculture, and the remainder on vaccine incentive related expenses. As of December 6, 2021 \$1.069 billion was the balance of remaining ARPA state relief funds according to the state's accounting system.

A New Mexico Supreme Court ruling and order in November required the administration to stop spending any of the ARPA state relief funding until the Legislature appropriated the money. SB9 would require the balance of ARPA state relief funding be transferred to the ACF in the general fund. Calculations by LFC economists confirm that all \$1.069 billion of remaining ARPA state fiscal recovery funds can be accounted for as lost revenue, in accordance with the federal Act and U.S. Treasury rules and guidelines. The replenished funding cannot be used to further match other federal funds and must be spent on government services as opposed to creating artificial surpluses for tax reductions. The analysis assumes the funding cannot be used to shore up state pensions as well. U.S. Treasury requirement for ARPA allows for obligating spending through the end of calendar year 2024, and fully expending funding by the end of 2026.

**Appropriations.** The University of New Mexico (UNM) has a College of Population Health located in the Family Medicine Center on the campus of the Health Sciences Center. The College has about 25 faculty including adjunct faculty and about 10 staff members. The College offers a bachelor of science in population health, a minor in the same field, a master of public health degree, with a minor for various concentrations. The College conducts research and receives about \$4 million annually in direct research grants for its various research centers and research activities.

SB9 would appropriate \$75 million to UNM for a school of public health, including development costs, operational costs through FY25, and for costs associated with constructing a new building for the school. Presumably the appropriations would be used to expand, and rename, the College and provide for a new facility. UNM has not requested funding for a new building for this purpose in its priority list for this funding cycle. UNM enrollment has declined over 20 percent in the last five years. Accordingly, the Higher Education Department has generally sought to avoid increases in foot prints of the State’s universities.

The bill appropriates \$40 million for equipment for proton therapy at the UNM Cancer Center. Recent legislation provided a portion of cigarette taxes to be used by the Cancer Center to then leverage and finance new and needed equipment upgrades. It is unclear how this appropriation relates to the planned financing of equipment.

SB9 appropriates \$100 million for expansion and provision of behavioral health services through the Human Services Department and behavioral health collaborative. The FY22 operating budgets for behavioral health services at collaborate agencies total \$756 million, with about \$251 million coming from the general fund. The FY23 request totals over \$926 million, with \$287 million coming from the general fund, demonstrating the significant leveraging of federal Medicaid for behavioral health services. This analysis, without additional information, assumes the \$100 million would be a recurring expense to provide services and could not be matched with federal funding, and thus would need to be replaced beginning in FY26, assuming the behavioral health system could spend the additional funding on services during that time frame.

The bill appropriates \$10 million for perinatal services statewide and \$10 million for obstetric care services in Gallup and Las Vegas New Mexico. Previous LFC analysis shows Medicaid pays for about 75 percent of births in any given year, with significant leveraging of federal funding for services. These appropriations could not leverage Medicaid, and presumably would fund services for higher income individuals that do not qualify for Medicaid.

SB9 also appropriates \$50 million to expand behavioral health faculty, and \$50 million to

expand nursing faculty through the higher education program enhancement fund. Faculty are a recurring expense. While a purpose of the fund is to expand instructional programs to meet workforce needs, a new funding source would be needed to support these positions after FY25. The fund could support other startup costs, such as equipment, but those costs are a fraction of the cost of salaries and benefits. An alternative would be to endow faculty teaching positions which would provide a stable recurring revenue source for institutions of higher education to expand their programming.

The bill would require regular reporting on expenditures to the Legislative Finance Committee each November. The bill does not require any reporting on accomplishments with the funding for performance changes as a result of the funding.

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