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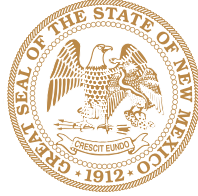
State of New Mexico
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April 29, 2011

Dear Fellow Legislators,

The slow but steady economic recovery is helping boost state revenues. Income projections for the 2012 fiscal year budget were up as budget discussions began, but not enough to compensate for the loss of federal funds and prevent further cuts to state services. Both the executive and the Legislature made preservation of public education and health care for the poor a priority, and rival budget proposals were close in starting numbers. What emerged from these proposals focused on the details, primarily a cap on the film tax credit and the level of the general fund reserve.

In the end, New Mexico once again escaped the devastating cuts experienced in other states. The ever-volatile energy market remains a threat to the budget, either through the collapse of oil prices or a decline in consumer spending if oil prices continue to climb. Because of our efforts this year, the budget debate for the 2013 fiscal year is likely to be less heated than in recent past. By compensating for the loss of federal funds with surgical cuts rather than an across-the-board slicing, policymakers have put the state in a good position for the future.

Policymakers, however, did not complete all their work on state spending when the session ended. State lawmakers are likely to return to Santa Fe to complete efforts to allocate capital outlay moneys.

This document is a review of the fiscal impact of the Legislature's action during the regular session of 2011. It also includes a summary of the state's financial situation. Such a review provides us with a useful summary of financial legislation as well as a tool for thoughtful analysis.

I want to thank the staff of the Legislative Finance Committee for their efforts in putting together this report. The committee staff once again performed effectively and professionally and I believe you will find this report valuable.

Sincerely,

A handwritten signature in black ink, appearing to read "Lucky Varela".

Representative Luciano "Lucky" Varela

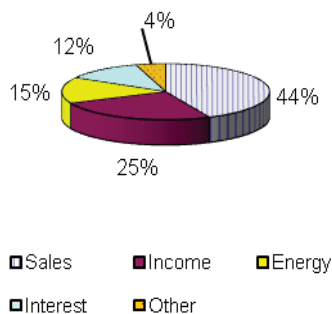
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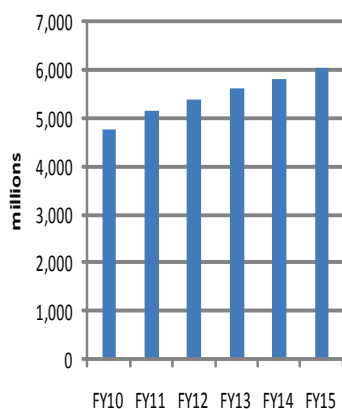
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FY12 Recurring General Fund Revenues: \$5.39 Billion



Source: Consensus Revenue Group, Dec 2010

December 2010 Consensus Revenue Estimate



State lawmakers started the 2011 legislative session with FY12 revenue forecasts at least \$200 million short of current spending levels. While state general fund revenue was expected to continue its steady climb from the collapse of FY10, the state was losing the hundreds of millions of dollars in federal stimulus moneys that kept many programs afloat during the deepest part of the recession.

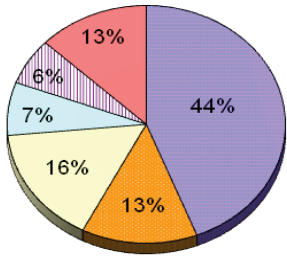
Despite the executive’s substantially different estimate of the budget gap – some \$200 million higher because the executive did not count revenue or cost savings from expected extensions of prior year solvency measures – the executive’s proposed spending levels were very close to those in the committee’s budget recommendation. Both the executive and the committee recommendations prioritized spending on Medicaid, public schools, and public safety but recognized total spending would have to be cut several percent from FY11 spending levels.

Better-than-expected revenue estimates for FY11 and FY12 and the adoption of a limit on the film production tax credit, unanticipated in the LFC recommendation, improved the budget picture but not enough to prevent cuts. As signed into law, the General Appropriation Act authorizes increased general fund spending overall, but appropriations adjusted for stimulus funds were down 2.5 percent, with some agencies particularly hard hit to preserve funding for priority areas.

Budget Development. New Mexico’s economy began to show a slow, steady recovery in 2010. In July 2010, the consensus revenue estimate for FY11 was revised downward by \$159 million from the December 2009 projection, resulting in a projected budget shortfall after authorized transfers of \$151 million. After a 3.2 percent sanding of allotments permitted by Section 14 of the 2010 General Appropriation Act, FY11 revenues began tracking closely with the consensus revenue estimating group’s forecast of \$5.16 billion, a 7.6 percent increase from FY10. The forecast for FY12 was for the economic recovery to continue with revenues running 4.4 percent ahead of those for FY11. The updated forecasts issued in early December confirmed revenues were still on the upswing and added a modest \$56 million to the estimate for FY11 and an equally modest \$42 million to FY12. The resulting forecasts – \$5.2 billion for FY11 and \$5.4 billion for FY12 – reflected an expectation of steady growth of major revenues plus a strong increase in corporate income taxes as the economic recovery gains momentum.

With these estimates in hand, the executive and the committee developed similar budget recommendations that prioritized the same spending areas. Both the executive and the committee supported the extensions of two temporary solvency measures: the diversion of payments designated for the tobacco settlement fund to the general fund and the so-called retirement swap, which requires state employees to pay a greater share of pension fund contributions than usual. Nevertheless, even with the extensions and stronger state general fund revenue, budget drafters had to cut spending or find additional revenue to cover a budget gap primarily the result of the loss of federal American Recovery and Reinvestment Act moneys. Without legislative action to boost revenue and cut spending, the reserve balances

FY12 Recurring General Fund Appropriation: \$5.43 Billion



- Public Education
- Higher Education
- Medicaid
- Other Health & Human Services
- Public Safety
- All Other Government

Source: LFC Files

would have fallen to \$55 million, a dangerously low 1.1 percent of appropriations.

Despite the similarities in the two recommendations, differences surfaced. Progress on House Bill 2 stalled over the volume of tax credits for film productions. The vote margins for both the retirement swap and the film credit were slim. Policymakers also tussled over the total spending level and its impact on reserve balances.

The bill emerged from the House with general fund appropriations set at \$5.43 billion, a 2.5 percent cut from FY11 and 11 percent cut from FY09, the first year of the economic decline. At the executive's request, the Senate Finance Committee assumed passage of a \$50 million cap on the film production tax credit and added \$25 million in spending contingent on passage of the cap legislation.

2011 General Appropriation Act. The General Appropriation Act (GAA) as enacted (Chapter 179) includes \$5.4 billion of general fund spending, almost identical to expected revenues after taking into account revenues generated by other legislation. Total spending is down 2.5 percent from the adjusted FY11 budget, which included \$368 million in one-time American Recovery And Reinvestment Act (ARRA) funds. For public schools, the reduction was 2.6 percent; for higher education, 6.0 percent. Medicaid spending increased 1.6 percent, and other state agencies were reduced an average of 3.3 percent. These cuts, which total about \$140 million, are reflected in the following table along with the resulting FY12 appropriations levels.

General Fund Approps and Other State Funds & Federal Funds Supplanting General Fund: FY09-FY12

(dollars in millions)

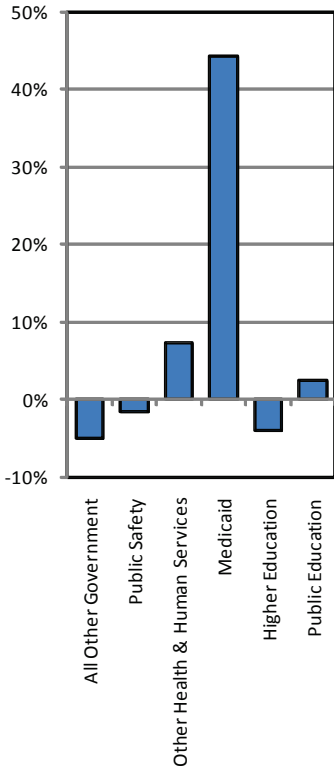
	FY12 Appropriation				Change From FY11 Adjusted OpBud		Change From FY09 Post-Solvency	
	General Fund	Federal Funds	Other State Funds	Total	\$ Change	% Change	\$ Change	% Change
	Public Schools	\$2,364.9			\$2,364.9	-63.2	-2.6%	-223.8
Higher Education	\$716.5			\$716.5	-45.8	-6.0%	-146.3	-17.0%
Medicaid*	\$960.0		\$19.8	\$979.8	15.9	1.6%	10.0	1.0%
Other	\$1,389.9			\$1,389.9	-47.3	-3.3%	-303.6	-17.9%
TOTAL	\$5,431.3	\$0.0	\$19.8	\$5,451.1	-140.4	-2.5%	-663.7	-10.9%

*Includes general fund appropriations to HSD & DOH for the Developmentally Disabled Medicaid waiver program.

The GAA transfers certain fund balances to the general fund for a general fund increase of \$26 million in FY11 and \$11.4 million in FY12. The funds to be transferred include the college affordability endowment fund, the workers' compensation administration fund, the economic development revolving fund, certain New Mexico Finance Authority funds, and others.

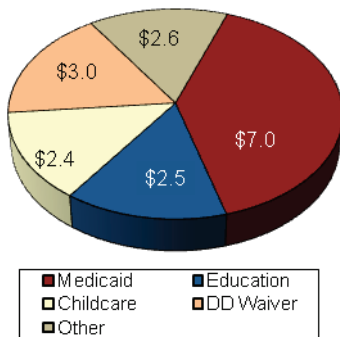
As a precaution, legislators included language in Section 12 of the GAA that would have given the governor the authority to reduce general fund allotments to all recipients of a general fund appropriation if revenue estimates were revised and revenues were insufficient to meet budgeted appropriations. The governor vetoed this section, stating she would call a special session if revenues fall short.

FY12 Recurring General Fund Appropriations: Change from FY11



Source: LFC Files

Distribution of Section 5 & 6 General Fund
(in millions)



Source: LFC Files

Public Education. The overall public education appropriation of \$2.39 billion prioritizes classroom funding and statewide programs in an attempt to limit the impact of cuts on instruction. State funding for program costs is up \$66 million, or 2.9 percent compared with FY11. However, that funding is down \$23 million if compared with FY11 funding adjusted for federal stimulus funds. The General Appropriation Act replaces \$88.3 million in federal fiscal stabilization funds. The appropriation also continues the retirement swap for public school employees.

Higher Education. The General Appropriation Act appropriates \$589.8 million to higher education instruction and general funding, a reduction from the FY11 adjusted budget of \$15 million, or 3 percent. The appropriation assumes the institutions will increase tuition by \$100 per credit hour, reducing the general fund need by \$14 million, and limit the number of out-of-state tuition waivers awarded to save \$15 million. Funding for research, public service projects, and other nonoperational costs is cut by \$11 million.

Human Services. The \$867 million general fund appropriation to the Medicaid program is a 44.3 percent increase from FY11, a leap driven mostly by the need to compensate for the loss of federal stimulus funds. The appropriation assumes a 1.4 percent increase in Medicaid enrollment. To accommodate this growth, the department will need to adopt cost-containment measures, such as provider rate reductions or the redesign of the long-term services waivers.

Funding for the Temporary Assistance for Needy Families Program (TANF) is down \$21 million because of the loss of federal funds and declining cash balances in the fund. The appropriation prioritizes cash assistance, workforce programs, and childcare support.

Similar to the appropriation for Medicaid, a 13 percent increase to the budget for the Health Department is driven primarily by the need to replace disappearing federal funds. The General Appropriation Act provides the department with a \$293.7 million budget for FY12, a \$34 million increase over FY11.

The general fund appropriation for the Children, Youth and Families Department is \$196 million, a 7 percent increase over FY11. The appropriation includes funding to replace lost TANF funding for child care and prekindergarten and adequate funds to fill certain vacant positions.

Public Safety. The General Appropriation Act appropriates \$258.4 to the Corrections Department, a 1.7 percent decrease from FY11, and \$87 million to the Department of Public Safety, a 1.4 percent cut, reductions substantially lower than the 3.2 percent average cut.

Special and Supplemental Appropriations and Fund Transfers. General fund appropriations in Sections 5 and 6 of the GAA total \$20.9 million. This includes \$300 thousand for state courts, \$550 thousand for elections, \$2.4 million for childcare program, \$3 million for a program that provides in-home care for the developmentally disabled under a Medicaid waiver, \$5 million for education, and \$7 million for Medicaid. The GAA also includes \$34.2 million in other state and federal funds. Significant items include \$25.9 million for Medicaid and \$1.5 million for water rights litigation.

LFC Principles of Good Tax Policy

Adequacy:
Revenues must fund needed services.

Efficiency:
Tax base should be broad with low rates.

Equity:
Taxpayers should be treated fairly.

Simplicity:
Compliance costs should be minimized.

Accountability:
Tax benefits should be carefully monitored.

General Fund Impacts of 2011 Revenue Measures Passed and Signed (in millions)

	FY12
School District Cash Balances	-\$0.5
Small Business Tax Credit	-\$0.1
Film Production Tax Credit	\$23.3
Plant Photosynthesis Tax Credit	-\$0.3
TRD Secretary Approve Evidence	-\$0.2
Total Revenue Bills	\$22.2
Nonrecurring revenue measures:	
Fire Protection Fund	\$1.3

Reserve Transfers. Section 13 of the GAA authorizes the transfer of up to \$50 million from the operating reserve if revenues are not sufficient to cover appropriations. However, under the current revenue forecast, FY11 appropriations will exceed revenue by \$500 thousand. Looking ahead to FY12, the appropriations are expected to exceed revenue by only \$1.1 million.

Gubernatorial Vetoes. The executive trimmed about \$1.9 million from the General Appropriation Act in Section 4 through some 50 line-item vetoes. Although the cuts represent just three-hundredths of a percent of total general fund spending in the bill, the governor’s actions triggered public protests and a lawsuit threat. The governor vetoed all funding for the New Mexico Commission on the Status of Women and the African American Performing Arts Center on the state fairgrounds for a total savings of about \$825 thousand. The move prompted supporters of the two programs to stage a rally and march.

Another \$100 thousand of the governor’s vetoes was in the form of the striking of the number one in the \$150 thousand appropriation for oversight of regional housing authorities. Legislative leaders have raised questions about the legality of that veto.

The governor vetoed the authority to reorganize certain agencies and reduce appropriation by \$2.5 million. The vetoes also cut a \$2.2 million supplemental appropriation for FY11 from the computer system enhancement fund for system replacement and upgrades. Another \$100 thousand was vetoed for a committee to plan for legislative redistricting, \$50 thousand for pre-session legislative expenses, \$200 thousand for state centennial activities, and \$250 thousand to avoid layoffs in the courts.

Legislation Affecting Revenues. While the economic crisis has triggered a range of revenue-generating proposals over the last few years, those proposals got little traction in the first session with a governor who campaigned extensively on a proposal to fight any tax increases. That pledge translated into a veto of a proposal to increase employer contributions to the floundering unemployment insurance trust fund. At the same time, the governor sought and signed a proposal to cap the tax credit for film productions.

Film Production Tax Credit. Chapter 177 (House Bill 607) will limit the aggregate amount of film tax credits available each year to \$50 million and would establish a tiered payment system based on the size of the tax credit. The credit has been under fire since the release of a legislatively funded report that found the economic activity generated by the production companies that get the tax credit is less than the cost of the tax credit. A subsequent report funded by the administration contradicted those findings, although the veracity of that report has been questioned.

Under the payment schedule in Chapter 177, credits under \$2 million will be paid immediately on authorization, credits between \$2 million and \$5 million will be paid in two equal installments over two years, and credits above \$5 million will be paid in three equal installments over a period of three years. The Taxation and Revenue Department may require affiliated taxpayers to file one claim so they cannot divide the amount of the claim to receive the credit earlier. The estimated positive impact to the general fund

Revenue Bills with Fiscal Impact after FY12.

A number of bills will affect revenues in the future, although most will have a modest impact on the bottom line.

Estimated Tax Payments.

Chapter 116 (House Bill 470) increases the threshold at which the penalty for underpayment of estimated tax is applied from \$500 to \$1 thousand. The general fund impact is a loss of approximately \$160 thousand each year beginning in FY13.

Rural Oncologist Tax Credit.

Chapter 89 (Senate Bill 282) will offer oncologists in rural New Mexico a \$1 thousand personal income tax credit for each patient participating in cancer clinical trials up to an annual maximum of \$4 thousand. This legislation is expected to decrease general fund revenue by \$20 thousand.

Jet Fuel Gross Receipts Credit.

Chapter 74 (Senate Bill 84) will extend the 55 percent jet fuel gross receipts and compensating tax deduction through the end of FY17. Under current statute, the 55 percent deduction will decrease to 40 percent beginning in FY13. This extension is expected to increase general fund revenue by \$118 thousand in FY13, with larger gains in subsequent years. The positive fiscal impact is a result of a decreased distribution to the aviation fund at the higher deduction rate.

Locomotive Fuel Gross Receipts.

Chapters 60 and 61 (House Bill 523 and Senate Bill 179) will provide a gross receipts and compensating tax credit on locomotive fuel beginning in FY14 to those companies that have made a capital investment of \$100 million or more in new

is \$23.3 million in FY12 and between \$22 million and \$33 million in subsequent years.

School District Cash Balances. Chapter 39 (House Bill 47) allows school districts and charter schools to budget cash balances carried forward from the previous fiscal year for operational expenditures, excluding salaries. The bill allows all cash balances to carry forward rather than limiting the amount of carry-forward to a percentage of budgeted expenditures. As a result, the general fund will lose about \$500 thousand per year in school district reversions beginning in FY11.

Other Legislation. Chapter 148 (Senate Bill 326) will allow wholesalers to support their tax deduction for sales of tangible property with other evidence approved by the secretary of the Taxation and Revenue Department (TRD). Currently, a seller must receive a notice of nontaxable transaction certificate (NTTC) from the buyer within 60 days of receiving notification of an audit to be eligible for the deduction. TRD notes a pending audit assessment to which this legislation will apply, resulting in a loss to the general fund of \$220 thousand in penalties in FY12. TRD anticipates a recurring loss in penalties of \$50 thousand per year thereafter.

Small Business Tax Credit Eligibility Period Extension. Chapter 67 (House Bill 273) will extend the period of eligibility for the research and development small business tax credit, which expired at the end of FY09. The credit can be applied against 50 percent of withholding or total gross receipts taxes for qualifying businesses that claim at least 20 percent of expenditures in research and development. The bill amends current law to limit the credit against withholding to those companies with no more than 5 percent ownership and removes the provision allowing the credit to be applied against compensating tax liability. Under Chapter 67, the credit will be available from FY12 through FY15. The estimated loss to the general fund is \$106 thousand in FY12 and \$120 thousand in subsequent years.

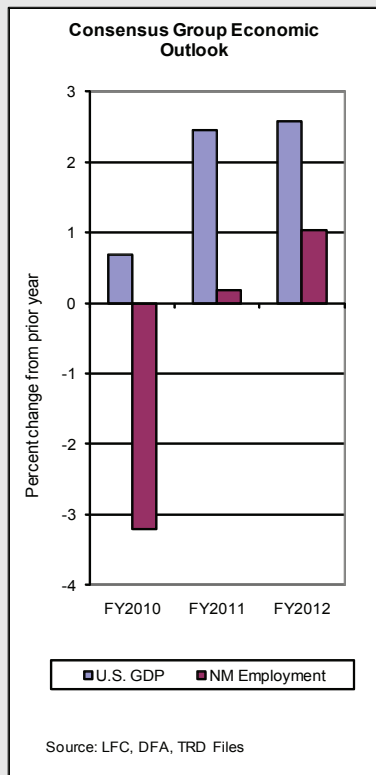
Direct Wine Shipment Permit. Chapter 109 (Senate Bill 445) will allow New Mexico to issue direct wine shipment permits to out-of-state wineries for the privilege of selling wine direct to New Mexican consumers. The wineries will be required to pay a \$50 annual fee for the permit and will be subject to both gross receipts and liquor excise taxes. The estimated revenue impact is \$20 thousand per year for the permits beginning in FY12. The state may receive additional revenue in the form of gross receipts and liquor excise taxes if out-of-state sales supplant sales at local liquor stores.

Alternative Energy Tax Credit. Chapter 108 (Senate Bill 233) expands the alternative energy manufacturers tax credit to include products secreted by a single cell photosynthetic organism, such as algae, as an eligible alternative energy source. The tax credit allows for the credit of 5 percent of expenditures on qualified manufacturing equipment. The estimated loss in revenue to the general fund is approximately \$300 thousand each year beginning in FY13.

Fire Protection Fund Distributions. Chapter 164 (Senate Bill 626) postpones for one year the increased rate of distribution of insurance premiums tax revenue to the fire protection fund. The change generates an additional \$1.3 million to the general fund in FY12.

construction or renovations at a railroad locomotive refueling facility in which the fuel is loaded, used, or sold. The bill is designed to apply only to Union Pacific Railroad, which intends to establish a \$300 million to \$400 million rail expansion project near Santa Teresa estimated to employ 3,000 workers during construction and 600 permanent employees. The estimated loss to the general fund is approximately \$1.4 million in FY14 and will continue to grow in subsequent years with increases in the price of diesel and the volume of railroad freight traffic.

Daily Capital Outlay Tax Distribution. Chapter 75 (Senate Bill 114) will extend the sunset date of the State Racing Commission through FY18 and change the distribution of daily capital outlay tax from the state fairgrounds to the general fund beginning January 1, 2015. The expected gain to the general fund is approximately \$1.2 million in FY15 and \$2.4 million each year thereafter.



Reporting Measures. Several bills passed this legislative session require examination of the effectiveness of tax credits and other revenue measures.

Chapter 165 (Senate Bill 44) establishes measures to ensure better assessment and effectiveness of the film production tax credit, including production company disclosure of total gross receipts payments and wages paid to New Mexico residents, the requirement that qualifying vendors have a physical presence in the state, and the mandatory withholding of income tax of nonresident actors.

Chapter 139 (Senate Bill 436) requires TRD to provide annual reports to the Legislature on total revenue received pursuant to the oil and gas proceeds and pass-through entity withholding tax act the previous year and the amount of taxes credited against personal or corporate income taxes by remittees. Annual reports are due December of each year beginning in FY12.

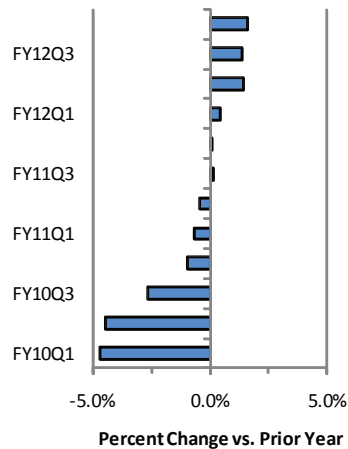
The governor vetoed other reporting measures in House Bill 161 and Senate Bill 47, which would have required TRD to report annually on tax expenditures and dedicated revenue budgets. In her veto message, the governor stated she wants a thorough review of all tax credits and will issue an executive order requiring TRD to compile all expenditure information. House Bill 166, which would have required taxpayers receiving certain tax credits to provide information to better determine the effectiveness of the tax credit, was also vetoed by the governor.

Economic Outlook. U.S. economic output is forecast by the IHS Global Insight economic forecasting service to increase 4.4 percent in FY11 and 4.1 percent in FY12. National unemployment peaked around 10.1 percent in October of 2009 and averaged approximately 9.7 for calendar year 2010. The March 2011 national unemployment rate was 8.8 percent, decreasing for the fourth consecutive month. The Federal Reserve is not expected to raise the federal funds rate until mid-2012 in an effort to spur economic investment. Additionally, concerns about inflation following the federal government’s efforts to inject money into the economy have not materialized.

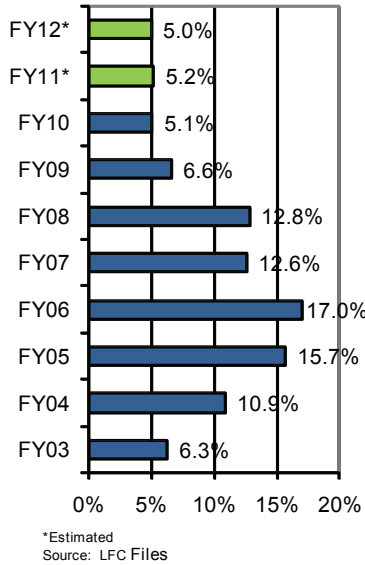
However, the U.S. economic recovery remains vulnerable to weakness in the housing market, currency volatility, financial sector weakness and federal fiscal imbalance. Other factors, like political unrest in the Middle East and natural disasters in Japan threaten consumer spending growth through increased food and fuel prices. The rising cost of basic commodities may slow economic recovery in the U.S.

New Mexico has not experienced the same recovery as the remainder of the U.S. While the U.S. unemployment rate has been decreasing in calendar year 2011, the New Mexico unemployment rate has been increasing. As of January 2010, the national unemployment rate was 1.5 percentage points higher than that in New Mexico. As of March 2011, the unemployment rates are both 8.8 percent. This may be consistent with the argument that New Mexico will lag the national trend, as it did when the nation entered into the “Great Recession”. Employment growth at a modest rate of 1.2 percent is expected in FY12, and salary increases are enough to at least keep pace with inflation. These and other details of the consensus group’s economic outlook are detailed in Appendix I.

New Mexico Employment Growth



General Fund Reserve Balances: Percent of Recurring Appropriations



The consensus revenue estimating group expects total general fund recurring revenue to increase from \$4.8 billion in FY10 to \$5.2 billion in FY11 and then to rise to \$5.4 billion in FY12. The FY11 year-over-year increase is mainly due to sales and income taxes, with expected increases of over 7 percent and 17.9 percent, respectively. More growth is expected in FY12 with increases in energy-related revenue and income taxes. General fund reserve balances are projected to be approximately 5 percent of reserves in FY11 and FY12.

The uncertainty of energy markets and threats to consumer spending growth from rising commodity prices lend some risk to the forecast. The natural gas market is expected to tighten in FY12, but prices remain vulnerable to increased supplies from productivity improvements. Oil prices are expected to remain high over the next two years given anticipated growth in world oil demand and supply risks from ongoing political upheaval in the Middle East. However, the resulting increase in gasoline prices could erode consumer discretionary spending, leading to sluggish economic growth and continued high-levels of unemployment.

December 2010 Forecast Annual Changes by Revenue

	(million dollars)			
	FY09	FY10	FY11	FY12
Gross receipts tax	(26.5)	(197.5)	105.6	70.0
Selective sales taxes	4.6	(32.1)	61.2	12.1
Personal income tax	(255.1)	(1.9)	98.4	40.0
Corporate income tax	(192.1)	(37.2)	94.9	40.0
Energy-related revenues	(252.3)	(49.5)	(17.6)	38.2
Investment earnings	31.2	(46.2)	(0.3)	6.7
Other revenues	(5.7)	(137.9)	4.8	18.5
Total Recurring Revenue	(695.8)	(502.3)	347.0	225.5

	Percent Change vs. Prior Year			
Gross receipts tax	-1%	-11%	6%	4%
Selective sales taxes	1%	-8%	16%	2%
Personal income tax	-21%	0%	10%	4%
Corporate income tax	-54%	-23%	76%	18%
Energy-related revenues	-20%	-11%	-5%	10%
Investment earnings	5%	-7%	0%	1%
Other revenues	-2%	-48%	2%	6%
Total Recurring Revenue	-12%	-9%	7%	4%

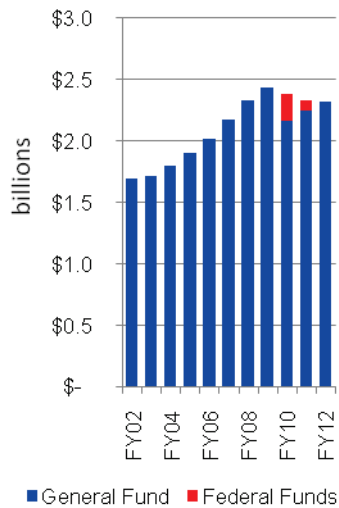
General Fund Outlook For FY13. Looking ahead to FY13, the consensus group expects growth of 4.2 percent in total recurring revenue. Growth is due to broad-based revenues as well as continued improvement in energy-related revenue. The projected growth in general fund revenue will allow an increase in general fund appropriations in FY13, given that temporary federal funds were replaced and certain spending was discontinued in FY12. General fund spending growth for FY13 is projected to remain flat with the exception of Medicaid. Medicaid spending is expected to grow by approximately \$35 million in FY13 or 4 percent. This is approximately half the April 2011 Global Insight medical spending forecast with a growth rate of 7 percent. With this additional spending the FY13 appropriation will be \$5.5 billion or 11 percent below the FY09 budget after solvency measures. Due to a \$200 million estimated increase in revenue, a surplus of \$152 million is projected in FY13. Details of the FY13 general fund outlook can be found in Appendix J.

State Equalization Guarantee Unit Value



Source: LFC Files

Formula Funding for Public Schools



Source: PED

A projected increase in recurring revenues in FY12 allowed the Legislature to increase general fund appropriations to public schools and limit overall reductions to public school support. To accomplish this, the Legislature examined all expenditures and only funded those key programs aligned with high priorities, such as early childhood education and high school redesign efforts. The Legislature did not fund inflation, increases in fixed costs, or new programs.

SEG	FY10 Adjusted	FY11 Adjusted	FY12*
Appropriation	\$ 2,105,762.2	\$ 2,280,805.0	\$ 2,251,522.70
ARRA Replacement	\$ 210,200.0	\$ 23,898.0	
Education Jobs Fund Replacement		\$ 64,377.6	
Budget "Sanding"		\$ (12,407.6)	
Section 14 Reduction		\$ (73,597.3)	
Total	\$ 2,315,962.2	\$ 2,283,075.7	\$ 2,251,522.70
Dollar Increase (Decrease) Over Prior Year		(32,886.5)	(31,553.0)
Percentage Increase (Decrease)		-1.4%	-1.4%

*FY12 percentage increase (decrease) does not include the 1.75 percent retirement swap.

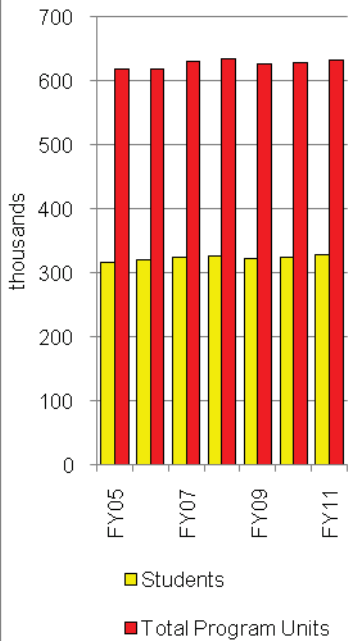
Source: LFC Files

State Equalization Guarantee. For FY12, the general fund appropriation to the state equalization guarantee (SEG), the operational funds distributed to school districts and charter schools through the enrollment-driven funding formula, will increase by approximately \$56.7 million, or 2.4 percent. However, the increase does not totally make for the loss of federal American Recovery and Reinvestment Act (ARRA) or federal education job fund moneys. Combined SEG funding, as shown in the table above, is down \$31.6 million, or 1.4 percent. With the 1.75 percent retirement swap in Chapter 178 (House Bill 628), SEG funding is down 2.4 percent.

For FY12, the secretary-designate set a preliminary value of \$3,585.97 for each funding unit. The number of units in a district is based on enrollment and other conditions, such as the number of special needs students, the experience level of teachers, and the size of the district. Preliminary estimates indicate the number of units generated through the public school funding formula will increase about 7,900 from FY11 to FY12. The number of units is based initially on the actual enrollment of the prior year. This unexpected increase in units has the effect of lowering the unit value approximately 3.4 percent rather than the expected 2.4 percent. The department is in the process of identifying and auditing district- and charter-reported data and the findings could lead to a decrease in claimed units, resulting in an increase in the unit value. The unit value also typically increases after the start of the school year when actual enrollment figures come in and the department releases the small amount of SEG funds held back for unforeseen increases in the number of units.

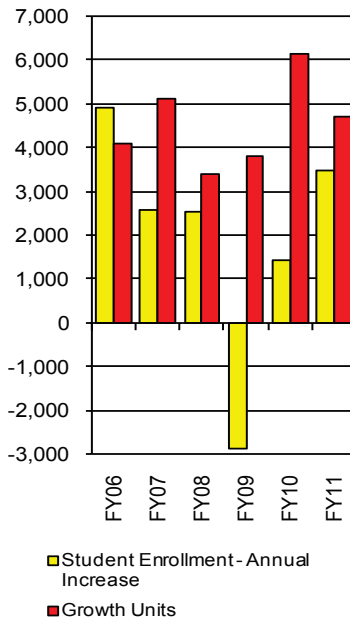
Total enrollment over the last five years has remained relatively flat. For FY11, almost 328,000 students are attending public schools statewide, a 1.4 percent increase in student enrollment since FY07. Units generated by these students also appear to have leveled off somewhat with the exception of enrollment growth program units, units generated by school districts and charter schools for enrollment increases over 1 percent of the previous year's enrollment. For FY11, districts and charter schools claimed almost 4,700 growth units at a cost of more than \$17 million, while the number of students

**Student Enrollment
Total Program Units
History**



Source: PED, LFC Files

**Growth Units
Student Enrollment
Comparison**



Source: PED, LFC Files

statewide grew by 3,456. Forty-one charter schools serving slightly more than 2 percent of the public school population account for almost 54 percent of the enrollment growth units generated and received almost \$9.4 million in enrollment funding. The thresholds needed by charter schools to qualify for growth unit adjustments need to be clarified to address the disproportionate benefit that charter schools receive over traditional public schools. In addition, of continuing concern is the fact that those students moving out of district schools and into charter schools are also funded at their old schools because funding is based on prior year enrollment. This double funding continues to have a significant impact on overall public education funding because an increasing number of charter schools are opening and those already authorized are adding grades or requesting increased enrollment caps.

The general fund appropriation to the SEG includes the replacement of \$23.9 million in federal ARRA funds and \$64.4 million in federal education job funds, reductions of \$17.2 million for administrative and efficiency savings to minimize impact to instructional programs, \$3.5 million to suspend certain assessments during the FY12 school year pursuant to Chapter 161 (Senate Bill 360), and \$4.9 million to shift responsibility from the employer to pay for return-to-work employee retirement fund contributions to the employee pursuant to Chapter 6 (House Bill 129). Chapter 171 (House Bill 628) delays the fifth- and sixth-year increases in the employer share of contributions to the ERB for another year. Full implementation of the seven-year plan will now take place in FY15 rather than FY12.

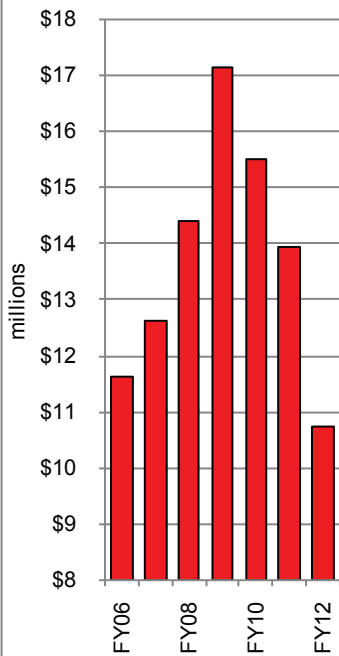
Categorical Public School Support. Below-the-line appropriations – those for public school transportation, supplemental distributions, instructional materials, dual credit textbooks and Indian education – are reduced by a little more than \$300 thousand from the adjusted FY11 appropriations. Districts and charter schools still have large unspent balances of federal Title I and IDEA-B (special education) stimulus funds, allowing the Legislature to focus on increasing formula funding and maintaining a relatively flat appropriation for categorical programs.

Related Appropriations. To prioritize formula funding, the Legislature funded a limited number of important categorical initiatives that improve student achievement. These include kindergarten-three-plus (\$5.3 million), prekindergarten (\$6.3 million), breakfast for elementary students (\$1.9 million), early childhood education (\$500 thousand), New Mexico cyber academy, also known as IDEAL (\$500 thousand), advanced placement (\$542 thousand), apprenticeship training (\$192 thousand), and graduation, reality, and dual-role skills, also called GRADS (\$200 thousand).

Public Education Department. A general fund appropriation of \$10.7 million to PED for FY12 reflects a decrease of \$3.2 million, or 23 percent from the department’s adjusted FY11 appropriation and reflects the executive recommendation. In addition to the department’s base funding, a special recurring appropriation of \$674 thousand was included to cover hosting fees for the operating budget management system (OBMS) and the student, teacher accountability reporting system (STARS), both important components of the state’s accountability and management operations.

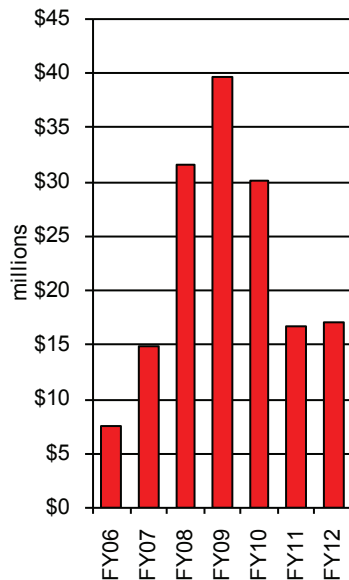
Special Appropriations. The department received four special appropriations for public education: 3 flow-through appropriations for district use and one for the department’s use.

PED Operating Budget



Source: LFC Files

Related Special Appropriations FY06 - FY12



Source: LFC

An emergency supplemental distribution of \$2 million is included for use by school districts and charter schools experiencing shortfalls. The appropriation is to be distributed through an application process based on demonstrated need. Prior to distributing any emergency supplemental funds, PED is required to provide LFC and Legislative Education Study Committee with a report outlining (1) the criteria used to qualify for funds; (2) the financial status of recipients, including the status of recipients' financial audits; and (3) any cost savings measures recipients implemented before applying for funds. In no event shall money be distributed to any school district or charter school having cash, invested reserves, or other resources equaling 5 percent or more of their operating budget.

Currently, PED has withheld awarding approximately \$3.8 million of last year's emergency supplemental appropriation. The period of time for expending the withheld funds has been extended through FY12. If the department does not allocate any of the \$3.8 million in FY11, total emergency supplemental funding, including the emergency supplemental appropriation in categorical public school support, will be approximately \$7.6 million, or 6.3 percent less than FY11.

Special appropriations also included \$1.2 million from the transportation emergency fund for increased school bus fuel costs. The secretary is to make distributions up to \$1.2 million from the fund, first to provide additional funding to school districts and state-chartered charter schools for increased school bus fuel costs based on miles traveled for to-and-from transportation of public school students.

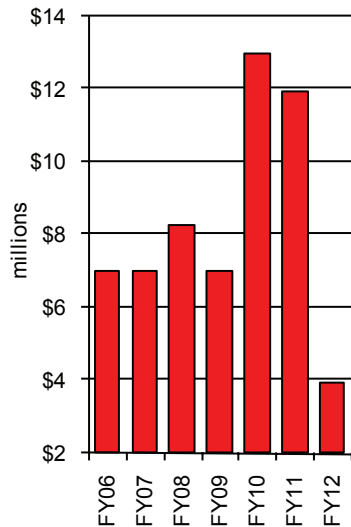
Finally, a special appropriation of \$2.5 million to be used to fund the governor's educational reforms was contingent on the passage of House Bill 21, which failed to pass. The reforms included improving third grade retention, providing technical assistance to low performing schools, improving data systems, implementing innovative digital education and learning, and implementing computer-administered assessments and common core standards.

Related Legislation. Significant statutory changes enacted during the session include Chapter 6 (House Bill 129), referenced above, that shifts responsibility for paying the employee's share of the pension contribution for retired employees who return to work (RTW) from the employer to the employee. Currently, the employer pays the full contribution. This will bring the education RTW contribution program into contribution parity with the RTW program for other public employees.

Chapter 154 (Senate Bill 145) permanently repeals Laws 2009, Chapter 26, which requires 180 full instructional days for a regular school-year calendar and 150 full instructional days for districts on an approved variable school year. Schools will be required to meet a minimum number of hours each calendar year.

Chapter 14 (Senate Bill 446) requires the governing body of a charter school to enter into a charter contract based on a performance framework with the chartering authority in addition to the initial charter application. The contract is the final authorization for the charter school and outlines the roles and responsibilities of both the chartering authority and the charter school, including ongoing oversight of operational, financial, and academic

Emergency Supplemental Appropriations FY06 - FY12



Source: LFC Files

performance of the charter school. The performance provisions in the charter contract will be required to set forth the academic and operations performance indicators that will guide the chartering authority’s evaluation of each charter school and will include student academic indicators, such as academic performance and growth, achievement gaps in proficiency and growth between student subgroups, attendance, recurrent enrollment, post-secondary readiness, and graduation rates.

Chapter 39 (House Bill 47) eliminates the allowable limits on operational cash balances carried forward, allowing school districts and charter schools to carry forward and budget all cash balances remaining at the end of a fiscal year.

Chapter 12 (House Bill 252) adds a new section to the Public School Finance Act requiring school districts and charter schools to provide quarterly financial reports to their governing boards on department-developed forms and requires PED to promulgate rules governing the use of procurement, travel, and gas cards by school districts and charter schools.

Public School Capital Outlay. Chapter 11 (House Bill 113) amends both the Public School Capital Improvements Act and the Public School Buildings Act to require charter schools to report anticipated and actual expenditures of distributions made pursuant to those acts.

Chapter 69 (House Bill 283) prohibits, beginning with FY12, new charter schools from opening and existing charter schools from relocating into a facility that receives a condition rating below the average condition for all New Mexico public schools for that year. The bill also requires Public Schools Facilities Authority (PSFA) to approve all lease-purchase agreements entered into by school districts and charter schools and prohibits PSFA from making a lease assistance grant to a charter school whose lease-purchase agreement has not been approved.

Executive Initiatives. The executive agenda included three education initiatives aimed at increasing student achievement. House Bills 21 and 100 sought to prohibit the social promotion of third grade students to the fourth grade if the third grade student scored at the lowest level of proficiency on the reading portion of the New Mexico standards-based assessment.

Senate Bill 502 would have established new teacher and principal evaluation systems based on the objective uniform statewide evaluation framework. Teacher evaluations would have been based in part on a value-added model reflecting student academic growth, and principal evaluations would have been based in part on their school’s achievement and growth in achievement.

Chapter 10 (Senate Bill 427) establishes an annual school grading system that ranks schools from A to F beginning with the 2011-2012 school year. The system is based in part on student growth and other academic indicators. The intent is to make school performance ratings easily understandable by parents, school personnel, and the community.

Of the three new initiatives, the school grading system is the only initiative enacted.

Research and Public Service Projects¹ FY11 to FY12

School	# in FY11	# in FY12
UNM	53	26
HSC	17	11
NMSU	30	17
NMHU	9	4
WNMU	5	5
ENMU	9	7
NMIMT	13	13
NNMC	4	3
SFCC	2	2
CNM	1	1
LCC	4	4
MCC	2	2
NMJC	4	4
SJC	3	2
CCC	1	1
Total	157	102

1. Includes RPSPs, Athletics, and Public Television.
Source: LFC Analysis

General Fund Appropriations Research and Public Service Projects¹ FY11 to FY12 (in thousands)

School	FY11	FY12
UNM	10,141	8,201
HSC	30,485	26,087
NMSU	44,237	40,842
NMHU	2,935	2,643
WNMU	2,719	2,509
ENMU	4,062	3,680
NMIMT	10,479	9,574
NNMC	640	373
SFCC	4,514	4,008
CNM	156	78
LCC	548	517
MCC	105	131
NMJC	509	514
SJC	511	329
CCC	63	32
Total	111,794	99,520

1. Includes RPSPs, Athletics, and Public Television.
Source: LFC Analysis

The higher education funding formula should prioritize

- Incentives for improving student outcomes and quality of programs
- Mechanisms to promote cost effective services
- Greater rates of course completion as well as on-time degree completion

While overall general fund appropriations to higher education decreased by 3.7 percent, or \$28 million, the Legislature prioritized instructional spending, limiting instruction and general (I&G) program reductions to 2.6 percent, or \$15.6 million from FY11 (see Appendix M). Consistent with testimony from the Funding Formula Task Force, this appropriation incorporated several formula revisions. Changes included moving to a two-year average enrollment calculation, resulting in a reduction in the incremental cost of workload growth from \$40 million to \$20 million for all institutions. A more comprehensive overhaul to the funding formula is needed during the 2011 interim.

Reductions to the base I&G operating budget included the assumption colleges would raise tuition an average increase of \$100 annually per student, resulting in an overall tuition credit of \$14 million. A second reduction, funding only high school dual credit courses that are part of the core curriculum, core career development, or aligned with advanced placement, resulted in a \$2 million credit. Finally, two adjustments were made to the \$85 million New Mexico grants in tuition waivers. First, the nondiscrimination waiver was reduced by 40 percent, or \$4 million. This waiver allows students who attended a New Mexico high school or took a general educational development (GED) test instate to receive resident tuition regardless of immigration status. Second, the nonresident part-time student waiver, allowing nonresident students to take up to six credit hours at an instate tuition rate, was reduced by 90 percent, or \$11 million.

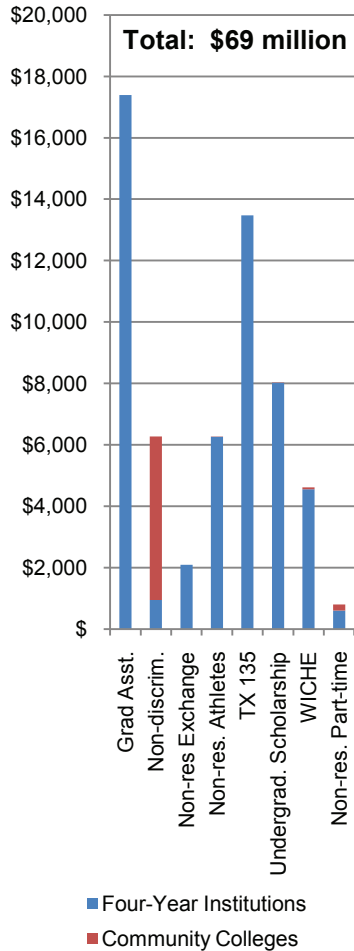
Special Projects. Noninstructional appropriations for higher education, including those for athletics and research and public service projects, decreased \$12 million, or 9 percent from FY11. No new research and public service projects were created, although the Legislature allowed institutions to reallocate funds to prioritize projects. Also, at the University of New Mexico's Health Sciences Center \$2 million for hemophilia, integrative medicine, locum tenens, nurse advice line, telemedicine and young children's health center was transferred "above the line" to its instruction and general appropriation.

Higher Education Department. HED's budget decreased 7 percent, or \$2.6 million from FY11. Of that, student financial aid was reduced by 2.5 percent, or \$572 thousand, while the policy development and institutional financial oversight program was reduced by \$2 million. Some flow-through funds were appropriated directly to institutions, such as the Wind Training Center at Mesalands Community College and the Oil and Gas Training Center at New Mexico Junior College. Similarly, the Legislature appropriated \$500 thousand in nonrecurring funds to the innovative digital education and learning (IDEAL-NM) program; the interim will be critical to addressing long-term solvency around distance learning at many New Mexico institutions.

Legislative language in the General Appropriation Act also directs HED to recommend revisions to the funding formula by October 15, 2011, a task already underway. Finally, consistent with the findings in the LFC's higher education program evaluation, HED is directed to report the difference between funded and completed student credit hours at each institution.

Selected NM Tuition Waivers FY12

(in thousands)



Source: LFC Files

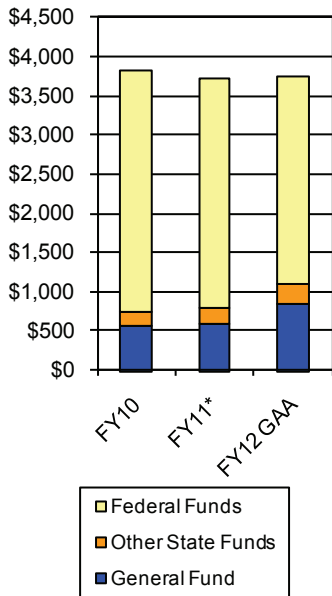
Related Legislation. Chapter 29 (House Bill 87) transfers the functions, funding, contractual obligations, and statutory references of the Organic Commodity Commission to the New Mexico Department of Agriculture under the direction of the Board of Regents of New Mexico State University.

Chapter 44 (House Bill 353) updates the statutory references and clarifies the investment standards applicable to endowment funds managed by publicly funded postsecondary institutions and special schools. The bill requires the State Board of Finance to adopt regulations governing the distribution of endowment funds.

Without an appropriation, Chapter 76 (Senate Bill 133) authorizes the Health Sciences Center at the University of New Mexico to conduct a feasibility study of establishing a program the university that will allow students to matriculate directly to dental school for a doctor of dental science or a doctor of dental surgery degree.

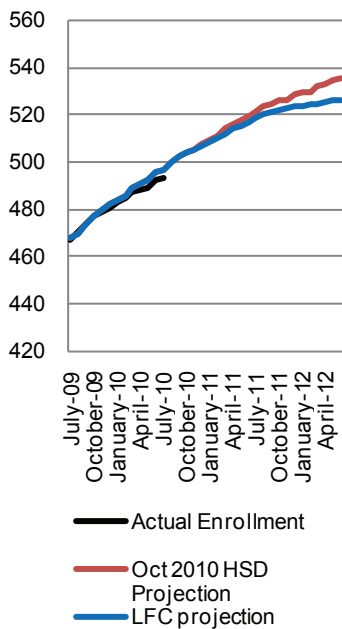
Chapter 53 (Senate Bill 267) provides for independent community colleges to enter into agreements with municipalities for the enforcement of campus non-moving traffic regulations, establishes procedures for the issuance and payment of citations, establishes the court of jurisdiction, provides for penalty assessments to be credited to the municipality, and provides for the commissioning of campus security personnel without arrest powers.

Medicaid Program Appropriations
(in millions)



*January 2011 projection; excludes administration.
Source: LFC Files

Medicaid Enrollment Projections
(in thousands)



Source: LFC Files

With the budget picture clouded by the loss of hundreds of millions of dollars from the American Recovery and Reinvestment Act and only modest growth in state revenues, the Legislature struggled to minimize the impact on health and human services agencies. While appropriations for these agencies are down for FY12, general funding cuts are marginal compared with those for most other areas of state government.

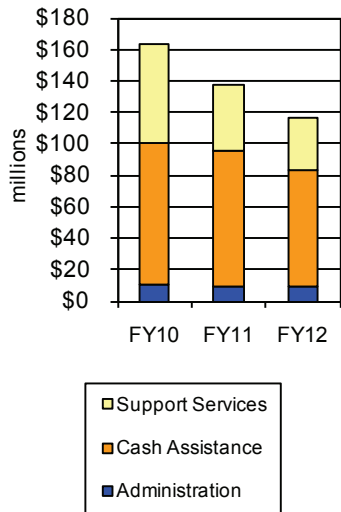
Human Services Department and Medicaid. The Legislature faced a challenge to maintain funding for healthcare programs in FY12, especially Medicaid, because, among other reasons, enhanced federal matching rates from the ARRA will end on June 30, 2011. To meet the challenge, the Legislature replaced some \$280 million of federal funds that will not be available in FY12 for Medicaid programs with general fund revenue, leaving total Medicaid spending flat with FY11 spending. Nevertheless, given continued enrollment growth in Medicaid, the Human Services Department and the Department of Health will have to seek additional cost-containment options to operate within their budgets.

FY12 Medicaid Programs. The FY12 appropriation from the general fund for Medicaid programs at HSD, excluding administration, totals \$857.3 million. Combined with another \$254.7 million of other state funds and matched with \$2.64 billion of federal funds, the total appropriation for Medicaid programs is \$3.75 billion (see Appendix O). The appropriation is based on an estimated federal medical assistance percentage (FMAP) matching rate of 70.33 percent, significantly lower than the average ARRA-enhanced rate of 78.75 percent rate for FY11. Due to this shift, the general fund share of Medicaid spending will increase by 44.3 percent from FY11 to FY12.

Another \$7 million is appropriated in Section 5 of the GAA for a shortfall in Medicaid funding for FY11. This supplemental appropriation eliminates the need to move expenditures into FY12. The April 2011 HSD projection for Medicaid spending in FY12 totals about \$3.79 billion, about \$42 million more than the appropriation supports. Of this amount, about \$30 million is a projected general fund shortfall. A federal disallowance claim worth \$19.6 million might have to be repaid in FY12, and the department will have to pursue additional cost containment worth the remaining \$11 million, such as limitation of benefits, reduction of provider reimbursement rates – including administrative allowances for managed care – and redesign of the Coordination of Long-Term Services (CoLTS) program. Providing some flexibility to HSD, however, is a federal bonus payment of \$8.5 million for exceeding an enrollment target set by the federal Children’s Health Insurance Program Reauthorization Act (CHIPRA). The funding may help meet programs needs in FY11 and FY12, and the grant has few restrictions.

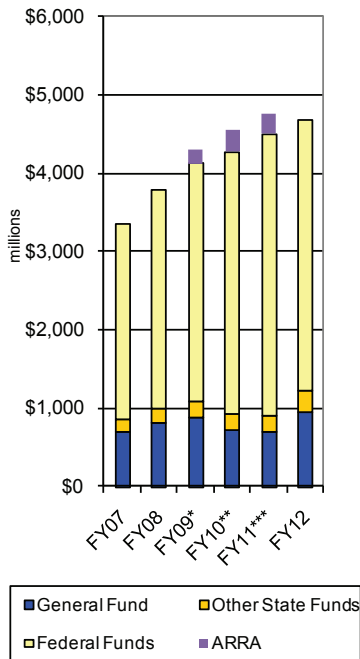
HSD projects that enrollment will continue to grow through FY12, reaching more than 530,638 individuals by June 2012 in Medicaid and the State Child Health Insurance Program – a year-over-year increase of 3.4 percent. The department projects declining enrollment in the State Coverage Insurance program, falling to just over 35,933 individuals. With another 13,000 individuals in other programs, total enrollment in HSD healthcare programs is projected to exceed 579,000 by the end of FY12. If enrollment growth continues to slow, the department might not need to contain costs to the same degree.

Temporary Assistance for Needy Families Appropriations



Source: LFC Files

HSD Appropriations



*FY09 Adjusted Budget: Laws 2009, Ch 2

**FY10 Adjusted Budget: EO 2009-044

***FY11 Adjusted Budget Laws 2010, Ch 6

Source LFC Files

FY12 Medicaid Administration. A total of \$58.9 million (\$9.8 million from the general fund) is included for Medical Assistance Program administration. The appropriation includes the transfer of 16 FTE and associated funding from the Aging and Long-Term Services Department to HSD for administration of the CoLTS Medicaid waiver, Mi Via Medicaid waiver, and traumatic brain injury programs. The transfer should eliminate management duplication and provide opportunities to redesign these long-term services programs. To assist with the transition of personnel and other costs, Section 5 of GAA includes \$200 thousand for the Aging and Long-Term Services Department.

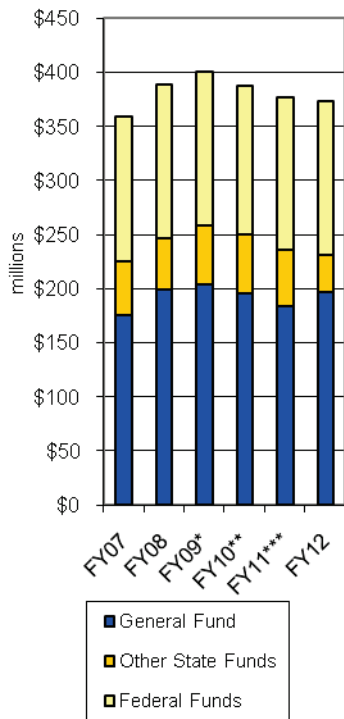
Tobacco Settlement Program Fund. The estimated tobacco master settlement agreement (MSA) payment to New Mexico was \$39.55 million for FY12. Chapter 3 (House Bill 79) continues distributing 100 percent of the MSA payment to the tobacco settlement program fund for appropriation for state programs in FY12 and FY13. GAA appropriates the additional 50 percent to Medicaid as state matching funds. Appendix P shows the original FY12 appropriations from the tobacco settlement program fund contained in the GAA. However, because the FY11 MSA payment came in \$1.4 million less than anticipated at \$38.6 million, the Department of Finance and Administration reduced FY12 allotments for agency operating budgets proportionately to carry forward \$38.6 million as the revised FY12 MSA payment.

According to the Attorney General (AG), this estimate may be optimistic due to litigation with participating cigarette manufactures. A key issue is whether the state has had adequate enforcement of escrow payments by nonparticipating manufactures. Legislation in 2006 opened a potential loophole, which was closed by legislation enacted in 2009. Further legislation in 2010 reopened the potential loophole, which the Legislature intended to close in the 2011 session by passing Senate Bill 397. However, the governor vetoed the bill. According to an April 2011 letter from AG, this action opened the door for the participating manufacturers (PMs) to claim that the state has not had a “qualifying statute,” a prerequisite for receiving any MSA payment, since 2006. Thus, the letter warns that if the PMs prevail in their argument, “...New Mexico could have to forgo its payments for the next five years, at a minimum” to repay monies received since 2006.

Temporary Assistance for Needy Families. Through FY10 and FY11, the TANF program experienced significant enrollment increases, growing more than 47 percent from June 2008 to 21,328 participants in January 2011. Federal stimulus funding and cash balances have largely been depleted, requiring the department to cut cash benefits by 15 percent beginning January 1, 2011, and reduce support services at the Children, Youth and Families Department, the Public Education Department, and others. For FY12, not much more than the \$110.6 million TANF block grant was available for appropriations, requiring further reductions to support services (see Appendix Q).

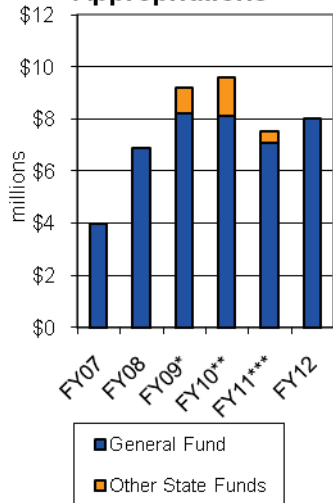
Given this restriction, the Legislature placed a priority on providing cash assistance and supporting childcare programs at CYFD. Where possible, appropriations from the general fund were made to other agencies to replace reduced TANF appropriations. The FY12 TANF appropriation, for example, does not include funding for domestic violence programs, the home-visiting program at CYFD, or prekindergarten programs as discussed more

CYFD Appropriations



*FY09 Adjusted Budget: Laws 2009, Ch 2
 **FY10 Adjusted Budget: EO 2009-044
 ***FY11 Adjusted Budget Laws 2010, Ch 6
 Source: CYFD

CYFD Prekindergarten Appropriations



*FY09 Adjusted Budget: Laws 2009, Ch 2
 **FY10 Adjusted Budget: EO 2009-044
 ***FY11 Adjusted Budget Laws 2010, Ch 6
 Source: CYFD

thoroughly below. Funding for job training and placement was also reduced, and HSD may need to reconsider, or rebid, its long-standing contracts with the Commission on the Status of Women and New Mexico State University. This reconsideration or rebid becomes of particular note for the Commission on the Status of Women given that the governor vetoed the agency's total FY12 general fund appropriation of \$450 thousand, leaving only the remaining revenue of \$80 thousand in other state funds generated from fees and \$850 thousand from internal service funds/interagency transfers which represents the TANF contract funds that are in question.

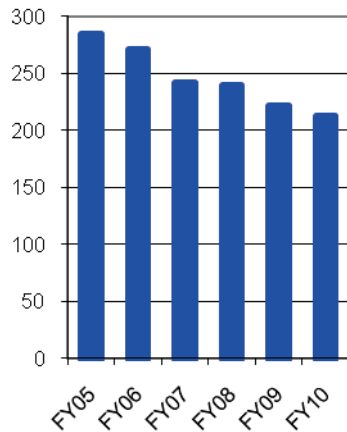
Other Human Services Department Programs. The FY12 appropriation from the general fund for other HSD programs totals \$100.8 million and is a 3.4 percent reduction from FY11 (see Appendix R). The department will likely have to maintain high vacancy rates and seek additional administrative savings. The appropriation eliminated funding for state-funded Supplemental Nutrition Assistance Benefits (SNAP, formerly known as Food Stamps) and reduced funding for the Education Works program by \$600 thousand. The appropriation makes fewer reductions to the Behavioral Health Services program to avoid significant cuts to substance abuse and mental health services. GAA includes \$600 thousand to continue limited operations of the Los Lunas Substance Abuse Treatment Center. The center is operated through a contract with Partners in Wellness, a consortium of nonprofit behavioral health provider organizations.

Related Legislation and Issues. The provision of behavioral health services continues to be a concern of the Legislature, particularly the services contracted through the so-called statewide entity for behavioral health – Optum Health NM. Chapter 5 (House Bill 432) requires the Interagency Behavioral Health Purchasing Collaborative to consider implementing a pilot project of a regional entity made up of providers and another organization for behavioral health services. The project would likely require a significant shift in the current behavioral health contract.

Senate Joint Memorial 1 requires the executive director of the New Mexico Medical Insurance Pool (NMMIP) to continue the Health Care Reform Working Group with membership drawn from Department of Health, HSD, LFC, Legislative Health and Human Services Committee, Public Regulation Commission Insurance Division, NMMIP, and the New Mexico Health Insurance Alliance. The Health Care Reform Working Group will be responsible for administrative, legislative, regulatory, operational, and financial initiatives necessary to implement and supplement federal health care reform. This includes implementation of a health insurance exchange and development of state strategies to get access to federal money available for healthcare workforce development, Medicaid, and community clinics; policies addressing healthcare disparities and healthcare information systems; any restructuring of medical assistance programs to maximize federal funds; and actions concerning other health-related issues.

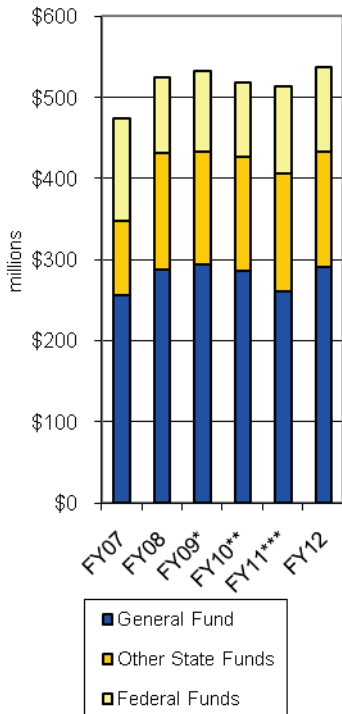
Children, Youth and Families Department. The FY12 general fund appropriation to CYFD of \$196.3 million is 6.9 percent, or \$12.7 million, higher than the adjusted FY11 budget (see Appendix S). The adjusted FY11 budget reflects the \$6.2 million general fund reduction effected by Laws 2010, Chapter 6. Also, 11 FTE were deleted, bringing the agency total to 2,109.1 FTE.

Juvenile Secure Facilities: Average Daily Population



Source: CYFD

DOH Appropriations



*FY09 Adjusted Budget: Laws 2009, Ch 2
 **FY10 Adjusted Budget: EO 2009-044
 ***FY11 Adjusted Budget Laws 2010, Ch 6
 Source: DOH

Chapter 163 (Senate Bill 574) prohibits employment by CYFD of all prospective or current employees, volunteers, and their superiors who have direct unsupervised contact with children and have been the subject of a substantiated allegation of child abuse or neglect. Also, the new law bars convicted felons from being in such employment with CYFD if the employee has or will have direct unsupervised contact with children.

Domestic Violence. The Legislature increased funding from the general fund by \$1 million from the adjusted FY11 operating budget to help offset the loss of TANF funding for domestic violence. Also, to further reduce the impact the FY12 budget includes \$1 million in fund balances from the domestic violence offender treatment and intervention fund. In FY12, total funding for domestic violence services is \$10.6 million.

Chapter 8 (Senate Bill 110) forbids law enforcement to charge alleged victims of domestic abuse for copies of photographs relating to the abuse.

Early Childhood Services. Recurring general fund appropriations to the Early Childhood Services Program increased \$12.6 million from the adjusted FY11 operating budget. The general fund increase includes \$11.2 million for childcare assistance and \$500 thousand for early childhood education. The total budget in FY12 for child care is \$82.7 million. Prekindergarten is increased by \$946.7 thousand in the general fund appropriations to offset the loss of TANF funding. Also, home visiting is increased by \$100 thousand in the general fund appropriations.

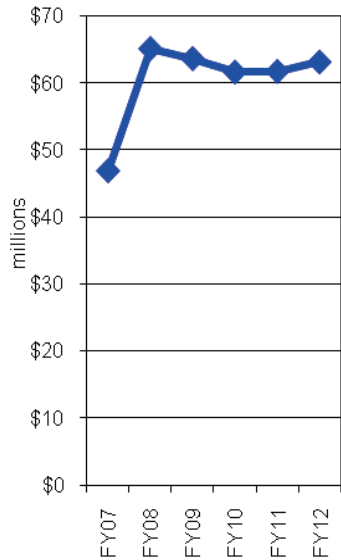
The GAA funded the executive request of \$82.7 million for childcare assistance and includes \$23.8 million in TANF funding and \$27.3 million from the general fund. The general fund increase in FY12 over the FY11 adjusted operating budget is \$11.2 million, or 69.2 percent. CYFD reported at this funding level the department will be able to continue enrollment of children in families with incomes at or below 100 percent of the federal poverty level (FPL), and the number of children currently in childcare assistance could be maintained.

The Legislature passed the following three early childhood bills: Chapter 123 (Senate Bill 120) creates the Early Childhood Care and Education Act to establish a comprehensive early childhood care and education system; Chapter 126 (Senate Bill 167) requires any money appropriated for prekindergarten programs to be divided equally between the Public Education Department and the Children, Youth and Families Department; and Chapter 140 (Senate Bill 605) expands the number of eligible providers for prekindergarten services.

Protective Services. The Protective Services Program’s recurring general fund appropriation increases \$1.7 million from the FY11 adjusted operating budget. The increase from the general fund assists in reducing the vacancy rate in the Protective Services Program from 10.5 percent in FY11 to 5.7 percent in FY12.

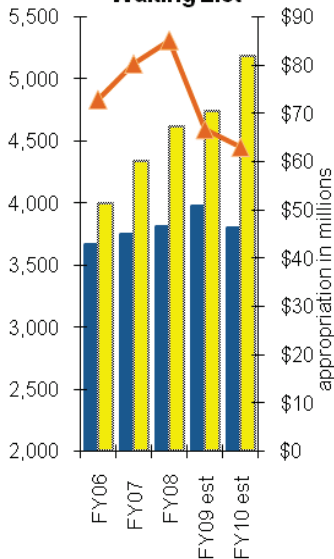
Chapter 49 (Senate Bill 77) creates a new section of the Law Enforcement Training Act that requires child abuse incident training in the basic academy and annual curriculum for law enforcement officers, and Chapter 130 (Senate Bill 285) amends the Child Placement Agency Licensing Act to clarify responsibilities of child placement agencies.

General Fund Appropriations for Department of Health Facilities



Source: LFC Files

DD General Fund Appropriation versus Waiting List



Legend: Clients Served (Blue Bar), Waiting List (Yellow Bar)

Source: LFC Files

Juvenile Justice. The Juvenile Justice Facilities Program has a recurring general fund appropriation reduction of \$361 thousand, or 1 percent, from the adjusted FY11 operating budget. The FY12 budget includes \$100 thousand for a contract with Missouri Youth Services Institute for continued training and support for the Cambiar New Mexico model.

The governor vetoed House Bill 347 that would have amended several sections of the Children’s Code addressing detention of youth in adult facilities and the detention of 18 to 21 year olds.

Department of Health. The FY12 general fund appropriation in the GAA to the DOH of \$290.2 million is 11.6 percent, or \$30.2 million higher than the adjusted FY11 operating budget (see Appendix T). Authorized FTE were reduced by 167 vacant positions. Contracts in public health were funded at the level requested by the department to maintain client healthcare services. The appropriations for trauma, emergency medical services, and sexual assault programs are also at levels requested by DOH. The Facilities Management Program provides sufficient funding to maintain direct patient care staffing levels, maintain programmatic healthcare services, and provide full funding for the Fort Bayard Medical Center debt payment.

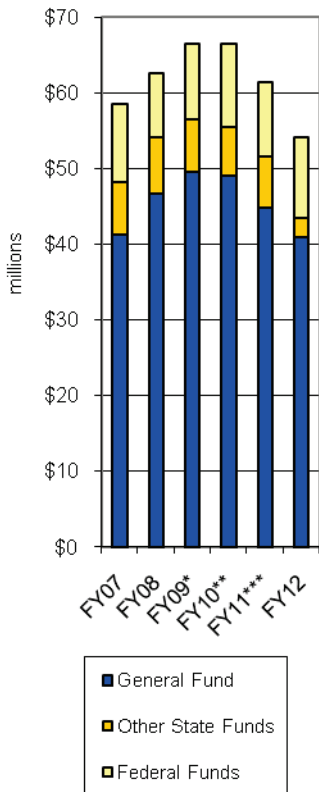
Chapter 90 (Senate Bill 295) requires drug and alcohol testing for direct healthcare providers in state healthcare facilities. A healthcare provider hired to provide direct care to patients in a state healthcare facility shall be tested for illicit and prescription drug and alcohol abuse prior to employment and subject to random drug testing thereafter. DOH is directed to promulgate rules to establish the definition of “direct care” and to implement the provisions of the bill; however, no funding was appropriated to implement the bill, which has a projected cost of up to \$172 thousand annually in recurring costs to the Department of Health.

Developmental Disabilities Medicaid Waiver. Approximately 3,804 special needs individuals receive services under the developmental disabilities (DD) Medicaid waiver allowing in-home care. In addition, 227 individuals are provided services as “medically fragile.” The fund transfer to HSD of approximately \$93 million is an increase of \$30 million over FY11 due to the expiration of \$29 million in ARRA funds. The appropriation includes \$1 million that can only be used to enroll an estimated 70 additional clients from the DD waiver waiting list.

To limit payments to plaintiffs’ attorneys and related fees in defending the Jackson lawsuit, language in the GAA would have limited payments for these expenses to \$100 thousand and used any savings from this restriction to enroll clients from the DD waiting list. The governor, however, used a line-item veto to remove the latter restriction.

Family, Infant, Toddler Program. The GAA includes a \$500 thousand special appropriation for the Family, Infant, Toddler program to provide services in FY12 to 2 and 3 year-old preschool children with disabilities transitioning to public school programs. This appropriation is also intended to replace a portion of the \$2.9 million in ARRA federal funds that lapse in September 2011. Chapter 166 (Senate Bill 330) amends the Public School Code relating to the education of children with disabilities in public school preschool programs by eliminating the option of a child who has his or her third birthday during a school year from enrolling in a public school and

ALTSD Appropriations



*FY08 Adjusted Budget: Laws 2008, Ch 2
 **FY10 Adjusted Budget: EO 2009-044
 ***FY11 Adjusted Budget Laws 2010, Ch 8
 Source: ALTSD

receiving special education and related services from the beginning of that school year.

Aging and Long-Term Services Department. The FY12 general fund appropriation to ALTSD of \$40.8 million is 8.9 percent, or \$4 million, lower than the FY11 operating budget (see Appendix U). The appropriation eliminates the Long-Term Services Program within ALTSD and transfers responsibilities for the Medicaid waiver and brain injury programs to the Human Services Department. The appropriation eliminates 16 FTE, transfers 16 FTE to HSD, and transfers 27 FTE and funding to ALTSD’s Consumer and Elder Rights Program responsible for the operation of the aging and disability resource center where these individuals are currently working.

General fund support for the Aging Network and the area agencies on aging is \$25.4 million, a reduction of less than 1 percent. The Aging Network provides congregate meals at senior centers, home-delivered meals, senior employment, and other services.

**Dept. of Public Safety
Annual Funding**
(in millions)



Source: LFC Files

Public safety continues to be a priority for New Mexico and for the Legislature. Although law enforcement and correction facilities are labor intensive and require costly recurring expenditures for automobiles, fuel, facility maintenance, and inmate medical care, these important services must be maintained.

Department of Public Safety. The GAA appropriates \$123.8 million to the Department of Public Safety, including \$86.9 million in general fund revenues (see Appendix V) and \$14.7 million in federal funds. The FY12 general fund appropriation of \$86.9 million is a decrease of \$1.2 million, or 1.4 percent compared with the FY11 adjusted budget.

The \$78.8 million appropriation to the Law Enforcement Program includes a \$64.8 million general fund appropriation. A central issue facing the department is the New Mexico State Police recruit school. The general fund appropriation dedicates \$634 thousand in the Film Production Tax Credit Act (Chapter 177, House Bill 607) to conduct a recruitment school large enough to graduate an estimated 25 officers. The DPS budget contains \$4.1 million in federal funds from various federal grants for overtime to conduct targeted enforcements and investigations related to federal initiatives.

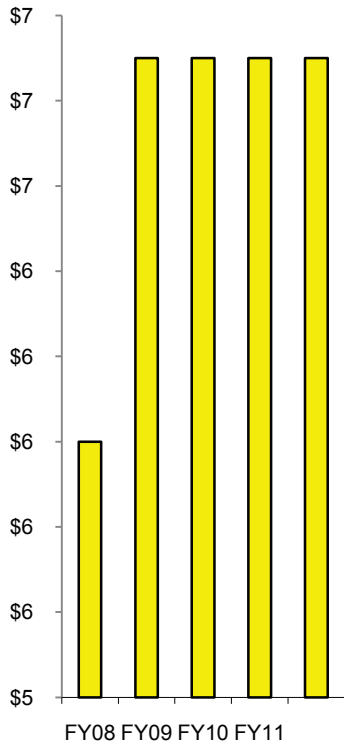
The GAA includes a special appropriation to the Board of Finance for emergency loans or grants for fuel costs and to replace DPS vehicles. Within DPS's Program Support, the general fund appropriation includes \$102.5 thousand to fill vacant forensic scientist positions dedicated under Chapter 177.

The Legislature created the Motor Transportation Program in 2009, separating it from the Law Enforcement Program. The FY12 appropriation of \$23.7 million to the Motor Transportation Program includes \$9.2 million in general fund revenues and \$6.9 million from the state road fund. In addition, the general fund appropriation to the Motor Transportation Program includes \$163 thousand dedicated under Chapter 177.

Corrections Department. The FY12 appropriation for the Corrections Department is \$281.8 million, of which \$258.4 is from the general fund (see Appendix W). This represents a 1.7 percent decrease from the agency's adjusted FY11 general fund appropriation. The Inmate Management and Control Program is funded at a level that will allow the agency to address population growth through private prison contracts and also apply a lower vacancy factor.

The GAA appropriates \$3.5 million dedicated under Chapter 177 to the Inmate Management and Control Program. The FY12 appropriation is based on a projected population of 6,685 inmates by July 2011. The average cost per inmate per day for department-operated institutions is \$123, as opposed to \$84 per day in privately operated facilities. The GAA includes language for the Community Offender Management Program, of which no more than \$500 thousand of the general fund appropriations shall be used for detention costs for parole violators.

**Motor Trans. Division
State Road Fund
Transfers**
(in millions)



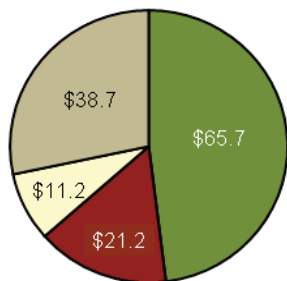
Source: LFC Files

Court General Fund Summary
(in millions)



Source: LFC Files

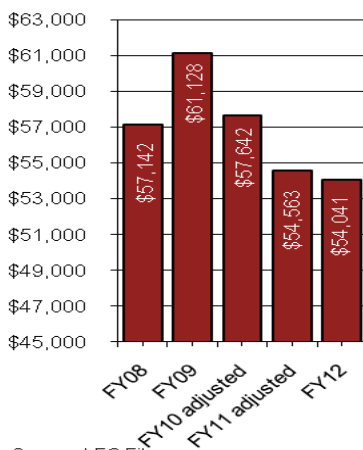
Distribution of General Fund
(in millions)



Legend:
 ■ District Courts ■ Metro Court
 ■ State Courts ■ AOC

Source: LFC Files

District Attorneys General Fund Summary
(in millions)



Source: LFC Files

Like public safety, the courts, district attorneys and public defenders received a slightly reduced budget for FY12 but avoided any major reduction in overall appropriations.

Courts. The FY12 general fund appropriation for the courts is 1 percent lower than the adjusted FY11 budget. The governor vetoed a \$250 thousand GAA appropriation designated to avoid furloughs and layoffs in judicial agencies. However, courts will receive increased funding for magistrate leases, jury expenses, and an additional judgeship in the 8th Judicial District. The Legislature also continues to support drug and mental treatment courts with sufficient funding to maintain current levels of service (see Appendix X).

Judgeship. While several judgeships were requested by the judiciary, only one for the 8th Judicial District was created because it did not require additional and recurring general fund moneys. The new judgeship, created in Chapter 41 (House Bill 188), is aimed at reducing case backlogs in Taos, Colfax and Union counties.

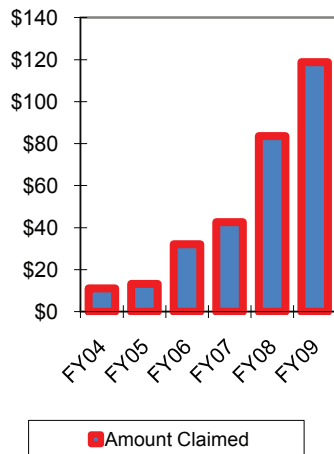
Driving-While-Intoxicated Grant Fund. Section 4 of the GAA includes \$800 thousand in driving-while-intoxicated grant revenues to help supplant drug court general fund reductions. The Drug Court Advisory Council will assist the Administrative Offices of the Courts in distributing funds to drug court programs statewide.

Magistrate Operations Fee. Senate Bill 277, vetoed by the governor, would have temporarily raised the Magistrate Court operations fee by \$3. The new fee was expected to generate more than \$700 thousand over the next three fiscal years. Funds generated were to be used for the deficiency in the magistrate court operations budget and to avoid employee furloughs.

District Attorneys and Public Defender. The GAA reduces the general fund appropriation for the district attorneys and Administrative Office of the District Attorneys (AODA) by 1 percent (see Appendix Y). Language in the GAA allows district attorneys to keep unexpended balances remaining at the end of FY11 or any year thereafter from grant revenue received from the U.S. Department of Justice related to the Southwest Border Prosecution Initiative or from any Native American tribe, pueblo, or political subdivisions pursuant to a contract, memorandum of understanding, or joint powers agreement. The GAA also requires AODA to provide detailed reports documenting the amount of these funds. The report is due to the Department of Finance and Administration and the LFC by November 1, 2011.

The FY12 general fund budget for the Public Defender Department is \$39.15 million, a 1.3 percent decrease from the adjusted FY11 budget.

Total Business Incentive Tax Credits Claimed
(in millions)



Source: Taxation and Revenue Department

Economic Development Tax Credits Claimed in 2009
(in millions)

Film	\$76.7
Technology Jobs	\$6.0
Rural Health Prac.	\$5.2
High-Wage Jobs	\$14.4
Investment	\$11.6
Lab Partnerships	\$2.5
Other	\$1.5
Total	\$118.0

Source: TRD

Slow state revenue growth because of the weak economy provided New Mexico policymakers with few opportunities to provide any new economic development incentives. State funding instead was focused on critical health care, education and public safety services. Nevertheless, legislative and executive action – and inaction in some cases – meant that most existing business-friendly tax incentives remained at the end of the session.

Development Incentives. Despite the challenging budgetary conditions, the Legislature appropriated funds for job creation, approved projects funded from the economic development revolving fund, placed a cap on film rebates, and authorized a new locomotive fuel incentive.

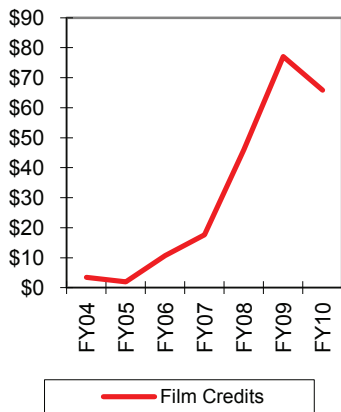
Job Training Incentive Program. Chapter 62 (House Bill 8) appropriates \$1.2 million to the development training fund for the Job Training Incentive Program (JTIP) administered by the Economic Development Department (EDD). The \$1.2 million is down from \$5 million appropriated in FY11. JTIP provides classroom and on-the-job training for newly created jobs in expanding or relocating businesses. The program reimburses 50 percent to 75 percent of employee wages and prioritizes up to one-third of its funding for rural, frontier, and distressed areas.

Business Tax Credit Extensions. Chapter 67 (House Bill 273) extends the little-used research and development small business tax credit through June 30, 2015. However, another bill to extend the sunset on the angel investment income tax credit from the current December 31, 2011 to December 31, 2015, failed to pass this legislative session.

Locomotive Fuel Incentive. To help entice the Union Pacific Railroad to build a locomotive refueling facility in Doña Ana County, the Legislature passed Chapter 61 (Senate Bill 179) authorizing the exemption of locomotive fuel from gross receipts tax and compensating tax beginning July 1, 2013. If a new refueling facility is constructed, state and local governments will forego up to \$8 million in annual tax revenue. Union Pacific estimates construction would create about 3,000 jobs through 2015 and about 600 permanent jobs when the facility reaches full capacity in 2025. The refueling facility is part of a larger \$400 million rail hub, referred to as the Strauss Facility, that Union Pacific is planning to build west of the Santa Teresa airport on a 2,200-acre site which also includes a switching yard, operational buildings for rail yard crew, and a terminal facility to load and unload cargo containers. The new exemption places New Mexico on par with Arizona and Texas, where there is no tax on locomotive fuel.

Film. New Mexico, like many other states, passed a number of bills addressing the film rebate program. Chapter 177 (House Bill 607) amends the Film Production Tax Credit portion of the Tax Code to provide an aggregate cap of \$50 million on the amount that may be approved in any fiscal year. In addition, the bill provides for a tiered schedule of rebate payouts with those eligible to receive \$2 million to \$5 million paid over a two year period and those eligible to receive \$5 million paid over a three year period. Interest on rebates paid over several years was made ineligible by the bill. Finally, the bill requires Taxation and Revenue Department to post on EDD’s website the aggregate amount of credits claimed and processed each month to track progress toward reaching the cap.

Film Production Tax Credits
(in millions)



Source: Taxation and Revenue Department

Continuing with the effort to collect film production expenditure data, ensure residents of New Mexico are the primary beneficiary of the jobs created, and to promote horizontal and vertical industry growth, the Legislature passed Chapter 167 (Senate Bill 44) to:

- Require film production companies to report the number and amount of wages paid to New Mexico residents, amount of GRT paid, total spending not eligible for the credit, and total payments to nonresidents;
- Limit the period of time to submit rebate claims to within one year of when production ends;
- Require mandatory income tax withholding on nonresident actors at the highest withholding rate of 4.9 percent;
- Replace the requirement that EDD publish newspaper notices with a requirement to post the information on the Film Division’s website;
- Require vendors to have brick-and-mortar presence in the state;
- Clarify that bonding can be purchased through a New Mexico-based insurance agent or broker or bonding agent;
- Add “related digital content” to the list of qualifying expenditures to include new types of digital content used during live-action filming; and
- Require EDD to develop and maintain an econometric model that “objectively assesses the effectiveness of the film production tax credit.”

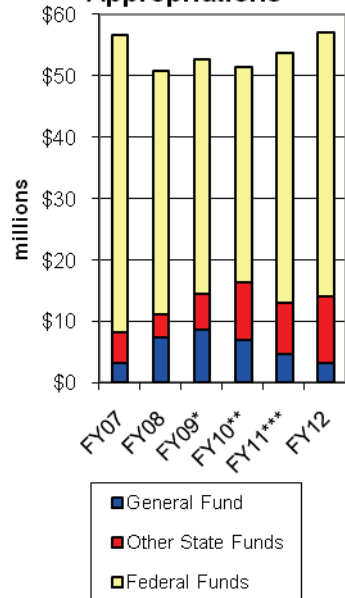
House Bill 415 would have provided for New Mexico small-budget film loans of amounts between \$150 thousand and \$5 million from the severance tax permanent fund; however, the governor vetoed the bill.

The Legislature passed two memorials to evaluate the performance of the film incentive program. Senate Joint Memorial 16 requests the State Investment Council to evaluate the performance of the New Mexico film incentive program, with particular emphasis on the loan component, and make recommendations for improvements and accountability measures to the Legislature by December 2011. Specifically, the memorial requests SIC consider converting the 0 percent film project loan program to a program that makes loans at the state market rate and provide more favorable terms to local rural in-state productions. Senate Joint Memorial 15 requests the Legislative Council Service to appoint an interim Legislative Film Investment Committee to review and analyze the state's film tax credits and film investments and make recommendations to the governor and the Legislature by December 1, 2011.

Accountability. For a third time, the Legislature passed several bills to improve the accountability and transparency of tax incentives. House Bill 161 would have required TRD to annually compile a tax expenditure budget and a dedicated revenue budget for the upcoming fiscal year and report the data to the interim Legislative Revenue and Tax Stabilization Committee and the LFC; however, the governor vetoed the bill. Similarly, Senate Bill 47, also vetoed by the governor, required TRD and EDD to provide tax expenditure information to the Legislature. The bill required EDD to estimate the number of jobs created and how many businesses qualified for the incentive but did not apply. The governor also vetoed House Bill 166, which required TRD to submit a comprehensive report every six years that evaluated the various tax credits that the state gives to groups and industries.

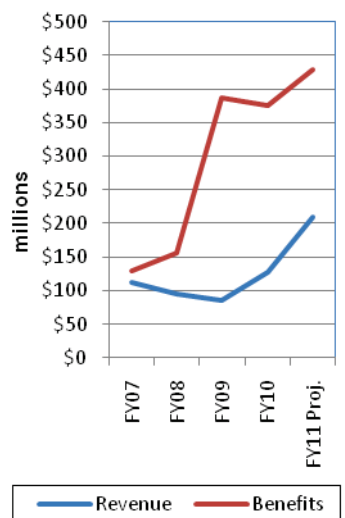
LABOR AND WORKFORCE DEVELOPMENT

Workforce Solutions Department Appropriations



*FY09 Adjusted Budget: Laws 2009, Ch 2
 **FY10 Adjusted Budget: EO 2009-044
 ***FY11 Adjusted Budget Laws 2010 Ch 6
 Source: WSD & LFC Files

NM UI Trust Fund Revenue and Benefits



Source: WSD

New Mexico's seasonally adjusted unemployment rate was 8.7 percent in February 2011 and the Workforce Solutions Department experienced unprecedented demand for unemployment insurance benefits over the past two years. As a result, the Legislature focused on shoring up the New Mexico unemployment insurance trust fund, efforts that prompted a mixed response from the administration.

Workforce Solutions Department. The general fund appropriation to WSD of \$3.3 million is 31 percent, or \$1.5 million, lower than the adjusted FY11 budget. The adjusted FY11 budget reflects the \$160.4 thousand general fund reduction effected by Laws 2010, Chapter 6. Also, 5 FTE were deleted, bringing the agency total to 504.5 FTE. Federal funds to WSD for FY12 will increase 5.8 percent, approximately \$2.4 million, over FY11 adjusted figures. The total FY12 budget is 6.2 percent, \$3.3 million, higher than the FY11 adjusted budget.

Unemployment Insurance Trust Fund. Employer taxes are collected by WSD and deposited in the federal treasury in the New Mexico unemployment insurance (UI) trust fund. Three years ago the fund was among the most solvent in the United States, with a balance of \$553.3 million. During the 2007 and 2009 legislative sessions, unemployment benefits were greatly enhanced. Benefit enhancements included increases to weekly benefits amounts from 52.5 percent to 53.5 percent and then temporarily to 60 percent of average weekly wage, an increase in the dependence allowance benefit from \$15 to \$25 per week for up to four qualifying children under the age of 18, benefits for qualified individuals returning to full-time school, benefits for part-time employees, and an alternative base period that allows an individual who does not have enough wage credits on record to provide other reliable means of establishing wages sufficient to qualify the individual for receipt of benefits. These benefit enhancements coincided with a decrease in the tax rate for startup businesses from 2.7 percent to 2 percent and a freeze of employer contribution tax schedule. WSD paid out \$375.9 million in UI benefits in FY10. Approximately, \$750 thousand to \$1 million in benefit payments are made daily. WSD projects the trust fund will be insolvent in early 2012.

Chapter 184 (House Bill 59) enacted the following statutory changes to address the declining New Mexico UI trust fund to:

- Decrease from four to two the number of qualifying dependents eligible to receive the \$25 dependent allowance;
- Eliminate of UI benefit payments to individuals attending school full-time, except those in an approved vocational training institution program, unless recipient demonstrates he is actively seeking full- or part-time work; and
- Limit optional extended benefits, which will only trigger when the federal government pays the full amount of shareable compensation for extended benefits, regardless of the extension of federal sharing for certain claims as provided in §2005(a) of Public Law No. 111-5.

Related Legislation

Chapter 62 (House Bill 8) appropriates \$1.25 million from the general fund to the economic development training fund for expenditure in fiscal year 2011 and subsequent years for a development training program providing classroom and in-plant training to furnish qualified human resources for certain new or expanding industries and business in the state.

House Joint Memorial 49 requests the Taxation and Revenue Department and the Economic Development Department to study the feasibility of establishing job creation tax credits to foster economic growth and provide jobs for New Mexicans. The study would determine whether a state equivalent of the Federal Job Creation Tax Credit, a refundable tax credit available to employers who expand the portion of their payroll, would work on the state level.

The governor vetoed language that would have implemented the higher UI contribution rates in schedule 3 (Section 51-1-11.I(4) NMSA 1978) effective January 1, 2012, through December 31, 2012. This partial veto may conflict with New Mexico Constitution Article IV, Section 22, which states the governor may veto any part or item of “any bill appropriating money.” The governor’s veto message states the line-item vetoed only applied to the portion of the bill that “appropriates money to the unemployment fund by way of increasing the contribution rate paid by employers.”

The line-item veto created a gap in statute for calendar year 2012 by eliminating the prescribed employer contribution schedule. The statute states that after 2012 the employer’s rate will adjust based on the prior year’s total payroll and the prior year-end balance of the UI trust fund, unless otherwise provided in statute. The statute is silent on schedule applicability for calendar year 2012.

If the gap is addressed during the 2011 Special Session and the employer rate is dictated by the prior year’s total payroll and the prior year-end balance of the UI trust fund as specified per Section 51-1-11(I) NMSA 1978, LFC projects the employer contribution schedule 6 will most likely be required in 2012 in light of the rapidly declining fund balance. LFC’s projection is based on WSD’s projected fund balance of \$34.5 million at the end of 2011 and total payroll of \$21.6 billion in 2009, assuming total payroll figures remain relatively constant.

The following table illustrates the necessary minimum UI trust fund balances for each employer contribution schedule.

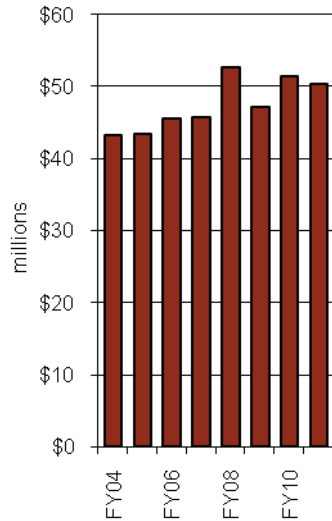
Contribution Schedules	Percent of Total Payroll	Minimum Required Fund Balance (in millions)
Schedule 0	fund balance > 2.3%	497.3
Schedule 1	2.3% > fund balance > 1.7%	367.6
Schedule 2	1.7% > fund balance > 1.3 %	281.1
Schedule 3	1.3% > fund balance > 1.0 %	216.2
Schedule 4	1.0% > fund balance > 0.7 %	151.3
Schedule 5	0.7% > fund balance > 0.3%	64.9
Schedule 6	0.3 % > fund balance	<64.9

Source: LFC Files

However, even with the employer contribution under schedule 6, WSD projects the trust fund will have a deficit of \$8.9 million on March 31, 2012. WSD reported when the trust fund becomes insolvent, the department will be required to take out a loan from the U.S. Department of Labor. The loan must be repaid before October 2012 to avoid paying any interest on the loan and losing Federal Unemployment Tax Act credit for New Mexico’s contributing employers.

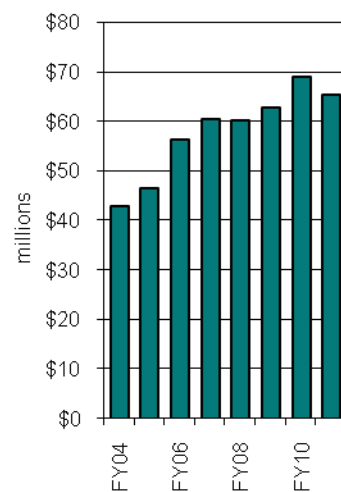
The GAA includes language that allows WSD to transfer up to \$30 million during FY12 from the tobacco settlement permanent fund to the state UI trust fund. The transfer is contingent on certification by the secretary of WSD that the state fund will be insufficient to pay benefits and the department can repay the loan by June 30, 2012. Also, the transfer is contingent on review by LFC and approval by the Board of Finance.

Office of the State Engineer Annual Funding
(all sources)



Source: LFC Files

Energy, Minerals and Natural Resources Department Annual Funding
(all sources)



Source: LFC Files

New Mexico's natural resource agencies received reduced general fund appropriations as the Legislature shifted toward the greater use of other state revenues and federal funds.

Energy, Minerals and Natural Resources. The general fund appropriation in the GAA to the Energy, Minerals and Natural Resources Department of \$19.83 million is \$1.4 million, or 6 percent less than the FY11 adjusted operating budget. The FY11 adjusted operating budget reflects the \$995.4 thousand reduction required by Executive Order 2009-044. The total reduction for the department from the FY11 adjusted operating budget is \$10.05 million.

Other Legislation. Chapter 65 (House Bill 40) amended the Abandoned Mine Reclamation Act to bring it into conformance with the 2006 changes to the federal Surface Mine Control and Reclamation Act. This will preserve an annual federal grant of between \$4 million and \$5 million.

State Engineer. The general fund appropriation of \$14.8 million in the GAA to the Office of the State Engineer (OSE) is \$2.7 million and 15 percent less than the adjusted operating budget. The overall budget is \$1.8 million, or 4 percent, higher than the FY11 adjusted operating budget.

Other Legislation. Chapter 99 (House Bill 301) authorizes the construction of the New Mexico unit of the Central Arizona Project. The project would develop water resources in the Gila River Basin and be paid for by the federal Arizona Water Settlement Act of 2004, which would contribute \$6.6 million per year for 10 years for a total of \$66 million.

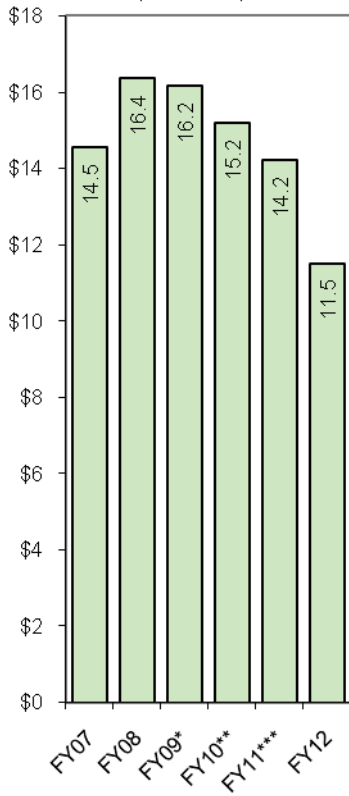
The GAA gives OSE budget adjustment authority to transfer \$750 thousand from the Attorney General's Office. This amount is part of a \$1.5 million appropriation in the GAA to the Attorney General's Office for anticipated litigation to protect New Mexico from legal threats and actual ongoing harm to its lawful share of water in its interstate streams.

Livestock Board. The general fund appropriation in the GAA to the New Mexico Livestock Board of \$470.2 thousand is 27 percent less than the FY11 adjusted operating budget. The adjusted FY11 budget reflects the \$21.5 thousand reduction required by the GAA of 2010. The use of other state funds - fees generated by livestock inspections - increased \$36.4 thousand from FY11.

Other Legislation. The Legislature passed, but the governor did not sign Senate Bill 58, which would have required that the manufacturers of livestock products sold in New Mexico register with the Livestock Board. Without the estimated \$150.0 thousand additional revenue, the agency budget will remain constrained.

Environment Department. The general fund appropriation to the New Mexico Environment Department (NMED) of \$11.5 million is 19.3 percent, or \$2.7 million, lower than the FY11 adjusted appropriation. NMED also saw a 5.9 percent decrease in federal funds, offset to some extent by special revenue funds. The total budget contracted by 3.6 percent.

**New Mexico
Environment
Department General
Fund Appropriations**
(in millions)



*FY09 Adjusted Budget: Laws
2009, Ch 2
**FY10 Adjusted Budget: EO
2009-044
***FY11 Adjusted Budget: Section
14 Reduction

Source: LFC Files

Other Legislation. Chapter 125 (Senate Bill 155) amended the Solid Waste Act to increase the maximum permit term for privately owned and operated facilities from 10 years to 20 years, the same permit term as for publically owned and operated solid waste facilities.

Organic Commodity Commission. Chapter 29 (House Bill 87) transfers the functions, funding, contractual obligations, and statutory references of the Organic Commodity Commission to the New Mexico Department of Agriculture under the direction of the Board of Regents of New Mexico State University.

Governmental Conduct Act

Chapter 138 (Senate Bill 432) amends the Governmental Conduct Act to prohibit state and local government agency employees from participating directly or indirectly in the contracting process and from becoming employees of the contractor contracting with the agency. The bill provides for the following:

- Defines what constitutes a contract under the act;
- Clarifies the definition of public officer or employee covered by the act;
- Allows public officers or employees not to be disqualified from engaging in any official act directly affecting that officer's or employee's financial interest when the financial benefit of the financial interest to the public officer or employee is proportionally less than the benefit to the general public;
- Prohibits state and local government agencies from entering into any contract with a public officer or employee or his or her business or that officer's or employee's family member or business unless the contract is awarded pursuant to a competitive process.

General government represents departments that provide broad services and includes issues such as government leases, bonds, local government, elections, and audits. The FY12 budgets for these agencies fared well overall. Many of these agencies rely on federal funds, enterprise revenue, or other state funds.

State Auditor. The general fund appropriation to the State Auditor's Office (SAO) of \$2.2 million is 1.6 percent or \$36 thousand, higher than the FY11 adjusted budget. The increase includes a partial offset for the reduced use of fund balance and eliminates funding for public relations and legal services contracts as well as a second office in Albuquerque.

Related Legislation. Chapter 106 (House Bill 411) grants DFA the discretion to take monetary action against a state agency or local public body by ordering the reduction of its appropriated budget allotment or by directing the Taxation and Revenue Department to withhold certain statutorily authorized tax revenues, if the agency or local public body fails to submit required financial audit reports to SAO. In recent years, several state agencies and local government entities have ignored the requirements of the Audit Act because they do not face penalties for noncompliance. Failure to submit audit reports to SAO places an organization at increased risk that fraud, waste, abuse, illegal acts, internal control weaknesses over financial reporting, and noncompliance with laws, contracts and agreements will go undetected and unreported.

Chapter 87 (Senate Bill 141) removes the Public Education Department's authority to approve independent auditors for audits of school districts and state charter schools prior to the submission of auditor recommendations to SAO for approval.

Attorney General. By using the consumer settlement fund to supplant the general fund appropriation by another \$3 million, the GAA keeps the operating budget for the Attorney General's Office for FY12 basically flat compared with FY11. However, the \$8 million appropriated is unsustainable for the AGO, barring a significant settlement such as the \$10 million Eli Lilly award. A gradual reversal of general fund reductions for the AGO is recommended beginning in FY13. The FY12 appropriations continue to support important initiatives, including \$300 thousand for tobacco litigation and arbitration costs, \$150 thousand for administering the *qui tam* lawsuits, and \$150 thousand for pursuing public sector fraud and abuse cases. The committee remains concerned that no resolution has been reported concerning "pay-to-play" allegations stemming from investments made by the Educational Retirement Board and State Investment Counsel. Other public corruption cases also remain outstanding.

Tobacco Settlement Escrow Payment. Senate Bill 397, which was vetoed, would have leveled the playing field for participating and nonparticipating cigarette manufacturers in the master settlement agreement by closing a potential loophole for tribal sales that might not require an escrow payment. The bill made it clear that all cigarette sales are subject to the escrow payment, bringing compliance back to 100 percent from an estimated 8 percent. The Attorney General remains concerned that, without the

legislation, the state's ability to prevail in litigation brought by participating manufacturers is weakened. At risk is approximately \$40 million annually to the tobacco settlement program fund.

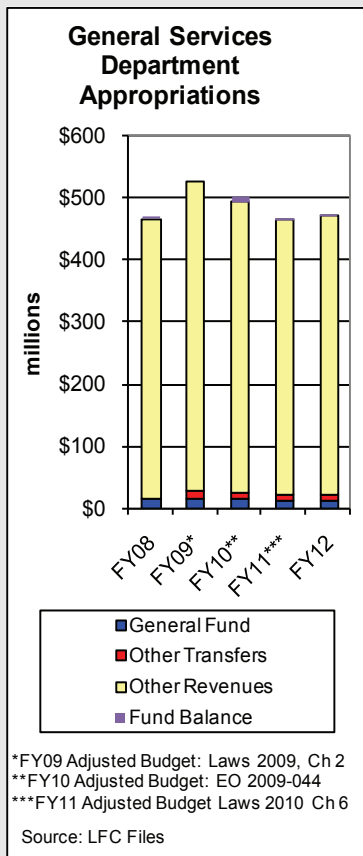
Secretary of State. The GAA appropriates a total of \$5.45 million to the Secretary of State (SOS). This is an 11.2 percent increase over the adjusted FY11 budget. The SOS's budget for FY12 reflects an eagerness to shift away from funding recurring primary and general election expenses with perpetual special appropriations. The elections program will receive approximately \$1 million from the public election fund to cover election expenses, which accounts for the FY12 increase. The Secretary of State was also allotted a supplemental appropriation of \$300 thousand for 2010 election shortfalls and a special appropriation of \$250 thousand from the general fund to cover anticipated expenses for the upcoming 2012 primary. Election expenses for the 2010 primary totaled \$2.9 million.

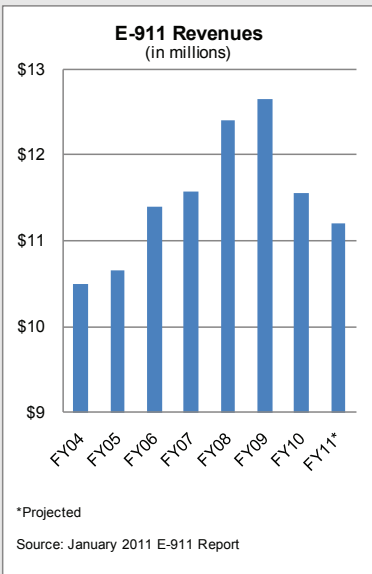
Related Legislation. Both Chapters 131 and 137 (Senate Bill 337 and Senate Bill 403) offer potential savings to the SOS. Chapter 131 allows the consolidation of precincts for primary and general elections. Commonly known as vote centers, consolidated precinct locations will function like the early voting sites currently in use in New Mexico, where a voter may go to any polling location in the county to cast a vote. Chapter 131 (Senate Bill 337) could potentially provide cost savings in the administration of elections. By consolidating polling locations and employing ballots on demand, where ballots are printed at the polling place only for those voters who show up to vote, should be less than current costs of preprinting ballots for every precinct. However, some of those savings could be offset by the requirement of equipping each consolidated precinct with certain computer hardware and accompanying software.

Chapter 137 (Senate Bill 403) updates the Election Code by clarifying definitions, fixing conflicts, updating procedures, and bringing the code in conformance with actual practice. Chapter 137 repeals the section requiring that a voter information document be sent to every active voter before each general election. In 2010, the cost of this mailing was \$420.2 thousand. This will reflect a cost savings to the general fund.

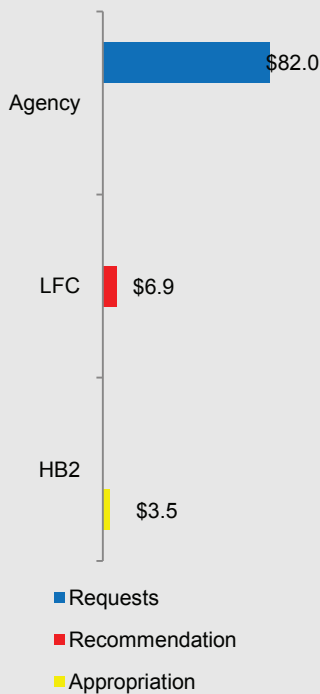
General Services Department. The general fund appropriation to GSD of \$12.9 million is 9.1 percent, or \$1.2 million lower than the adjusted FY11 adjusted budget. The adjusted FY11 budget reflects the \$476 thousand general fund reduction effected by Laws 2010, Chapter 6. Also, 10 FTE were deleted to bring the agency total to 342 FTE. Overall, GSD's budget increased 1.3 percent of \$6.5 million above FY11 operating levels through other state funds. This includes significant increases of \$13.5 million for the risk program related to unemployment compensation and public property insurance.

Related Legislation. Senate Bill 193 would have required the Property Control Division of GSD, along with DFA, to jointly prepare a five-year program of all state capital improvement projects, and to submit the program to the governor and Legislature by November 1 of each year. Senate Bill 193 would have required prioritization of projects and helped the executive and the Legislature make rational decisions on how to allocate limited capital outlay dollars. Senate Bill 193 passed both houses of the Legislature, but was vetoed through inaction by the governor.





2011 IT Requests Recommendations and Appropriations
(in millions)



Source: LFC Files

Department of Finance and Administration. The elimination of two exempt positions – one in the capital outlay unit and one in the Office of Education Accountability – account for about a third of the \$800 thousand reduction in the general fund appropriation in the operating budget for this agency, 5.6 percent reduction from FY11. A \$364 thousand decrease for the Civil Legal Services Program, or 18 percent, represents the single largest reduction. The general fund appropriation for the nonoperating budget declined by over \$1.4 million, of which \$925 thousand represents the reduction in the state’s reimbursement for county prisoner detention.

E-911 Program. Legislation to better align this program with a public safety agency was unsuccessful. Revenue for supporting emergency services infrastructure in New Mexico, currently based on a 51 cent monthly surcharge for cell phones and land lines, is declining as people migrate to newer communication technologies. Senate Bill 422 would have recaptured a recurring \$2.3 million revenue stream lost to two technologies not currently covered. However, the bill was vetoed as part of the governor’s campaign pledge not to raise taxes. According to the Taxation and Revenue Department (TRD), the bill’s imposition of a retail sales tax with a vendor commission for prepaid phone cards would have posed a significant administrative challenge for TRD to collect. The veto means adequate funding to upgrade 911 equipment remains unaddressed.

Information Technology. LFC recommended several information technology projects and the governor vetoed all but the Educational Retirement Board appropriation for an upgrade of the educational retirement system using \$3.5 million of other state funds. LFC recommended two companion projects totaling \$2.2 million be funded using general fund revenues. One was the judiciary’s project, which has already started to show success and improve government efficiency by allowing for online filing of documents in the district courts. The other, a Commission on Public Records project, would have provided efficiencies within CPR and across state agencies that create and maintain public records in an electronic format. LFC also recommended enhancements to the statewide human resource, accounting and management reporting system (SHARE) using other state funds totaling \$1.2 million.

The Legislature supported the LFC recommendations and also extended the time to expend the appropriations to the Taxation and Revenue Department for the motor vehicle system and to the Human Services Department for the Income Support Division integrated delivery system in Laws 2009.

Related Legislation. Chapter 13 (Senate Bill 327) amends the Sunshine Transparency Act to include public school and charter school information online. The amendment will allow parents and other interested parties to understand how government-provided funding is used by each school district and charter school by January 2012. The amendment also includes language to clarify requirements in the existing law and requires links to professional licenses under the Regulation and Licensing Department.

State Investment Council. The FY12 general fund appropriation to the State Investment Council of \$34.3 million represents a one-tenth of one percent decrease from the FY11 appropriation. The most noteworthy aspect of the budget is the language that requires only 80 percent of the funds allocated for contractual services be used for investment management fees.

Government Restructuring

The Legislature dedicated significant effort to studying the effectiveness of state programs and to eliminate redundant or overlapping services. Evaluation of staffing needs and revenue estimates for the next three to five years was conducted. The Government Restructuring Task Force presented a report to the governor and Legislature that included recommendations to make state government more efficient, cost-effective, and more accountable to New Mexico citizens. As a result, the Legislature introduced many bills aimed at cost savings and developing efficiencies.

Of all of the bills introduced, only one passed both houses of the Legislature and was enacted into law - Chapter 29 (House Bill 87), which transfers the Organic Commodity Commission to the New Mexico Department of Agriculture.

The following bills were introduced but failed to pass:

- Senate Bill 29 – Consolidate Economic Development and Tourism Departments into a commerce department;
- House Bill 80 – Merge Department of Game and Fish (DGF) and Energy, Minerals and Natural Resources Department (EMNRD);
- House Bill 84 – Merge DGF, EMNRD and Environment Department;
- House Bill 547- Transfer Department of Information Technology to GSD; and
- House Bill 54 – Merge the Department of Public Safety, Department of Homeland Security and Emergency Management, the E-911 program of the DFA, and the Fire Marshall's Office of the Public Regulation Commission.

This language reflects concerns regarding the inadequacy of funding for attorney fees; however, Chapter 9 (Senate Bill 86) allows SIC to use contingency fees to pay attorneys.

Related Legislation. Chapter 9 authorizes SIC to enter into contingency fee agreements with private counsel to pursue state investment losses. SIC has contracted the Day Pitney law firm to recover the loss of securities resulting from the recent hedge fund and private equities pay-to-play scandal. Without contingency fee authority, SIC lacks the operating funds needed to retain legal services on an hourly basis.

Chapter 167 (House Bill 52) amends Section 6-4-9 NMSA 1978 to require the tobacco settlement permanent fund be invested with the same statutory limitations that currently exist on the investment of the land grant permanent fund under the Uniform Prudent Investor Act. This change will provide SIC more flexibility to invest these funds to ensure a measure of liquidity and return suitable for the use of the funds.

Chapter 51 (Senate Bill 82) removes the state investment officer (SIO) from the New Mexico Finance Authority, the Small Business Investment Corporation, the New Mexico Renewable Energy Transmission Authority, and the Education Trust Board. Chapter 51 seeks to limit the level of influence held by the SIO and free up the SIO's time and resources to solely manage New Mexico's permanent endowments and state client funds.

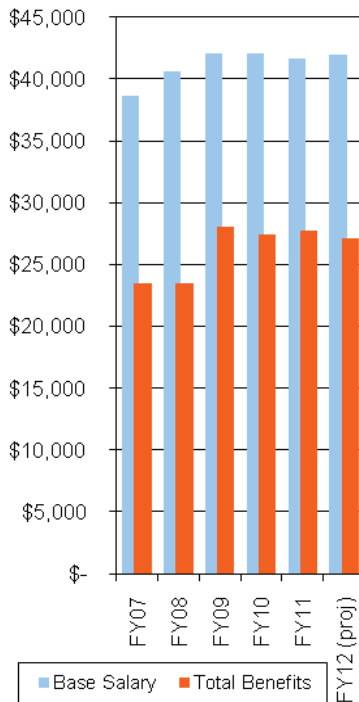
Chapter 133 (Senate Bill 367) allows for greater investment diversification of local governments' permanent funds that exceed \$40 million in value when they are managed by a registered advisor and have at least \$500 million assets under management. The types of allowable investments are expanded to include corporate debt securities, commercial paper, and asset-backed securities, provided that some requirements on the assets' characteristics are met. With the expansion of the types of assets allowed as investments vehicles, higher rates of return can be achieved, but investments might carry greater risk.

Senate Bill 17 proposed to change the composition of SIC by removing the governor and the governor-appointed chief financial officer of a state institution of higher learning. The bill would have required the advice and consent of the Senate for the appointment of the SIO, and specified the length of service for council members. The governor vetoed the legislation, stating that the bill does not address the membership of other elected officials and that members may lack the financial expertise necessary to oversee investment decisions, causing an overreliance on consultants and staff. The governor further stated that webcasts of council meetings will provide additional transparency.

Senate Bill 25 would have directed the SIC to establish a subcommittee to evaluate economically targeted investments (ETIs). The bill would have required the council to identify performance measures for each ETI and to track the impact of the investment on the economy, return on investment, number of jobs created, and other economic impacts of investments. The governor vetoed this proposal, stating legislation is not required for SIC to establish such a subcommittee and the Economic Development Department is better equipped to examine the effectiveness of ETIs.

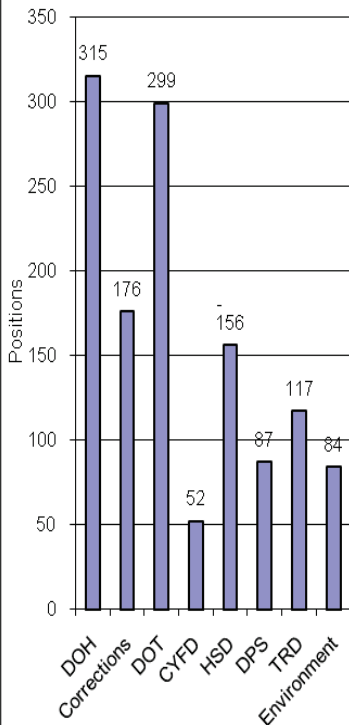
COMPENSATION, BENEFITS, AND PENSIONS

State Employee Average Total Compensation



Source: LFC Files

FTE Reductions 12/08-12/10



Source: LFC Files

For the third consecutive year, legislative attention on compensation, benefits, and pensions primarily focused on ways to preserve or generate general fund savings. Legislation reducing the employer's pension contributions will close the budget gap by about \$118 million, of which only \$4.5 million represents a permanent reduction to state spending. Efforts to make the current 1.5 percent pension contribution employer-to-employee shift permanent, valued at about \$43 million, failed.

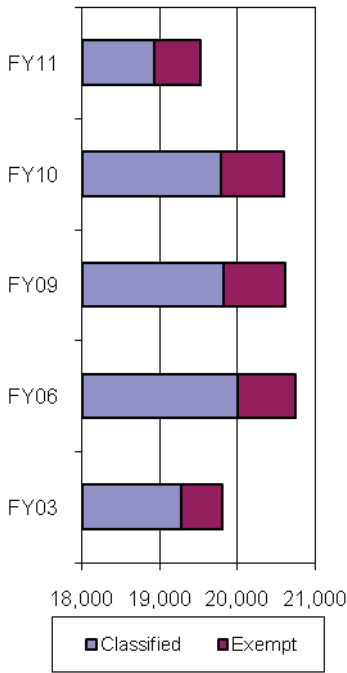
Compensation and Benefits. Direct employee compensation remains flat from FY09 levels as the Legislature continued to grapple with producing a balanced budget given numerous constraints. As shown in the sidebar, benefits decrease slightly because employers will contribute 1.75 percent less to Educational Retirement Board (ERB) and the Public Employees Retirement Association (PERA) for FY12, reducing general fund needs by \$49.7 million. Chapter 178 (House Bill 628) shifts this 1.75 percent contribution to employees as well as extends a 1.5 percent contribution shift enacted for FY10 and FY11 pursuant to Laws 2009, Chapter 127, through FY13. These contribution shifts will require employees to pick up a cumulative 3.25 percent employer contribution for FY12. The 1.75 percent shift might extend into FY13, if FY12 revenues fall short of thresholds of a 5 percent reserve and at least \$100 million over the current forecast. By using these shifts, the state has avoided salary reductions or layoffs, options taken in other states to meet declining revenues during this recession.

FTE Reductions and Number of Classified and Exempt Employees. From December 2008 to December 2010, the number of full-time employees in the 20 largest state agencies declined from 20,062 to 17,965, a change of almost 10.5 percent. The number of full-time employees in all state agencies declined from 25,808 to 23,074, a change of a little over 10.5 percent. The reductions in the largest eight state agencies are reflected in the chart in the sidebar. Current vacancy rates in the 20 largest agencies average 17.2 percent, with the vacancy rate across all agencies averaging 13.7 percent. In the same time period, governor exempt positions have declined from 766 to 699, a change of 8.75 percent. The trend is likely to continue given budget reductions across agencies.

Public Employee Health Benefits. Funding for the group health benefits programs administered by the General Services Department and the Public Schools Insurance Authority was held flat with FY11 operating levels. Together, these groups provide medical, dental, vision, and disability benefits to approximately 137,000 public employees and eligible dependents at an annual cost approaching \$640 million. Despite holding funding for these programs flat, no significant plan design changes, i.e., copays, coinsurance, or deductibles, are anticipated for FY12.

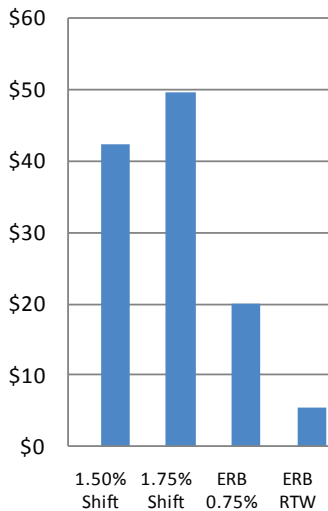
In addition, the total appropriation to the Retiree Health Care Authority (RHCA) increases 7.3 percent, or \$16.5 million, to reflect an increase in the number of retirees participating in the program and projected claim costs. For FY12, employee and employer contributions to RHCA will increase for a second year in a row, from 2.5 percent to 2.75 percent. This increase is part of a four-year phased increase beginning in FY10 from 1.95 percent to 3 percent in FY13.

Total Classified and Governor Exempt Employees



Source: LFC, State Personnel Office and Department of Finance and Administration Files

FY12 General Fund Savings from Reducing Employer Pension Contributions
(in millions)



Source: GAA

Pension Legislation. Only one of numerous bills to improve funding for both ERB and PERA pension plans through increasing contributions or changing retirement eligibility requirements garnered sufficient support to pass both houses but it was vetoed by the governor. House Bill 58 would have replaced the docket fee funding for the judicial and magistrate plans with higher employer contributions and appropriated \$3 million in docket fees to the general fund to offset the employer contribution increase. PERA’s actuaries considered this change a desirable first step in being able to assess these plans’ funding needs because basing the funding entirely on payroll would track closely with pension obligations, which docket fees do not.

Thus, the significant issue regarding pension funding for many PERA plans and ERB remains unaddressed. Considerable investment losses in FY08-FY09 eroded the plans’ ratio of assets to liabilities (called the funded ratio) below the industry minimum standard of 80 percent. As of June 30, 2010, ERB stood at 65.7 percent and the PERA composite fell to 78.5 percent. Of greater concern, even with investment returns coming in higher than the actuarial assumption of 8 percent for FY10 and positive returns so far in FY11, the projections trend downward as the full extent of the losses are “rolled” into the actuarial calculations. Both PERA and ERB boards supported legislation this session to increase contributions as the sole means of filling in the growing gap. For example, Senate Bill 87 and Senate Bill 88 provided 8 percent increases for five PERA plans over the next four years, with the employer picking up two-thirds of the cost. By FY15 this would have meant a recurring cost to the general fund of about \$72 million, which pits pension solvency against state solvency.

As an alternative, House Bill 644 reduced the cost of the plans by aligning pension structures more closely with demographic and economic realities by applying a minimum age requirement of 55 to non-vested members of ERB and non-vested, non-public safety members of PERA. In addition, the bill changed the PERA cost-of-living adjustment, which accounts for up to a third of the cost of the plan, from an automatic 3 percent to one based on the consumer price index starting at age 65 – again, for non-vested members only. The bill might have materially improved the funding status of both plans, perhaps even mitigating the need for increased contributions.

Chapter 6 (House Bill 129) requires ERB-covered personnel in the return-to-work program, which allows a retiree to retain his or her pension as well as earn a salary, to pay the employee’s portion of the pension contribution. Currently, the employer pays the total contribution. This legislation will save about \$6.5 million, given the FY12 employee contribution rate of 11.15 percent, of which \$5.5 million savings was assumed in the GAA. Beginning in FY14, the recurring general fund savings will be about \$4.5 million, assuming the number of ERB return-to-work employees remains around 1,300 and the employee rate reverts to 7.9 percent.

In addition to implementing the 3.25 percent employer contribution shift, Chapter 178 delays the 0.75 percent employer contribution increase to ERB, already postponed for FY11, for two additional years. The first 0.75 percent is scheduled for FY14 and the final 0.75 percent will bring the employer rate to 13.9 percent in FY15. The postponement will save over \$19 million in general fund moneys for FY12 and about \$40 million for FY13.

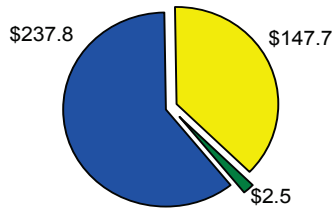
Chapter 122 (Senate Bill 119) allows a retiree in either ERB or PERA who received pension benefits under Option B or C (both of which provide a survivor pension benefit) that were converted to Option A pension (straight life, no survivor pension benefit) after the death of the retired member's spouse to exercise a one-time option upon remarriage to designate the new spouse as the survivor pension beneficiary and again receive pension benefits under either Options B or C. The designation must be made within six months of a retired member's remarriage, or by January 11, 2012, if the remarriage occurred prior to July 1, 2011. Although the pension benefit under the new selection must have the same actuarial present value as the pension under Option A, the ultimate actuarial impact is indeterminate because the number of retirees choosing this option is unknown.

Chapter 160 (Senate Bill 329) allows both the secretary of the Public Education Department and the state treasurer, both ex officio members of the Educational Retirement Board, to appoint designees to fulfill the duties associated with membership on the board. The bill also adds the requirement that the two governor appointees "shall have a background in investments, finance or pension fund administration."

Allowing the pension fund administrators to hire their own custodial banks is a best practice recommended in the Ennis Knupp study.

Chapter 157 (Senate Bill 269) amends the Educational Retirement Act so the board is authorized to select its own custodial bank for investment assets and hire attorneys on a contingent-fee basis. Chapter 27 (House Bill 38) authorizes the Public Employees Retirement Association to hire its own custodial bank but was amended to reflect PERA's decision not to request the authority to use legal contingent fee contracts that would require Attorney General oversight. Each fund is large enough to qualify for an optimum fee schedule on its own. Having direct negotiating power will produce more customized services as well as make the pensions independent of Board of Finance decisions to change banks. Changing the custodial bank in 2010 was very disruptive to the pensions, primarily due to having to register foreign securities and reconcile assets.

**2011 Capital Outlay
(all funding sources)
Total \$388
(in millions)**



- Severance Tax Bonds
- *Supplemental Severance Tax
- **Other State Funds

* For public school construction

** Other funds include: bond interest and retirement fund, game protection fund, habitat management fund, and state road fund

Source: LFC

Highlights of Significant Projects in Failed Senate Bill 218

- \$62 million for deferred road improvements
- \$69.4 million for critical state buildings, hospital upgrades and correctional facilities
- \$25.4 million for water lines, fire protection, state match for Indian water settlements
- \$32.8 million for higher education and public and special schools
- \$11.2 million for cultural and natural preservation

The failure of Senate Bill 218 authorizing over \$240 million for capital investments in the waning hours of a 60-day legislative session will have a significant impact on state-owned facilities. Executive agencies whose missions are tied with facility conditions face a multitude of issues due to substandard and aged facilities, including incomplete projects and meeting fire and environmental code compliance.

The state also risks losing or delaying federal match dollars totaling over \$55 million for ongoing projects. The loss of \$15 million for the Aamodt, Taos, and Navajo water rights settlements delays the state's effort to accumulate the \$130.5 million required match toward the federal match of over \$1 billion required by 2017.

Following deliberations among the Senate, House, and the executive, 57 out of 63 projects in the final version of the capital bill were recommended by the LFC staff as detailed in Appendix BB. Highlights of major projects in the failed bill are listed in the sidebar.

The significant differences between the House and Senate versions of the capital bill included the amount of funding for road repairs statewide and how the road funds were reallocated. The Senate reallocated road funds to complete critical water and wastewater treatment projects statewide (\$7 million), to address incomplete capital projects statewide (\$11 million), for economic development projects statewide (\$8 million), and increased funds for state police vehicles (\$1.5 million). Controversial in the House was the level of funding for road repairs, and earmarking of funds for a local road project.

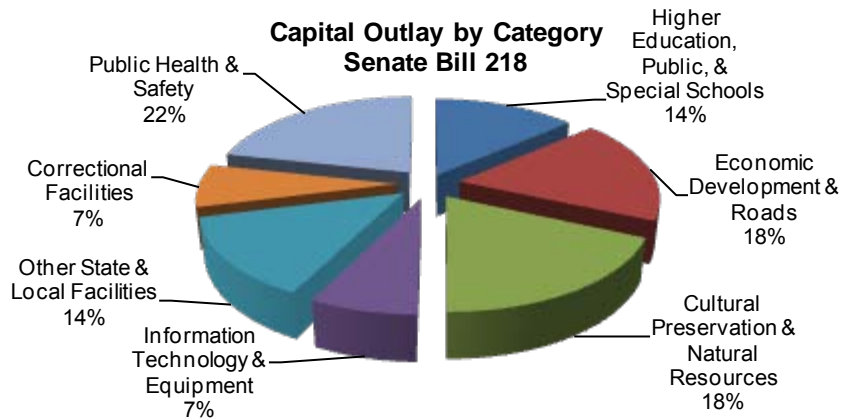
Severance Tax Bond Capacity - Failure of Senate Bill 218. If Senate Bill 218 is not reconsidered in the special session, tentatively planned for September 2011, 10 percent of senior severance tax bond capacity totaling \$26.5 million will still be issued as sponge notes for deposit into the water project fund. Also in FY11, supplemental sponge notes could provide an additional \$57.7 million for public school capital outlay, bringing the total to \$206.9 million. Otherwise, any unused sponge capacity at the end of FY11 could revert to the severance tax permanent fund.

In determining the FY12 bond capacity, two scenarios are possible. The first scenario would spread the additional capacity evenly across 10 years, providing approximately \$206 million in each year. The second option would be to double the issuance in FY12 and return to the level of the December 2010 estimate in fiscal years thereafter. Potential scenarios are demonstrated in Appendix CC.

Senate Bill 218. The selection of projects recommended by LFC staff were based on criteria approved by LFC, site visits, review of annual infrastructure capital improvement plans, monthly meetings with major state agencies (Department of Health, Corrections Department, Property Control Division, Department of Public Safety, and Children, Youth and Families Department), executive hearings, and presentations made before the Capitol Buildings Planning Commission and LFC during the interim.

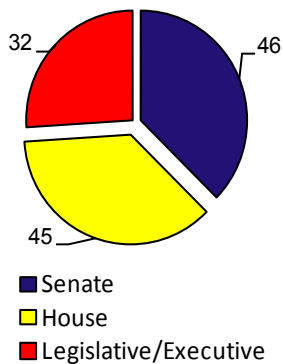
Projects Impacted by “Potential” Loss or Delay for Federal Match Dollars:

- Veterans’ Home Alzheimer and skilled nursing unit - \$15.6 million
- Wastewater Construction Loan Fund Program - \$10 million
- Farmington Armory Readiness Center - \$8.5 million
- Human Services Department eligibility system - \$21 million
- Center for New Mexico Archaeology - \$550,000



While the capital outlay bill cannot substitute or alleviate operating budget shortfalls, the funds would have stimulated economic activity in the state. According to the Associated General Contractors of America *State Construction Employment Report*, 1,500 construction jobs were lost in New Mexico in the last year. The current market conditions and the competition for work have driven down labor costs and profit margins, but it is difficult to predict how long this trend will continue. Delaying shovel-ready projects could become costly.

Number of Reauthorizations by Sponsor



Source: LFC

Reauthorization Bill. Chapter 183 (Senate Bill 373) reauthorizes projects funded in previous years. The bill contains 123 reauthorizations – 46 requested by Senate members, 45 requested by House members, and 32 requested by the executive. Of the reauthorizations, 77 were appropriated from the general fund, 41 were authorized from severance tax bond capacity, and five were funded from other state funds. The specifics of reauthorization of projects vary and include changing the administering agency, changing or expanding the purpose of the project, or extending the reversion date.

Of the 126 reauthorizations, three will provide funds for completion of ongoing projects listed in the sidebar. An additional \$3 million is authorized to the Economic Development Department for economic development projects pursuant to the Local Economic Development Act.

Reauthorizations for State Projects:

- Las Vegas State Police District Office - \$700,000
- National Guard armory repairs statewide - \$450,000
- Miners’ Hospital renovations - \$300,000

Other Capital Outlay Issues. House Joint Memorial 5 requests the Veterans’ Services Department collaborate with the Economic Development Department, the Tourism Department, the Southwest New Mexico Council of Governments, and other necessary organizations to study the feasibility of using the Fort Bayard campus as a veterans’ posttraumatic stress disorder treatment facility. The findings of this study would be presented to the interim Military and Veterans’ Affairs Committee by November 2011.

House Joint Resolution 9 authorizes the Property Control Division to sell or donate approximately 4.103 acres of land to the Santa Fe Community College. Located on the former College of Santa Fe campus in Santa Fe, the property was purchased with \$4.6 million in state funds and \$4 million in American Recovery and Reinvestment Act federal funds.

Senate Joint Resolution 1 authorizes the Property Control Division to donate a state-owned building in downtown Las Cruces to the city of Las Cruces. The property, known as the Camunez building, was donated to the state with

Funds Transferred from New Mexico Finance Authority for Solvency

- \$1.7 million unexpended balances for water and wastewater projects
- \$1.9 million unexpended balances for economic development projects
- \$2.8 million unused funds from primary care capital fund
- \$200 thousand unused balances from child care facility revolving loan fund
- \$3.4 million administrative fees charged to Department of Transportation
- \$3.4 million unused balances from local government transportation fund
- \$4.9 million unused balances from local transportation infrastructure fund

Board of Finance approval in 1994. The property consists of 0.209 acre and a 9,150 square foot two-story masonry brick building built in the early 1920s and remodeled many times over the course of its existence. The authorization to donate the land is contingent on agreement within the conveyance document by both parties that, if the city of Las Cruces decides the property is no longer needed for any municipal purpose and should be disposed, the property will be returned to the state at no cost.

Senate Joint Resolution 11 authorizes the Property Control Division to transfer approximately 24.03 acres in the town of Los Lunas to the Los Lunas Public School District. The property is currently leased to the district and is in use as the Katherine Gallegos Elementary School. The authorization to donate the land is contingent on agreement within the conveyance document by both parties that, if the town decides the property is no longer needed for any municipal purpose and should be disposed, the property will be returned to the state at no cost.

Senate Memorial 6 requests the LFC, Department of Finance and Administration, and Legislative Council Service to collaborate on a process to prioritize, review, and monitor capital outlay projects. Any meaningful capital outlay reform cannot succeed without including both the legislative and executive branch in the development of such a process.

Nationally, New Mexico has been ranked poorly for capital outlay management and processes and is the only state whose capital and operating functions are not integrated. In a memorandum dated September 15, 2009, to legislative leadership, BOF recommends, "The governor and the legislature work together to implement reforms to current financial management practices and statutes in specific ways that will bring the state closer to alignment with industry best practices and the expectations of credit analysts and institutional investors for the highest rated state governments."

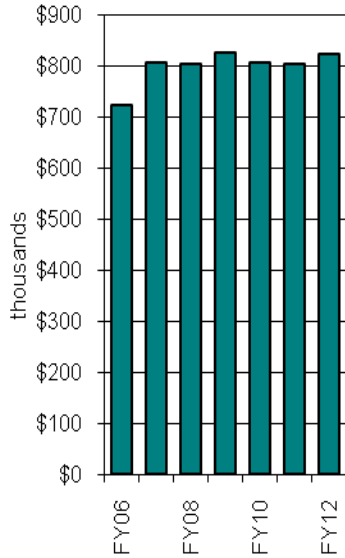
New Mexico Finance Authority Issues. Chapter 37 (House Bill 13) appropriates \$2 million from the public project revolving fund to the drinking water state revolving loan fund (DWRLF) to provide a 20 percent state match for the federal Safe Drinking Water Act to carry out the purposes of the Drinking Water State Revolving Loan Fund Act. The state match will generate approximately \$12.6 million based on current available federal funds. The funds will be used to capitalize a low-interest loan program to finance eligible water projects for political subdivisions of the state.

Chapter 64 (House Bill 16) amends the Water Project Finance Act to expand the definition and eligibility of a political subdivision for the purpose of seeking financial assistance from the water project fund. The definition is expanded to include a regional or local public water utility authority created by statute and community or pueblo property originally granted to a community or pueblo by the governments of Spain or Mexico.

Chapter 23 (House Bill 53) authorizes NMFA to make loans from the public project revolving fund to qualified state, local, and political subdivision entities. Entities authorized include 29 school districts and three institutions of higher education.

Chapter 24 (House Bill 143) authorizes NMFA to make loans or grants from the water project fund for 49 qualifying projects on terms and conditions

**New Mexico
Department of
Transportation
Annual Funding
(all sources)**



Source: LFC Files

established by the Water Trust Board and NMFA. The 10 percent set-aside of severance tax bond capacity for FY11 will provide approximately \$26.5 million to the water project fund for eligible water projects. Ten percent of all funds in the water project fund (approximately \$2.6 million) will be allocated to the Office of State Engineer (OSE) for adjudication purposes. Of the OSE allocation, 20 percent (approximately \$520 thousand) will be allocated to the Administrative Office of the Courts for adjudication purposes. The value of the 10 percent of severance tax bond capacity can change from year to year, depending on oil and gas revenues.

Chapter 18 (Senate Bill 20) authorizes NMFA to provide financial assistance for 13 projects totaling approximately \$8.9 million in the form of loan participations with private lenders from the economic development revolving fund. The current balance in the economic development revolving fund is approximately \$489 thousand. NMFA indicates it currently has two “potential” applicants that would absorb the remaining funds.

Transportation. The Legislature approved a budget of nearly \$823 million for the New Mexico Department of Transportation (NMDOT), including \$32.2 million earmarked for construction for state roads not eligible for federal aid. The Governor Richardson Investment Partnership (GRIP I) has a current shortfall of nearly \$391 million and, as a result, 19 projects remain incomplete. In addition, funding for routine road and highway maintenance activities is short approximately \$200 million and another \$50 million is needed for bridge maintenance. Current annual debt service obligations for transportation infrastructure total approximately \$122 million.

Instability in revenues within the state road fund (SRF) prompted NMDOT to reduce its FY11 operating budget by \$25 million compared with FY10. However, the revised January 2011 road fund outlook, comparing NMDOT estimates made in July 2010 with those made in January 2011, indicates that revenues are recovering. The SRF is \$1.6 million higher for FY10, \$5.2 million for FY11, and \$900 thousand for FY12. The forecast is indicative of a strengthening economy that will incrementally help all SRF revenues, led especially by those related to the freight trucking industry. NMDOT now forecasts that SRF revenues will return to FY07 levels by FY14. However, higher gasoline prices could halt or reverse this recovery.

BUDGET ADJUSTMENT REQUESTS

Agencies with Additional Other Financing Uses Transfer Authority in FY 11

- Administrative Office of the Courts
- Youth Conservation Corps

Agencies with Additional Program Transfer Authority in FY 11

- All agencies, except for Department of Public Safety, between personal services and employee benefits categories
- Department of Military Affairs up to \$500,000
- Corrections Department up to 4 percent of appropriated level

Agencies with Program Transfer Authority in FY 12

- Department of Environment up to \$500,000
- Children, Youth and Families Department up to \$1 million
- Corrections Department up to \$1 million
- Department of Transportation between the Transportation and Highway Operations Program and the Programs and Infrastructure Program for engineering, construction and maintenance activities

FY11 Budget Adjustment Request Authority. Section 9 of the 2010 GAA provides budget adjustment authority (BAR) and allows all agencies to transfer funds within programs from one category to another, except to and from the other financing uses category, and to increase budgets up to 5 percent.

Adjustment authority was expanded in Section 8 of the 2011 GAA, except for the Department of Public Safety, to allow agencies to transfer budget between programs within the personal services and employee benefits category. The additional authority was granted to provide agencies flexibility to manage FY11 budget reductions that occurred in July 2010.

In addition, Section 8 grants certain agencies additional authority to adjust budgets as specified.

FY12 Authority. Section 9 of the 2011 GAA provides budget adjustment authority for FY12. Agencies will have the authority to move funds within programs among personal services and employee benefits, contractual services, and other categories. Transfer authority between programs or into and out of the other financing uses category remains restricted except for those agencies listed in the sidebar. Agencies are authorized to increase budgets up to 5 percent of internal service funds/interagency transfers or other state funds appropriation *by program* as opposed to the full internal service funds/interagency transfers or other state funds appropriation.

It should be noted that a limited number of agencies received additional BAR authority to increase budgets in excess of the 5 percent internal service funds/interagency transfers or other state funds appropriation. Generally, this authority was granted for a specified purpose and a specific amount to pay contingent or nonrecurring expenditures or prevent furloughs and layoffs.

The number of agencies receiving additional BAR authority, in advance of the start of the fiscal year, decreased from other years. In theory, if agencies had submitted accurate budget requests to the Legislature, these BARs would not be necessary until the second half of the fiscal year and could be addressed next legislative session.

GAA General Provisions. The Legislature included, but the governor vetoed, language in the general provisions section of the 2011 GAA that specified the process for adding unanticipated federal revenue as well as a section requiring state agencies, higher education institutions, and public schools to submit quarterly reports to the Legislature on federal funds. This language was included to provide the Legislature with a comprehensive understanding of all federal funds available to the state on a regular and timely basis.

COMMITTEE-SPONSORED LEGISLATION

Governor's Veto

Senate Bill 187 would have formalized the LFC's existing program evaluation and review function in statute, expanded LFC authority to receive and protect confidential information and clarified the definition of agencies subject to the sections. The governor vetoed SB 187 and stated she was concerned that the broad authority given to LFC could compromise confidential information kept by executive agencies. The governor was concerned there were no penalties for LFC's potential release of confidential information.

The Legislative Finance Committee sponsored nine bills during the 2011 session. Five of these bills passed both chambers of the Legislature, but one was vetoed by the governor.

Extend Certain Board and Commission Sunsets. Chapter 30 (House Bill 106) extends the life of eight boards and commissions six years under the provisions of the Sunset Act - Public Accountancy Board, Athletic Commission, Interior Design Board, Real Estate Appraisers Board, Real Estate Commission, Board of Examiners for Architects, State Board of Professional Engineers and Surveyors, and Board of Veterinary Medicine.

Changing Employer and Employee Pension Contributions. Chapter 178 (House Bill 628) shifts 1.75 percent pension contribution to employees and extends the 1.5 percent contribution shift. See the "Compensation, Benefits and Pensions" section for more information.

Returning Educational Retiree Payments. Chapter 6 (House Bill 129) requires employees who return to work under the Education Retirement Act to pay the employee's contribution, which results in approximately \$5.5 million in general fund savings. See the "Compensation, Benefits and Pensions" section for more information.

Additional Tobacco Fund Distribution. Chapter 3 (House Bill 79) distributes all of the tobacco settlement money or \$39.55 million for FY12 into the tobacco settlement program fund. See the "Health and Human Services" section for more information.

Create Inspector General Office. Senate Bill 83 would have created the Office of Government Accountability to provide oversight of the executive's implementation of the Accountability in Government Act, including conducting internal audits and investigations to ensure efficient and effective operations, the proper use of public funding and the detection and prevention of fraud, waste and abuse. This legislation failed to pass the Senate.

Transfer from Other Accounts to General Fund. House Bill 91 proposed to transfer \$23.6 million from cash balances to the general fund from various state funds for the purpose of meeting general fund appropriations. LFC staff analyzed the funds to ensure availability of the funds for transfer to the general fund, and that sufficient amounts remain to cover any outstanding obligations. This legislation became Section 11 in the GAA.

Unemployment Compensation Benefit Calculation. Senate Bill 251 would have added a provision that excludes from the base period calculation wages paid by a governmental agency if the individual voluntarily left the employ of the governmental agency and is receiving a public retirement benefit. This legislation failed to pass the Senate.

Removal of State Transportation Commissioners. House Bill 50 would have limited the authority of the Transportation Commission and limited the removal of a commissioner. Removal of a member could not be made without the prior approval of the Senate. This legislation failed to pass the House of Representatives.

APPENDIX A: GENERAL FUND FINANCIAL SUMMARY

GENERAL FUND FINANCIAL SUMMARY - 2011 SESSION (in Millions)

	Actual FY2010	Estimated FY2011	Estimated FY2012
APPROPRIATION ACCOUNT			
REVENUE			
Recurring Revenue			
December 2010 Consensus forecast	\$ 4,798.6	\$ 5,164.3	\$ 5,389.7
<i>2011 Recurring Revenue Bills</i>		\$ (0.5)	\$ 23.5
Total Recurring Revenue	\$ 4,798.6	\$ 5,163.8	\$ 5,413.2
Nonrecurring Revenue			
2009 Special & 2010 Regular Solvency*	\$ 479.9		
December 2010 Consensus forecast w/Feb Adjustment**	\$ -	\$ 40.0	\$ 6.9
<i>2011 Nonrecurring Revenue Bills/ Adjustment***</i>		27.3	11.4
Total Non-Recurring Revenue	\$ 479.9	\$ 67.3	\$ 18.3
TOTAL REVENUE	\$ 5,278.5	\$ 5,231.1	\$ 5,431.5
APPROPRIATIONS			
Recurring Appropriations			
Recurring Appropriations - Post Solvency & FY11 Sanding	\$ 5,357.9	\$ 5,202.8	\$ 5,416.7
<i>Recurring Appropriations - Feed Bill</i>		8.9	14.6
<i>2011 Recurring Appropriation Bills</i>		1.3	-
Total Recurring Appropriations	\$ 5,357.9	\$ 5,212.9	\$ 5,431.3
Nonrecurring Appropriations			
2009 & 2010 Nonrecurring Appropriations	\$ 93.3	\$ 1.1	\$ -
Laws 2011, Chapter 1, Nonrecurring Appropriation		\$ 1.5	
<i>2011 Nonrecurring Appropriation Bills</i>		\$ 15.6	\$ -
Total Nonrecurring Appropriations	\$ 93.3	\$ 18.2	\$ -
TOTAL APPROPRIATIONS	\$ 5,451.2	\$ 5,231.1	\$ 5,431.3
Transfer to(from) Reserves***	\$ (172.6)	\$ 0.0	\$ 0.2
GENERAL FUND RESERVES			
Beginning Balances	\$ 388.6	\$ 278.0	\$ 270.3
Transfers from (to) Appropriations Account	(172.6)	0.0	0.2
Revenue and Reversions	120.0	50.8	51.7
Appropriations, expenditures and transfers out	(58.0)	(58.5)	(51.0)
Ending Balances	\$ 278.0	\$ 270.3	\$ 271.2
<i>Reserves as a Percent of Recurring Appropriations</i>	5.2%	5.2%	5.0%

*Includes funds from 2009 Special HB3, HB16, HB17 and SB29, executive order & furloughs, 2010 Regular capital outlay swaps & voids, reversions, and other nonrecurring revenue

**In FY11, includes \$1.9 million in IT and Telecom overcharges to be refunded to the General Fund by DOIT

***Projected FY11 shortfall in appropriation account of \$500 thousand covered by transfer from the 920 fund pursuant to Ch 126, Laws 2009. Approximately \$4.1 million balance remains.

GENERAL FUND FINANCIAL SUMMARY - 2011 SESSION
RESERVE DETAIL
(Dollars in Millions)

	Actual FY2010	Estimated FY2011	Estimated FY2012
OPERATING RESERVE			
Beginning balance	\$ 37.4	\$ 36.2	\$ 34.7
BOF Emergency Appropriations	(1.2)	(1.5)	-
Transfers from/to appropriation account	-	-	0.2
Chapter 3, Laws 2009 - SS (HB6)	-	-	-
Ending balance	\$ 36.2	\$ 34.7	\$ 34.8
APPROPRIATION CONTINGENCY FUND			
Beginning balance	\$ 11.5	\$ 29.6	\$ 18.6
Disaster allotments	(9.9)	(11.0)	(11.0)
Other appropriations	-	-	-
Transfers in	25.0	-	-
Revenue and reversions	3.0	-	-
Ending Balance	\$ 29.6	\$ 18.6	\$ 7.6
Education Lock Box			
Beginning balance	\$ 19.1	\$ 53.1	\$ 47.1
Appropriations (2010 and 2011 GAA Section 5)	(6.0)	(6.0)	-
Transfers in(out)	40.0	-	-
Ending balance	\$ 53.1	\$ 47.1	\$ 47.1
STATE SUPPORT FUND			
Beginning balance	\$ 1.0	\$ 1.0	\$ 1.0
Revenues	\$ -	\$ -	\$ -
Appropriations	\$ -	\$ -	\$ -
Ending balance	\$ 1.0	\$ 1.0	\$ 1.0
TOBACCO PERMANENT FUND			
Beginning balance	\$ 121.0	\$ 132.0	\$ 142.9
Transfers in	40.9	40.0	40.0
Appropriation to tobacco settlement program fund	(20.5)	(20.0)	(20.0)
Gains/Losses	11.1	10.8	11.7
<i>Additional transfers to Program Fund</i>	<i>(20.5)</i>	<i>(20.0)</i>	<i>(20.0)</i>
Ending balance	\$ 132.0	\$ 142.9	\$ 154.6
TAX STABILIZATION RESERVE			
Beginning balance	\$ 198.7	\$ 26.0	\$ 26.0
Transfers in	-	-	-
Chapter 3, Laws 2009 - SS (HB6)	<i>(115.0)</i>	-	-
2010 Special Session reserve transfers	<i>(57.6)</i>	-	-
2011 Session reserve transfers	-	<i>0.0</i>	-
Ending balance	\$ 26.0	\$ 26.0	\$ 26.0
GENERAL FUND ENDING BALANCES	\$ 278.0	\$ 270.3	\$ 271.2
<i>Percent of Recurring Appropriations</i>	<i>5.2%</i>	<i>5.2%</i>	<i>5.0%</i>

APPENDIX B: GENERAL FUND FINANCIAL SUMMARY DETAIL

APPROPRIATION ACCOUNT DETAIL: 2011 SESSION

(in millions)

		FY11		FY12	
		Recurring	Non-recurring	Recurring	Non-recurring
REVENUE					
<u>2011 Regular Session</u>					
	2011 Recurring Revenue Bills				
Ch 164	<i>Delay Dist of Fire Protection Fund</i>			1.3	
Ch 177	<i>Film Credit Cap</i>			23.3	
	2011 Legislation Passed				
Ch 39	<i>School District Cash Balances for Emergency</i>	(0.5)		(0.5)	
Ch 108	<i>Plant Photosynthesis as Alternative Energy</i>			(0.3)	
Ch 148	<i>TRD Secretary Approve Certain Evidence</i>			(0.2)	
Ch 67	<i>Small Business Tax Credit Eligibility Period</i>			(0.1)	
	Subtotal	(0.5)	0.0	23.5	0.0
	2011 Non-recurring Revenue Bills				
Ch 179	<i>Section 12, Fund Transfers</i>		26.0		11.4
Ch 179	<i>Reversion - Homeland Security Deficiency</i>		0.8		
	Subtotal	0.0	26.8	0.0	11.4

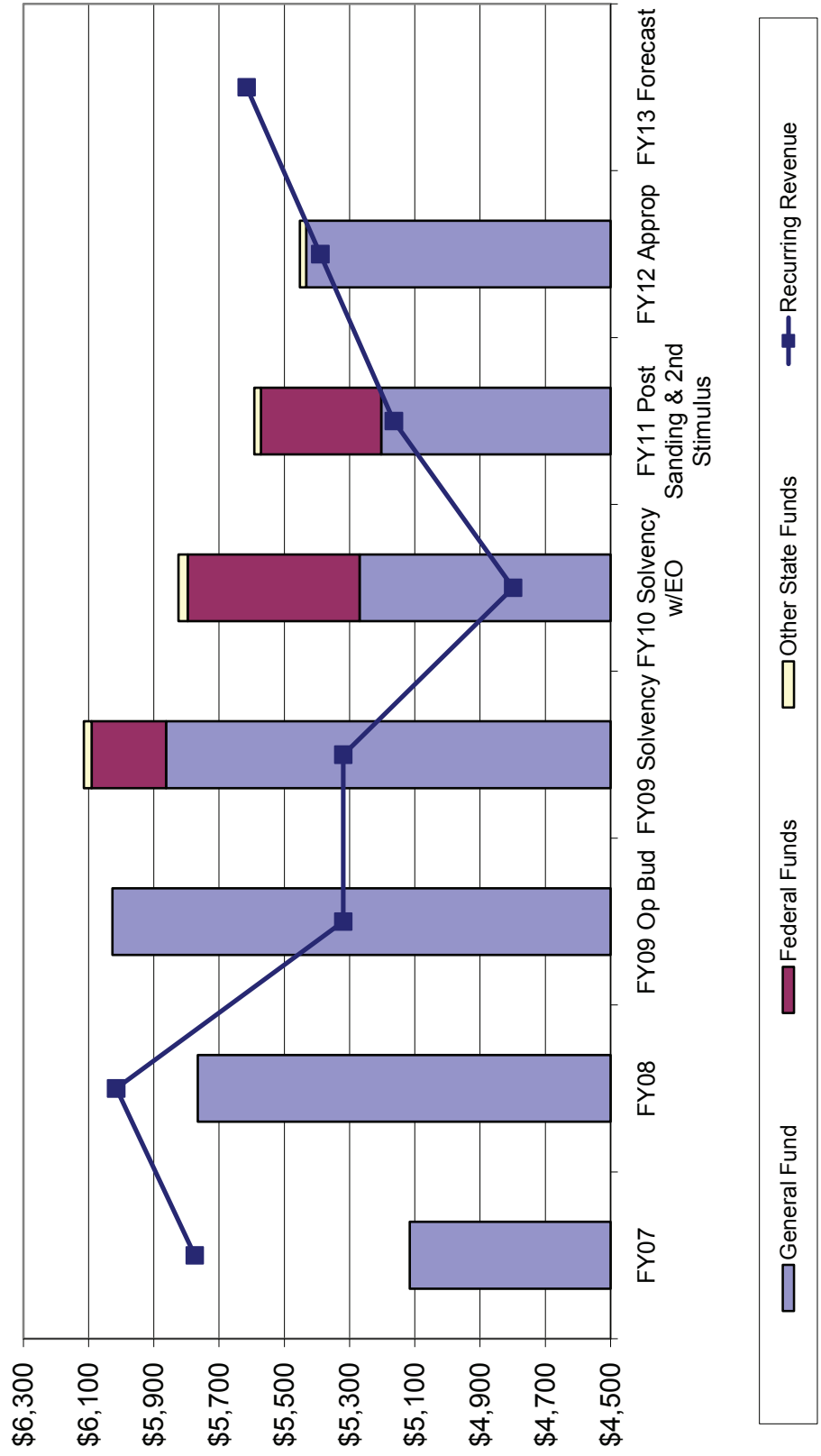
APPROPRIATIONS

2011 Regular Session

	Recurring Appropriations				
Ch 1	<i>Feed Bill</i>	8.9		14.6	
Ch 179	<i>2011 General Appropriation Act</i>				
	<i>Section 4, General Appropriation</i>			5,471.3	
	<i>Section 4, Vetoes</i>			(1.9)	
	<i>Section 10, Appropriation Reduction</i>				
	<i>Unemployment</i>			(3.0)	
	<i>Reorg</i>			(2.5)	
	<i>Retirement (Contingent on HB 628)</i>			(49.7)	
	<i>Section 10, Vetoes</i>			2.5	
	2011 Adjusted General Appropriation	0.0	0.0	5,416.7	0.0
	2011 Legislation Passed				
Ch 62	<i>Development Training Programs</i>	1.3		0.0	
	Subtotal	1.3	0.0	0.0	0.0
	2011 Non-Recurring Appropriation Bills				
Ch 1	<i>Feed Bill</i>		1.5		
Ch 179	<i>2011 General Appropriation Act</i>				
	<i>Section 5, Special Appropriation*</i>		13.6		
	<i>Section 5, Vetoes</i>		(2.7)		
	<i>Section 6, Supplemental Appropriation</i>		6.7		
	Subtotal	0.0	17.6	0.0	0.0

*Excludes \$2.5 million PED special appropriation due to failed contingency - HB21
Special Appropriations include \$2.0 million transferred from the education lockbox.

General Fund Appropriations and One-Time Funds Supplanting General Fund (million dollars)



APPENDIX C: GENERAL APPROPRIATION ACT

LAWS 2011, CHAPER 179, HOUSE BILLS 2 et al.

(dollars in thousands)

Agency	General Fund	Other State Funds	Internal Service Funds/InterAgency Trnsfrs	Federal Funds	Total
SECTION 4 FY12 Operating					
Recurring:					
Legislative	3,919.2	-	-	-	3,919.2
Judicial	192,537.0	23,404.9	9,402.9	2,354.2	227,699.0
General Control	157,973.2	771,566.1	523,301.1	17,825.5	1,470,665.9
Commerce & Industry	43,635.3	47,845.0	17,120.3	654.7	109,255.3
Agric., Enrgy & Ntrl Res	62,413.3	93,851.3	25,058.3	31,699.1	213,022.0
Health, Hospitals & Human Svcs	1,528,369.0	351,652.7	232,294.6	3,820,723.2	5,933,039.5
Public Safety	356,280.2	31,117.3	14,491.9	62,970.0	464,859.4
Transportation	-	419,379.4	-	403,607.7	822,987.1
Other Education	27,793.2	18,967.4	238.0	52,141.4	99,140.0
Higher Education	730,877.8	1,364,997.0	44,637.8	652,319.8	2,792,832.4
Public School Support	2,365,586.4	850.0	-	420,510.1	2,786,946.5
Total Sec 4 Recurring	\$ 5,469,384.6	\$ 3,123,631.1	\$ 866,544.9	\$ 5,464,805.7	\$ 14,924,366.3
Recurring:					
Appropriation Reductions-Section10					
Retirement Switch (PERA/ERB - 1.75%)	(49,700.0)				(49,700.0)
Restructuring, adm reforms, duplication	(2,500.0)				(2,500.0)
Reduced Unemployment Comp Assessments	(3,000.0)				(3,000.0)
Total Reductions	\$ (52,700.0)	\$ -	\$ -	\$ -	\$ (52,700.0)
TOTAL RECURRING	\$ 5,416,684.6	\$ 3,123,631.1	\$ 866,544.9	\$ 5,464,805.7	\$ 14,871,666.3
Nonrecurring: Sections 5, 6 & 7					
Specials	8,950.0	7,854.0	-	25,941.2	42,745.2
Specials - Education Lock Box *	2,000.0	-	-	-	2,000.0
Data Processing	-	3,500.0	-	-	3,500.0
Supplemental & Deficiency	7,471.3	135.6	300.0	-	7,906.9
Total Nonrecurring	\$ 18,421.3	11,489.6	300.0	25,941.2	\$ 56,152.1

* Reduced by \$2.5 million - PED special appropriation HB21 failed contingency

APPENDIX D: RECURRING GENERAL FUND AGENCY SUMMARY

FY12 Recurring General Fund Summary (in thousands of dollars)

Agency Name	Adjusted FY11 OPBUD	Final Based on Governor's Action	Final Dollar Change	Final Percent Change	Total General Fund Appropriation	GF Percent of Total
FEED BILL:						
111 Legislative Council Service	5,404.6	5,482.1	77.5	1.4%	5,482.1	0.1%
111 Legislative Council Service - LIS	533.1	533.1	0.0	0.0%	533.1	0.0%
112 Legislative Finance Committee	3,885.1	3,885.1	0.0	0.0%	3,885.1	0.1%
114 Senate Chief Clerk	1,093.4	1,117.0	23.6	2.2%	1,117.0	0.0%
115 House Chief Clerk	1,043.4	1,065.3	21.9	2.1%	1,065.3	0.0%
117 Legislative Education Study Committee	1,192.4	1,192.4	0.0	0.0%	1,192.4	0.0%
131 Legislature	1,350.9	1,350.9	0.0	0.0%	1,350.9	0.0%
LEGISLATIVE: 14,502.9 14,625.9 123.0 0.8% 14,625.9 0.3%						
GENERAL APPROPRIATION ACT:						
111 Energy Council Dues	30.8	32.0	1.2	3.9%	32.0	0.0%
119 Legislative Building Services	3,887.2	3,887.2	0.0	0.0%	3,887.2	0.1%
LEGISLATIVE: 3,918.0 3,919.2 1.2 0.0% 3,919.2 0.1%						
205 Supreme Court Law Library	1,553.7	1,490.8	(62.9)	-4.0%	1,490.8	0.0%
208 New Mexico Compilation Commission	153.5	0.0	(153.5)	-100.0%	0.0	0.0%
210 Judicial Standards Commission	713.4	713.4	(17.9)	-2.4%	713.4	0.0%
215 Court of Appeals	5,471.2	5,395.6	(75.6)	-1.4%	5,395.6	0.1%
216 Supreme Court	2,853.1	2,813.7	(39.4)	-1.4%	2,813.7	0.1%
218 Administrative Office of the Courts	39,339.2	38,498.3	(840.9)	-2.1%	38,498.3	0.7%
219 Supreme Court Building Commission	771.5	783.3	11.8	1.5%	783.3	0.0%
231 First Judicial District Court	6,031.5	5,951.1	(80.4)	-1.3%	5,951.1	0.1%
232 Second Judicial District Court	20,271.6	20,357.1	85.5	0.4%	20,357.1	0.4%
233 Third Judicial District Court	5,997.2	5,896.8	(100.4)	-1.7%	5,896.8	0.1%
234 Fourth Judicial District Court	1,962.1	1,966.5	4.4	0.2%	1,966.5	0.0%
235 Fifth Judicial District Court	5,718.9	5,718.9	0.0	0.0%	5,718.9	0.1%
236 Sixth Judicial District Court	2,955.8	2,919.0	(36.8)	-1.2%	2,919.0	0.1%
237 Seventh Judicial District Court	2,118.7	2,086.5	(32.2)	-1.5%	2,086.5	0.0%
238 Eighth Judicial District Court	2,525.4	2,580.3	54.9	2.2%	2,580.3	0.0%
239 Ninth Judicial District Court	3,053.9	3,004.4	(49.5)	-1.6%	3,004.4	0.1%
240 Tenth Judicial District Court	731.9	725.0	(6.9)	-0.9%	725.0	0.0%
241 Eleventh Judicial District Court	5,642.1	5,588.5	(53.6)	-1.0%	5,588.5	0.1%
242 Twelfth Judicial District Court	2,876.7	2,864.3	(12.4)	-0.4%	2,864.3	0.1%
243 Thirteenth Judicial District Court	6,092.4	6,065.7	(26.7)	-0.4%	6,065.7	0.1%
244 Bernalillo County Metropolitan Court	21,259.6	21,269.2	9.6	0.0%	21,269.2	0.4%
251 First Judicial District Attorney	4,565.5	4,525.8	(39.7)	-0.9%	4,525.8	0.1%
252 Second Judicial District Attorney	16,050.7	16,077.8	27.1	0.2%	16,077.8	0.3%

FY12 Recurring General Fund Summary
(in thousands of dollars)

Agency Name	Adjusted FY11 OPBUD	Final Based on Governor's Action	Final Dollar Change	Final Percent Change	Total General Fund Appropriation	GF Percent of Total
253 Third Judicial District Attorney	4,294.4	4,239.7	(54.7)	-1.3%	4,239.7	0.1%
254 Fourth Judicial District Attorney	2,965.0	2,882.0	(83.0)	-2.8%	2,882.0	0.1%
255 Fifth Judicial District Attorney	4,134.6	4,124.3	(10.3)	-0.2%	4,124.3	0.1%
256 Sixth Judicial District Attorney	2,400.0	2,382.6	(17.4)	-0.7%	2,382.6	0.0%
257 Seventh Judicial District Attorney	2,258.1	2,212.0	(46.1)	-2.0%	2,212.0	0.0%
258 Eighth Judicial District Attorney	2,448.0	2,370.0	(78.0)	-3.2%	2,370.0	0.0%
259 Ninth Judicial District Attorney	2,601.8	2,563.5	(38.3)	-1.5%	2,563.5	0.0%
260 Tenth Judicial District Attorney	946.0	940.4	(5.6)	-0.6%	940.4	0.0%
261 Eleventh Judicial District Attorney, Div I	3,106.1	3,024.8	(81.3)	-2.6%	3,024.8	0.1%
262 Twelfth Judicial District Attorney	2,446.8	2,413.4	(33.4)	-1.4%	2,413.4	0.0%
263 Thirteenth Judicial District Attorney	4,396.0	4,352.6	(43.4)	-1.0%	4,352.6	0.1%
264 Administrative Office of the District Attorneys	1,857.0	1,807.2	(49.8)	-2.7%	1,807.2	0.0%
265 Eleventh Judicial District Attorney, Division II	1,950.1	1,932.5	(17.6)	-0.9%	1,932.5	0.0%
JUDICIAL:	194,531.4	192,537.0	(1,994.4)	-1.0%	192,537.0	3.5%
305 Attorney General	11,323.7	8,323.7	(3,000.0)	-26.5%	8,323.7	0.2%
308 State Auditor	2,197.6	2,233.4	35.8	1.6%	2,233.4	0.0%
333 Taxation and Revenue Department	61,573.9	53,633.9	(7,940.0)	-12.9%	53,633.9	1.0%
337 State Investment Council	-	0.0	0.0	0.0%	0.0	0.0%
341 Department of Finance and Administration	14,144.1	13,345.7	(798.4)	-5.6%	13,345.7	0.2%
342 Public School Insurance Authority	-	0.0	0.0	0.0%	0.0	0.0%
343 Retiree Health Care Authority	-	0.0	0.0	#DIV/0!	0.0	0.0%
344 DFA Special Appropriations	9,926.6	8,779.3	(1,147.3)	-11.6%	8,779.3	0.2%
350 General Services Department	14,194.7	12,897.9	(1,296.8)	-9.1%	12,897.9	0.2%
352 Educational Retirement Board	-	0.0	0.0	0.0%	0.0	0.0%
354 New Mexico Sentencing Commission	657.7	529.8	(127.9)	-19.4%	529.8	0.0%
355 Public Defender Department	39,658.8	39,148.4	(510.4)	-1.3%	39,148.4	0.7%
356 Governor	3,814.7	3,394.6	(420.1)	-11.0%	3,394.6	0.1%
360 Lieutenant Governor	752.0	680.1	(71.9)	-9.6%	680.1	0.0%
361 Department of Information Technology	687.1	484.7	(202.4)	-29.5%	484.7	0.0%
366 Public Employees Retirement Association	-	0.0	0.0	0.0%	0.0	0.0%
369 State Commission of Public Records	2,505.1	2,428.2	(76.9)	-3.1%	2,428.2	0.0%
370 Secretary of State	4,451.2	4,397.5	(53.7)	-1.2%	4,397.5	0.1%
378 Personnel Board	3,993.8	3,901.1	(92.7)	-2.3%	3,901.1	0.1%
379 Public Employee Labor Relations Board	253.4	214.8	(38.6)	-15.2%	214.8	0.0%
394 State Treasurer	3,789.5	3,580.1	(209.4)	-5.5%	3,580.1	0.1%

FY12 Recurring General Fund Summary
(in thousands of dollars)

Agency Name	Adjusted FY11 OPBUD	Final Based on Governor's Action	Final Dollar Change	Final Percent Change	Total General Fund Appropriation	GF Percent of Total
GENERAL CONTROL:	173,923.9	157,973.2	(15,950.7)	-9.2%	157,973.2	2.9%
404 Board of Examiners for Architects	-	0.0	0.0	0.0%	0.0	0.0%
417 Border Authority	364.7	337.6	(27.1)	-7.4%	337.6	0.0%
418 Tourism Department	9,064.7	8,314.0	(750.7)	-8.3%	8,314.0	0.2%
419 Economic Development Department	7,728.3	6,520.6	(1,207.7)	-15.6%	6,520.6	0.1%
420 Regulation and Licensing Department	13,589.2	12,767.9	(821.3)	-6.0%	12,767.9	0.2%
430 Public Regulation Commission	9,521.3	7,882.0	(1,639.3)	-17.2%	7,882.0	0.1%
446 Medical Board	-	0.0	0.0	0.0%	0.0	0.0%
449 Board of Nursing	-	0.0	0.0	0.0%	0.0	0.0%
460 New Mexico State Fair	379.1	0.0	(379.1)	-100.0%	0.0	0.0%
464 State Bnd of Licensure for Engineers & Land Surveyors	-	0.0	0.0	0.0%	0.0	0.0%
465 Gaming Control Board	5,408.4	5,227.2	(181.2)	-3.4%	5,227.2	0.1%
469 State Racing Commission	2,084.9	1,878.2	(206.7)	-9.9%	1,878.2	0.0%
479 Board of Veterinary Medicine	-	0.0	0.0	0.0%	0.0	0.0%
490 Cumbres and Toltec Scenic Railroad Commission	90.7	87.0	(3.7)	-4.1%	87.0	0.0%
491 Office of Military Base Planning and Support	132.2	120.8	(11.4)	-8.6%	120.8	0.0%
495 Spaceport Authority	1,129.4	500.0	(629.4)	-55.7%	500.0	0.0%
COMMERCE AND INDUSTRY:	49,492.9	43,635.3	(5,857.6)	-11.8%	43,635.3	0.8%
505 Cultural Affairs Department	29,355.8	27,246.5	(2,109.3)	-7.2%	27,246.5	0.5%
508 New Mexico Livestock Board	640.6	470.2	(170.4)	-26.6%	470.2	0.0%
516 Department of Game and Fish	-	0.0	0.0	0.0%	0.0	0.0%
521 Energy, Minerals and Natural Resources Department	21,690.1	19,826.1	(1,864.0)	-8.6%	19,826.1	0.4%
522 Youth Conservation Corps	-	0.0	0.0	0.0%	0.0	0.0%
538 Intertribal Ceremonial Office	84.8	30.0	(54.8)	-64.6%	30.0	0.0%
539 Commissioner of Public Lands	-	0.0	0.0	0.0%	0.0	0.0%
550 State Engineer	17,503.9	14,840.5	(2,663.4)	-15.2%	14,840.5	0.3%
569 Organic Commodity Commission	24.1	0.0	(24.1)	-100.0%	0.0	0.0%
AGRICULTURE, ENERGY & NATURAL RESOURCES:	69,299.3	62,413.3	(6,886.0)	-9.9%	62,413.3	1.1%
601 Commission on Status of Women	712.5	0.0	(712.5)	-100.0%	0.0	0.0%
603 Office of African American Affairs	716.1	699.8	(16.3)	-2.3%	699.8	0.0%
604 Commission for Deaf and Hard-of-Hearing Persons	-	300.0	300.0	0.0%	300.0	0.0%
605 Martin Luther King, Jr. Commission	309.1	176.5	(132.6)	-42.9%	176.5	0.0%
606 Commission for the Blind	1,929.2	1,898.0	(31.2)	-1.6%	1,898.0	0.0%
609 Indian Affairs Department	2,970.7	2,413.2	(557.5)	-18.8%	2,413.2	0.0%
624 Aging and Long-Term Services Department	44,828.3	40,845.1	(3,983.2)	-8.9%	40,845.1	0.8%
630 Human Services Department	705,405.2	967,886.7	262,481.5	37.2%	967,886.7	17.8%

FY12 Recurring General Fund Summary
(in thousands of dollars)

Agency Name	Adjusted FY11 OPBUD	Final Based on Governor's Action	Final Dollar Change	Final Percent Change	Total General Fund Appropriation	GF Percent of Total
631 Workforce Solutions Department	4,782.3	3,300.0	(1,482.3)	-31.0%	3,300.0	0.1%
632 Workers' Compensation Administration	-	0.0	0.0	0.0%	0.0	0.0%
644 Division of Vocational Rehabilitation	5,508.4	5,383.4	(125.0)	-2.3%	5,383.4	0.1%
645 Governor's Commission on Disability	1,084.4	658.0	(426.4)	-39.3%	658.0	0.0%
647 Developmental Disabilities Planning Council	4,061.5	4,150.0	88.5	2.2%	4,150.0	0.1%
652 Miners' Hospital of New Mexico	-	0.0	0.0	0.0%	0.0	0.0%
665 Department of Health	259,953.4	290,087.0	30,133.6	11.6%	290,087.0	5.3%
667 Department of Environment	14,246.2	11,503.7	(2,742.5)	-19.3%	11,503.7	0.2%
668 Office of the Natural Resources Trustee	293.6	89.7	(203.9)	-69.4%	89.7	0.0%
669 New Mexico Health Policy Commission	145.7	5.0	(140.7)	-96.6%	5.0	0.0%
670 Veterans' Services Department	2,836.7	2,672.8	(163.9)	-5.8%	2,672.8	0.0%
690 Children, Youth and Families Department	183,558.0	196,300.1	12,742.1	6.9%	196,300.1	3.6%
HEALTH, HOSPITALS & HUMAN SERVICES:	1,233,341.3	1,528,369.0	295,027.7	23.9%	1,528,369.0	28.1%
705 Department of Military Affairs	6,428.3	6,371.6	(56.7)	-0.9%	6,371.6	0.1%
760 Parole Board	458.8	449.4	(9.4)	-2.0%	449.4	0.0%
765 Juvenile Public Safety Advisory Board	24.1	24.1	0.0	0.0%	24.1	0.0%
770 Corrections Department	262,779.6	258,382.7	(4,396.9)	-1.7%	258,382.7	4.8%
780 Crime Victims Reparation Commission	1,805.2	1,684.1	(121.1)	-6.7%	1,684.1	0.0%
790 Department of Public Safety	88,085.0	86,881.7	(1,203.3)	-1.4%	86,881.7	1.6%
795 Homeland Security and Emergency Management	2,711.1	2,486.6	(224.5)	-8.3%	2,486.6	0.0%
PUBLIC SAFETY:	362,292.1	356,280.2	(6,011.9)	-1.7%	356,280.2	6.6%
805 Department of Transportation	-	0.0	0.0	0.0%	0.0	0.0%
TRANSPORTATION:	-	-	-	0.0%	0.0	0.0%
924 Public Education Department	13,955.4	10,737.4	(3,218.0)	-23.1%	10,737.4	0.2%
925 Public Education Dept.-Special Appropriations	16,132.7	17,055.8	923.1	5.7%	17,055.8	0.3%
930 Regional Education Cooperatives	-	0.0	0.0	#DIV/0!	0.0	0.0%
940 Public School Facilities Authority	-	0.0	0.0	0.0%	0.0	0.0%
OTHER EDUCATION:	30,088.1	27,793.2	(2,294.9)	-7.6%	27,793.2	0.5%
950 Higher Education Department	38,912.9	35,857.3	(3,055.6)	-7.9%	35,857.3	0.7%
952 University of New Mexico	286,573.7	274,603.0	(11,970.7)	-4.2%	274,603.0	5.1%
954 New Mexico State University	187,512.1	178,967.5	(8,544.6)	-4.6%	178,967.5	3.3%
956 New Mexico Highlands University	28,163.8	27,953.1	(210.7)	-0.7%	27,953.1	0.5%
958 Western New Mexico University	17,261.6	16,802.5	(459.1)	-2.7%	16,802.5	0.3%
960 Eastern New Mexico University	41,528.5	40,008.0	(1,520.5)	-3.7%	40,008.0	0.7%

FY12 Recurring General Fund Summary
(in thousands of dollars)

Agency Name	Adjusted FY11 OPBUD	Final Based on Governor's Action	Final Dollar Change	Final Percent Change	Total General Fund Appropriation	GF Percent of Total
962 NMI Institute of Mining and Technology	36,137.4	35,047.4	(1,090.0)	-3.0%	35,047.4	0.6%
964 Northern New Mexico College	10,523.6	10,271.6	(252.0)	-2.4%	10,271.6	0.2%
966 Santa Fe Community College	12,845.4	12,469.7	(375.7)	-2.9%	12,469.7	0.2%
968 Central New Mexico Community College	47,851.1	44,216.7	(3,634.4)	-7.6%	44,216.7	0.8%
970 Luna Community College	7,761.3	7,585.2	(176.1)	-2.3%	7,585.2	0.1%
972 Mesalands Community College	4,205.9	4,220.8	14.9	0.4%	4,220.8	0.1%
974 New Mexico Junior College	6,324.0	6,041.1	(282.9)	-4.5%	6,041.1	0.1%
976 San Juan College	21,795.1	22,256.8	461.7	2.1%	22,256.8	0.4%
977 Clovis Community College	8,661.4	8,561.4	(100.0)	-1.2%	8,561.4	0.2%
978 New Mexico Military Institute	1,892.1	1,818.6	(73.5)	-3.9%	1,818.6	0.0%
979 New Mexico School for the Blind and Visually Impaired	700.3	679.3	(21.0)	-3.0%	679.3	0.0%
980 New Mexico School for the Deaf	3,631.6	3,517.8	(113.8)	-3.1%	3,517.8	0.1%
		0.0	0.0	#DIV/0!	0.0	0.0%
HIGHER EDUCATION :	762,281.8	730,877.8	(31,404.0)	-4.1%	730,877.8	13.5%
993 Public School Support	2,309,175.1	2,365,586.4	56,411.3	2.4%	2,365,586.4	43.6%
Public School ERB		0.0	0.0	#DIV/0!	0.0	0.0%
PUBLIC SCHOOL SUPPORT:	2,309,175.1	2,365,586.4	56,411.3	2.4%	2,365,586.4	43.6%
Expand Employer-Employee Retirement Switch		(49,700.0)	(49,700.0)	0.0%	(49,700.0)	-0.9%
Retirement Employee/Employer Swap of 3.5%						
Delay ERB 0.75% Contribution Increase						
Government Restructuring Task Force		0.0	0.0	0.0%	0.0	0.0%
Delay RHCA Contribution Increase		0.0	0.0	-100.0%	0.0	0.0%
Revise Unemployment Statutes		(3,000.0)	(3,000.0)	0.0%	(3,000.0)	-0.1%
Workers' Compensation Premium Reduction		0.0	0.0	0.0%	0.0	0.0%
Public Property Premium Reduction		0.0	0.0	0.0%	0.0	0.0%
Eliminate Exempt Positions		0.0	0.0	-100.0%	0.0	0.0%
Program Efficiencies for HSD, DOH,CYFD & WSD		0.0	0.0	-100.0%	0.0	0.0%
Eliminate Group Health Premium Increase		0.0	0.0	-100.0%	0.0	0.0%
Eliminate GSD Vehicle Purchases		0.0	0.0	-100.0%	0.0	0.0%
House Floor Amendment #1		0.0	0.0	-100.0%	0.0	0.0%
ADDITIONAL APPROPRIATIONS		0.0	0.0	-100.0%	0.0	0.0%
OTHER MEASURES:	-	(52,700.0)	(52,700.0)	-100.0%	(52,700.0)	-1.0%
TOTAL GENERAL APPROPRIATION ACT	5,188,343.9	5,416,684.6	228,340.7	4.4%	5,416,684.6	99.7%
TOTAL GENERAL APPROPRIATION ACT & FEED BILL:	\$ 5,202,846.8	\$ 5,431,310.5	\$ 228,463.7	4.4%	\$ 5,431,310.5	100.0%

FY12 Recurring General Fund Summary
(in thousands of dollars)

Agency Name	Adjusted FY11 OPBUD	Final Based on Governor's Action	Final Dollar Change	Final Percent Change	Total General Fund Appropriation	GF Percent of Total
FEED BILL:						
LEGISLATIVE	14,502.9	14,625.9	123.0	0.8%	14,625.9	0.3%
GENERAL APPROPRIATION ACT:						
LEGISLATIVE	3,918.0	3,919.2	1.2	0.0%	3,919.2	0.1%
JUDICIAL	194,531.4	192,537.0	(1,994.4)	-1.0%	192,537.0	3.5%
GENERAL CONTROL	173,923.9	157,973.2	(15,950.7)	-9.2%	157,973.2	2.9%
COMMERCE & INDUSTRY	49,492.9	43,635.3	(5,857.6)	-11.8%	43,635.3	0.8%
AGRICULTURE, ENERGY & NATURAL RESOURCES	69,299.3	62,413.3	(6,886.0)	-9.9%	62,413.3	1.1%
HEALTH, HOSPITALS & HUMAN SERVICES	1,233,341.3	1,528,369.0	295,027.7	23.9%	1,528,369.0	28.1%
PUBLIC SAFETY	362,292.1	356,280.2	(6,011.9)	-1.7%	356,280.2	6.6%
TRANSPORTATION	-	-	-	0.0%	0.0	0.0%
OTHER EDUCATION	30,088.1	27,793.2	(2,294.9)	-7.6%	27,793.2	0.5%
HIGHER EDUCATION	762,281.8	730,877.8	(31,404.0)	-4.1%	730,877.8	13.5%
PUBLIC SCHOOL SUPPORT	2,309,175.1	2,365,586.4	56,411.3	2.4%	2,365,586.4	43.6%
OTHER	-	(52,700.0)	(52,700.0)	-100.0%	(52,700.0)	-1.0%
TOTAL GENERAL APPROPRIATION ACT	5,188,343.9	5,416,684.6	228,340.7	4.4%	5,416,684.6	99.7%
TOTAL GENERAL APPROPRIATION ACT & FEED BILL:	5,202,846.8	5,431,310.5	228,463.7	4.4%	5,431,310.5	100.0%

APPENDIX E: GENERAL FUND, OTHER STATE FUNDS AND FEDERAL FUNDS

General Fund Approps And Other State Funds & Federal Funds Supplanting General Fund: FY09-FY12 (dollars in millions)

	FY09 Op Bud			FY09 Solvency		
	General Fund	Federal Funds	Other State Funds	General Fund	Federal Funds	Other State Funds
			Total			Total
Public Schools	\$2,608.1		\$2,608.1	\$2,588.7		\$2,588.7
Higher Education	\$884.8		\$884.8	\$862.8		\$862.8
Medicaid*	\$885.5		\$885.5	\$717.6	\$227.7	\$969.8
Other	\$1,648.4		\$1,648.4	\$1,693.5		\$1,693.5
TOTAL	\$6,026.8		\$6,026.8	\$5,862.6	\$227.7	\$6,114.8

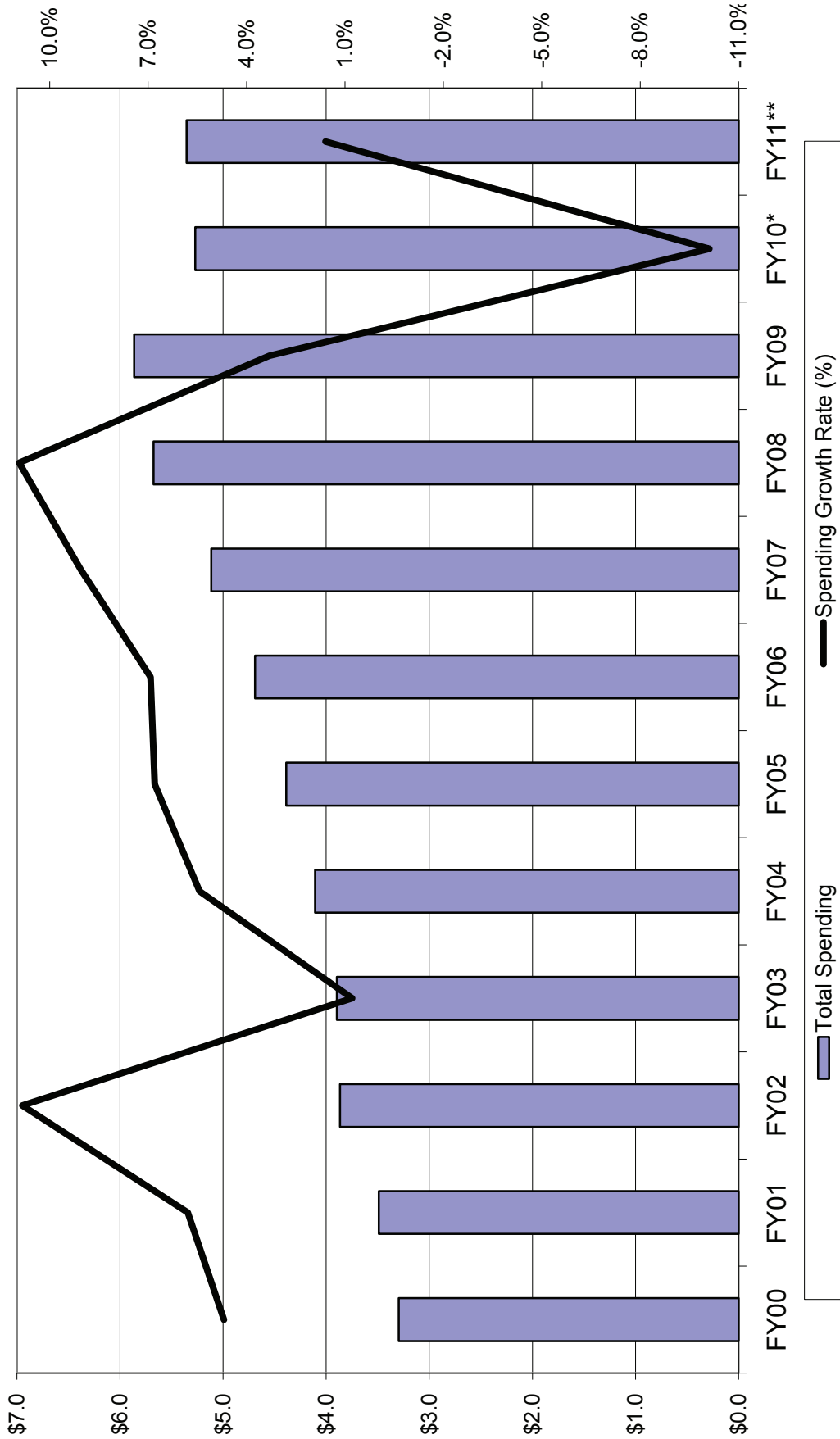
FY11 OpBud			
	General Fund	Federal Funds	Other State Funds
			Total
Public Schools	\$2,339.3	\$88.8	\$2,428.1
Higher Education	\$762.3		\$762.3
Medicaid*	\$664.1	\$279.8	\$963.9
Other	\$1,437.2		\$1,437.2
TOTAL	\$5,202.9	\$368.6	\$5,591.5

	FY12 Appropriation			Change From FY11 Adjusted OpBud		Change From FY09 Post-Solvency	
	General Fund	Federal Funds	Other State Funds	\$ Change	% Change	\$ Change	% Change
			Total				
Public Schools	\$2,364.9		\$2,364.9	-63.2	-2.6%	-223.8	-8.6%
Higher Education	\$716.5		\$716.5	-45.8	-6.0%	-146.3	-17.0%
Medicaid*	\$960.0	\$19.8	\$979.8	15.9	1.6%	10.0	1.0%
Other	\$1,389.9		\$1,389.9	-47.3	-3.3%	-303.6	-17.9%
TOTAL	\$5,431.3	\$0.0	\$5,451.1	-140.4	-2.5%	-663.7	-10.9%

*Includes general fund appropriations to HSD & DOH for the Developmentally Disabled Medicaid waiver program.

APPENDIX F: GENERAL FUND EXPENDITURE HISTORY GRAPH

General Fund Expenditure History
(in billions)



*Operating Budget, post-special session; ** Appropriated

*Operating Budget, post-solvency; ** Appropriated

APPENDIX G: GENERAL APPROPRIATION ACT VETOES

Laws 2011 HB2 VETOES

(in thousands of dollars)

Item #	Page	Code	Agency	General Fund	OSF/ISIA/FF	Language Only	Veto Description
1	Page 4	Sec 3	General Provisions			X	Strikes language requiring DFA to regularly consult with the LFC, compare fiscal year 2012 revenue collections with revenue estimates, and develop a plan to address any deficit
2	Page 4 & 5	Sec 3	General Provisions			X	Strikes language requiring agencies to meet certain criteria in order to budget federal funds in FY12 and to report to DFA and LFC certain information about federal funds received but not appropriated or added to the budget with a BAR
3	Page 6	Sec 3	General Provisions			X	Strikes language limiting the maximum number of FTE as specified in the GAA or other acts of the 50th legislature
4	Page 10	218	Administrative Office of the Courts	250.0			Strikes general fund appropriation and language designated to avoid furloughs and layoffs in judicial agencies statewide
5	Page 43	341	Department of Finance and Administration			X	Strikes language requiring LFC review of critical emergencies for release of BOF emergency funds
6	Page 44	341	Department of Finance and Administration			X	Strikes language converting the Tajique mutual domestic water consumer's association BOF loan to a grant
7	Page 60	378	Personnel Board			X	Strikes language that designates any unexpended balances from the employees' career development conference fund shall not revert to the general fund
8	Page 64	318	Tourism Department			X	Strikes language designating tourism marketing promotion funds shall be used for State Parks at EMNRD, Cultural Affairs, and Golf Tourism
9	Page 90	460	New Mexico State Fair	349.3		X	Strikes the general fund appropriation, 1 FTE, and language for the African American Performing Arts Center
10	Page 95	505	Cultural Affairs Department	30.0		X	Strikes the general fund appropriation and language designating contractual services funds be spent on the Taylor Reynolds Barela Mesilla State Monument
11	Page 96	505	Cultural Affairs Department	75.0		X	Strikes the general fund appropriation and language designating funds for an academic program focused on historical research interpretation and creative expression related to National History Day for school children
12	Page 99	505	Cultural Affairs Department			X	Strikes language that designates any unexpended general fund balances remaining in the department at the end of the fiscal year shall not revert
13	Page 115	604	Commission on the Status of Women	450.0		X	Strikes the general fund appropriation, 8 Perm FTE, and nonreverting language for revenue collected for conferences, awards, seminars and other events
14	Page 127	630	Human Services Department			X	Strikes language requiring the department to provide the LFC quarterly reports on TANF expenditures
15	Page 140	647	Developmental Disabilities Planning Council			X	Strikes language designating general fund in the Office of Guardianship shall not revert
16	Page 142	665	Department of Health	50.0		X	Strikes the general fund appropriation and language designated for operational support of women's health services in Santa Fe County
17	Page 145	665	Department of Health			X	Strikes language that clarifies there are no other appropriations for the Jackson Lawsuit, and there is no BAR authority for the same purpose
18	Page 146	665	Department of Health	65.0		X	Strikes general fund and language in the Developmental Disabilities Support Program for an autism summer camp in Torrence County
19	Page 156	690	Children, Youth and Families Department			X	Strikes language requiring the department to develop a plan to address the Childcare Program's waiting list for clients with incomes between 100% and 150% of FPL and children over the age of 11 from families with incomes between 150% and 200% of FPL and the associated reporting requirement to the LFC
20	Page 174	924	Public Education Department			X	Strikes language designating PED special appropriations only be spent on direct instruction, transportation and approved administrative costs for the prekindergarten program and the kindergarten three plus program
21	Page 175	924	Public Education Department			X	Strikes appropriation contingency language that allows LFC and LESC access to the operating budget management and the STARS information technology systems
22	Page 177	950	Higher Education Department			X	Strikes language requiring the department to identify the differences between funded strident credit hours and completed student credit hours at each institution and statewide under the funding formula and report the results to the LFC
23	Page 178	950	Higher Education Department	200.0		X	Strikes general fund appropriation and language in the Student Financial Aid Program for ten students to attend a 4 year certified veterinary medical program at Kansas State University
24	Page 178	950	Higher Education Department	200.0		X	Strikes appropriation and language in the Student Financial Aid Program for the Student Choice Program
25	Page 199		Northern New Mexico College	175.3	-		Strikes the general fund appropriations for Northern Pueblos Institute and faculty salary adjustments
26	Page 201		Luna Community College	93.2			Strikes the general fund appropriation for special projects expansion and flexibility
TOTAL SECTION 4				1,937.8	-		

Laws 2011 HB2 VETOES

(in thousands of dollars)

Item #	Page	Code	Agency	General Fund	OSF/ISIA/FF	Language Only	Veto Description
27	Page 212		Legislative Council Service	50.0			Strikes general fund appropriation for pre-session expenses for the 2012 Legislative session
28	Page 212		Legislative Council Service	100.0			Strikes general fund appropriation for Legislative Redistricting Committee
29	Page 214	341	Department of Finance and Administration	100.0			Strikes a portion of general fund appropriation for disbursement to New Mexico Mortgage Finance Authority to carry out the responsibilities, duties and provisions of the Regional Housing Law
30	Page 214	319	Economic Development Department		3,000.0		Strikes federal fund appropriation for JTIP
31	Page 214	505	Cultural Affairs	200.0			Strikes general fund appropriation for the New Mexico Centennial
32	Page 217	924	Public Education Department			X	Strikes language designating the date and the continued quarterly reporting to the LFC and the LESC on expenditure of funds and progress and results of the educational reforms and initiatives
33	Page 217		Computer Systems Enhancement Fund	2,214.4			Strikes general fund appropriation for transfer to the computer systems enhancement fund for system replacement and enhancements
TOTAL SECTION 5				2,664.4	3,000.0		
34	page 217		General Language			X	Strikes language requiring disbursement of supplemental appropriations subject to certification by the agency to LFC that no other funds are available
Total Section 6				-	-		
35	Page 219	218	Administrative Office of the Courts		942.0		Strikes data processing appropriation from other state funds for electronic filing and document content management at district courts statewide
36	Page 219	361	Department of Information Technology		1,200.0		Strikes data processing appropriation from the Health Benefits Premium and Rate Stabilization Fund to configure the SHARE system data integrity issues
37	Page 220	369	State Commission of Public Records		1,272.4		Strikes data processing appropriation from other state funds for a centralized electronic records repository
Total Section 7				-	3,414.4		
38	Page 231	Sec 10	Appropriation Reductions	(2,500.0)			Strikes the general fund savings associated with the administrative reforms and restructuring, improvements in program efficiencies, and eliminating duplication of government functions - from EDD, RLD, Border Authority, DFA, SPO, Homeland Security and Emergency Management, Gaming Control Board, State Racing Commission, Department of Environment, Governor's Commission on Disability, ALTSD, and Tourism Department, including the DFA reporting requirements
39	Page 235	Sec 12	Authority to Reduce Allotments			X	Strikes language requiring DFA to consult with the LFC and reduce allotments if the general fund consensus revenue forecast falls short of appropriations
40	Page 236	Sec 12	Authority to Reduce Allotments			X	Strikes language defining "general fund consensus revenue forecast"
				2,102.2	6,414.4		

APPENDIX H: U.S. AND NEW MEXICO ECONOMIC INDICATORS

U.S. and New Mexico Economic Indicators

December 2010 Consensus Forecast

	FY10	FY11	FY12	FY13
National Economic Indicators				
US Real GDP Growth (annual avg. ,% YOY)*	0.7	2.5	2.6	2.9
US Inflation Rate (CPI, annual avg., % YOY)**	1.0	1.3	1.7	2.0
Federal Funds Rate (%)	0.2	0.1	0.3	2.7
New Mexico Labor Market and Income Data				
NM Non-Agricultural Employment Growth (%)	(3.2)	0.2	1.0	1.3
NM Personal Income Growth (%)***	0.0	3.5	2.2	3.2
NM Private Wages & Salaries Growth (%)	(2.3)	2.2	3.6	3.7
Crude Oil and Natural Gas Outlook				
NM Oil Price (\$/barrel)	\$71.29	\$76.87	\$82.69	\$85.60
NM Taxable Oil Volumes (million barrels)	62.9	64.2	64.2	63.9
NM Gas Price (\$ per thousand cubic feet)****	\$5.20	\$5.00	\$5.75	\$6.37
NM Taxable Gas Volumes (billion cubic feet)	1,283	1,229	1,191	1,154

* Real GDP is BEA chained 2005 dollars, billions, annual rate

** CPI is all urban, BLS 1982-84=1.00 base.

***Personal Income growth rates are for the calendar year in which each fiscal year begins

****Gas price is estimated using a formula of NYMEX, PIRA, and Global Insight future prices, as well as a liquid premium based on oil price.

Sources: November Global Insight and November BBER

APPENDIX I: GENERAL FUND CONSENSUS REVENUE ESTIMATES

February 2011 (in millions of dollars)

	FY10		FY11		FY12		FY13	
	Actual	% Change from FY09	Dec. 09 Adj. for Leg.	Feb. 11 Est.	% Change from FY10	Dec. 09 Adj. for Leg.	Feb. 11 Est.	% Change from FY11
Gross Receipts Tax	1,634.4	-10.8%	1,809.2	1,740.0	6.5%	1,909.6	1,810.0	4.0%
Compensating Tax	50.9	-27.2%	72.9	64.5	26.7%	76.9	67.7	5.0%
TOTAL GENERAL SALES	1,685.3	-11.4%	1,882.1	1,804.5	7.1%	1,986.5	1,877.7	4.1%
Tobacco Taxes	45.7	-7.8%	83.4	81.0	77.2%	83.5	78.6	-3.0%
Liquor Excise	25.6	-0.9%	26.9	25.5	-0.4%	27.4	26.0	2.0%
Insurance Taxes	130.3	6.9%	137.3	137.3	5.4%	142.2	142.2	3.6%
Fire Protection Fund Reversion	5.0	-83.8%	24.1	18.3	266.0%	22.7	17.4	-4.9%
Motor Vehicle Excise	92.3	-8.2%	103.0	98.3	6.5%	113.0	107.4	9.3%
Gaming Excise	65.1	-5.9%	74.4	64.9	-0.3%	75.9	66.0	1.7%
Leased Vehicle Surcharge	5.7	16.3%	5.4	5.8	1.8%	5.4	5.6	-3.4%
Other	3.2	38.9%	2.4	3.0	-6.0%	2.6	3.0	0.0%
TOTAL SELECTIVE SALES	372.9	-7.9%	456.9	434.1	16.4%	472.6	446.2	2.8%
Personal Income Tax	956.6	-0.2%	1,122.9	1,055.0	10.3%	1,160.2	1,095.0	3.8%
Corporate Income Tax	125.1	-23.0%	215.6	220.0	75.9%	259.8	260.0	18.2%
TOTAL INCOME TAXES	1,081.7	-3.5%	1,338.5	1,275.0	17.9%	1,420.0	1,355.0	6.3%
Oil and Gas School Tax	324.5	-12.4%	341.0	328.5	1.2%	349.4	360.7	9.8%
Oil Conservation Tax	16.4	-10.2%	17.1	16.7	1.6%	17.6	18.2	8.9%
Resources Excise Tax	9.4	-16.3%	10.0	10.0	6.4%	10.0	10.0	0.0%
Natural Gas Processors Tax	40.4	0.1%	17.2	17.9	-55.7%	20.9	22.4	25.1%
TOTAL SEVERANCE TAXES	390.7	-11.2%	385.3	373.1	-4.5%	397.9	411.2	10.2%
LICENSE FEES	50.3	0.4%	48.8	52.0	3.4%	50.8	53.9	3.7%
LGPF Interest	437.1	0.8%	437.8	445.2	1.9%	438.2	451.6	1.4%
STO Interest	22.1	-67.4%	30.0	16.2	-26.7%	36.0	20.2	24.7%
STPF Interest	187.1	-2.2%	181.6	184.6	-1.3%	176.1	180.9	-2.0%
TOTAL INTEREST	646.3	-6.7%	649.4	646.0	0.0%	650.3	652.7	1.0%
Federal Mineral Leasing	355.3	-30.0%	370.0	368.2	3.6%	388.0	398.0	8.1%
State Land Office	67.7	85.8%	36.8	58.8	-13.1%	37.0	43.9	-25.3%
TOTAL RENTS & ROYALTIES	423.0	-22.2%	406.8	427.0	0.9%	425.0	441.9	3.5%
TRIBAL REVENUE SHARING	64.1	-2.0%	64.1	65.4	2.0%	66.1	67.2	2.8%
MISCELLANEOUS RECEIPTS	44.4	4.0%	44.2	47.2	6.3%	46.5	43.9	-7.0%
REVERSIONS	40.0	-30.0%	31.0	40.0	0.0%	42.4	40.0	0.0%
TOTAL RECURRING	4,798.7	-9.8%	5,307.1	5,164.3	7.6%	5,590.6	5,389.7	4.4%
TOTAL NON-RECURRING	478.9	1496.3%	2.1	38.1	-92.0%	6.9	6.9	-81.9%
GRAND TOTAL	5,277.6	-1.3%	5,309.2	5,202.4	-1.4%	5,597.4	5,396.6	3.7%
			2,000.0	1,900.0	5.0%	2,000.0	1,900.0	5.0%
			80.9	71.2	5.2%	80.9	71.2	5.2%
			2,080.9	1,971.2	5.0%	2,080.9	1,971.2	5.0%
			83.8	77.8	-1.0%	83.8	77.8	-1.0%
			27.9	26.4	1.5%	27.9	26.4	1.5%
			148.3	147.3	3.6%	148.3	147.3	3.6%
			21.4	16.3	-6.3%	21.4	16.3	-6.3%
			117.0	116.0	8.0%	117.0	116.0	8.0%
			77.0	67.2	1.8%	77.0	67.2	1.8%
			5.3	5.7	1.8%	5.3	5.7	1.8%
			2.7	3.2	6.7%	2.7	3.2	6.7%
			483.4	459.9	3.1%	483.4	459.9	3.1%
			1,209.0	1,135.0	3.7%	1,209.0	1,135.0	3.7%
			299.5	300.0	15.4%	299.5	300.0	15.4%
			1,553.7	1,435.0	5.9%	1,553.7	1,435.0	5.9%
			357.7	380.8	5.6%	357.7	380.8	5.6%
			18.0	19.1	5.0%	18.0	19.1	5.0%
			10.0	10.0	0.0%	10.0	10.0	0.0%
			22.6	21.0	-6.2%	22.6	21.0	-6.2%
			408.3	430.8	4.8%	408.3	430.8	4.8%
			50.8	57.3	6.3%	50.8	57.3	6.3%
			409.6	429.8	-4.8%	409.6	429.8	-4.8%
			41.0	39.8	97.0%	41.0	39.8	97.0%
			167.2	174.0	-3.8%	167.2	174.0	-3.8%
			617.8	643.6	-1.4%	617.8	643.6	-1.4%
			396.0	417.8	5.0%	396.0	417.8	5.0%
			37.9	42.8	-2.5%	37.9	42.8	-2.5%
			433.9	460.6	4.2%	433.9	460.6	4.2%
			69.4	70.1	4.3%	69.4	70.1	4.3%
			48.6	46.7	6.4%	48.6	46.7	6.4%
			43.7	40.0	0.0%	43.7	40.0	0.0%
			5,790.4	5,615.2	4.2%	5,790.4	5,615.2	4.2%
			(3.3)	(3.3)	-147.8%	(3.3)	(3.3)	-147.8%
			5,787.1	5,611.9	4.0%	5,787.1	5,611.9	4.0%

APPENDIX J: GENERAL FUND OUTLOOK

FY13 General Fund Outlook

(Dollars in Millions)

	FY12	FY13
Recurring Revenue to the General Fund(1)	\$5,389.7	\$5,615.2
2011 Legislation	\$23.5	\$22.3
Subtotal of Recurring Revenue	\$5,413.2	\$5,637.5
Subtotal of Nonrecurring Revenue	\$18.3	(\$3.3)
Total Revenue	\$5,431.5	\$5,634.2
Recurring Appropriations		
Public Education	\$2,364.9	\$2,364.9
Higher Education	\$716.6	\$716.6
Public Safety	\$354.4	\$354.4
Health & Human Services	\$658.1	\$658.1
Medicaid(2)	\$867.1	\$901.8
All Other Government	\$470.2	\$470.2
Subtotal of Recurring Appropriations	\$5,431.3	\$5,466.0
Replace Federal Funds & Other State Funds		
Attorney General - Replace balances of consumer settlement		\$2.0
Replace 1.75% Retirement Swap(3)		-
Replace 1.5% Swap(4)		-
0.75% ERB Employer Increase(4)		-
HED Student Financial Aid - Replace balances of college affordability		\$2.0
Office of the State Engineer - Replace balances of IWCF		\$2.0
Operating Funding for Los Lunas Substance Abuse Treatment Facility		\$3.0
Governor's Commission on Disability - Replace fund balances		\$0.3
Department of Cultural Affairs - Replace fund balances		\$1.5
Retiree Health Care - 3rd year employer contribution increase		\$3.7
Office of the Natural Resources Trustee - Replace fund balances		\$0.2
State Unemployment Compensation Fund - Replace transfer from public liability fund		??
Surplus/(Deficit)	\$0.2	\$153.6

(1)Reflects reduction in LGPF distribution.

(2)Medicaid spending growth for FY13 estimated at 4%. This is approximately half the April 2011 Global Insight medical spending forecast with a growth rate of 6.95%.

(3)Delayed until FY14, unless the Dec 2011 consensus revenue forecast projects an additional \$100 million in revenue above current levels, and general fund reserves are estimated to be 5% or greater at the end of FY12.

(4)Replacement scheduled for FY14.

APPENDIX K: SPECIAL, SUPPLEMENTAL AND DEFICIENCY APPROPRIATION

2011 Legislative Session
Special, Supplemental, and Deficiency Appropriations
(in thousands)

Code	Agency	Description	General Fund	Other State Funds	Federal Funds	Total	R/ N
SPECIAL/NEW INITIATIVES APPROPRIATIONS							
111	Legislative Council Services	For Legislative Redistricting Committee	-	-	-	-	N
111	Legislative Council Services	For 2012 pre-session expenses.	-	-	-	-	N
112	Legislative Finance Committee	For an evaluation of the state fair program.	-	-	-	-	N
119	Legislative Building Services	From the legislative information technology fund for the weatherization of the state capitol.	-	30.0	-	30.0	N
218	Administrative Office of the Courts	To avoid court furloughs statewide in FY11 and FY12.	200.0	-	-	200.0	N
264	Administrative Office of District Attorneys	<p>Language: Any unexpended balances remaining at the end of fiscal year 2011 from revenues received by a district attorney's office from any Native American tribe, pueblo or political subdivisions pursuant to a contract, memorandum of understanding, joint powers agreement, or grant shall not revert but shall remain with the recipient district attorney's office for expenditure in fiscal year 2012. The administrative office of the district attorneys shall provide a detailed report documenting the amount of all funds received from Native American tribes, pueblos and political subdivisions pursuant to a contract, memorandum of understanding, joint powers agreement, or grant for that year that do not revert at the end of fiscal year 2011 for each of the district attorneys and the administrative office of the district attorneys. The administrative office of the district attorneys shall submit the report to the department of finance and administration and the legislative finance committee prior to November 1, 2011.</p>	Language Only			-	N
264	Administrative Office of District Attorneys	<p>Language: Any unexpended balances remaining at the end of fiscal year 2011 from revenues received by a district attorney or the administrative office of the district attorneys from the United States department of justice pursuant to the southwest border prosecution initiative shall not revert but shall remain with the recipient district attorney's office for expenditure in fiscal year 2012. AODA shall provide a detailed report documenting the amount of all Southwest Border Prosecution Initiative funds that do not revert at the end of fiscal year 2011 for each of the District Attorneys and the AODA. The AODA shall submit the report to the department of finance and administration and the legislative finance committee prior to November 1, 2011.</p>	Language Only			-	N
305	Attorney General	For trustee settlement funds for water rights litigation	-	1,500.0	-	1,500.0	N

2011 Legislative Session
Special, Supplemental, and Deficiency Appropriations
(in thousands)

Code	Agency	Description	General Fund	Other State Funds	Federal Funds	Total	R/ N
333	Taxation and Revenue Department	For the Native American Veteran's Income Tax Settlement Fund	250.0	-	-	250.0	N
337	State Investment Council	SIC Fees	-	5,124.0	-	5,124.0	N
341	Department of Finance Administration	For the Mortgage Finance Authority to oversee the housing authority.	50.0	-	-	50.0	N
370	Secretary of State	For the 2012 primary election.	250.0	-	-	250.0	N
370	Secretary of State	Election expense.	-	-	-	-	N
419	Economic Development	For JTIP Program.	-	-	-	-	N
505	Cultural Affairs	For the New Mexico Centennial.	-	-	-	-	N
624	Aging and Long Term	To assist with personnel and other costs associated with the transfer of services from the long-term services program of the aging and long-term services department to the human	200.0	-	-	200.0	N
630	Human Services Department	For a shortfall in the medical assistance program for Medicaid.	7,000.0	-	25,941.2	32,941.2	N
630	Human Services Department	Language: Any unexpended balances remaining at the end of fiscal year 2011 from reimbursements received from the social security administration to support the general assistance program shall not revert but may be expended by the human services department in fiscal year 2012 for payments to recipients in the general assistance program.	Language Only			-	N
631	Workforce Solutions Department	Language: The period of time for expending the seven million seven thousand five hundred dollars (\$7,007,500) in unexpended federal funds available through the American Recovery and Reinvestment Act contained in Subsection 11 of Section 5 of Chapter 6 of Laws 2010 is extended through fiscal year 2012 to complete improvements to the unemployment insurance program.	Language Only			-	N
647	Developmental Disabilities Council	Language: Any unexpended balances in the office of guardianship of the developmental disabilities planning council remaining at the end of fiscal year 2011 from appropriations made from the general fund and internal service funds/interagency transfers shall not revert.	Language Only			-	N
665	Department of Health	For the family, infant, toddler program to provide services in fiscal year 2012 to two- and three-year-old preschool children with disabilities transitioning to public school programs and to replace lapsing federal funds.	500.0	-	-	500.0	N

2011 Legislative Session
Special, Supplemental, and Deficiency Appropriations
(in thousands)

Code	Agency	Description	General Fund	Other State Funds	Federal Funds	Total	R/ N
805	Department of Transportation	Language: The other state funds and federal funds appropriations to the programs and infrastructure program of the department of transportation pertaining to prior fiscal years may be extended through fiscal year 2012 but not to exceed four hundred million dollars (\$400,000,000).	Language Only				N
805	Department of Transportation	Language: The other state funds and federal funds appropriations to the transportation and highway operations program of the department of transportation pertaining to prior fiscal years may be extended through fiscal year 2012 but not to exceed eighty million dollars (\$80,000,000).	Language Only				N
924	Public Education	From the contingency fund for emergency support to school districts.	2,000.0			2,000.0	N
924	Public Education	From the contingency fund for the governor's educational school reforms and initiatives.	-			-	N
924	Public Education	From transportation emergency fund for increased fuel costs and other related transportation emergencies.	-	1,200.0		1,200.0	N
924	Public Education	Language: The period of time for expending appropriations contained in Subsection 17 of Section 5 of laws 2010 (2nd S.S.), Chapter 6 is extended through fiscal year 2012 for the same purpose.	Language Only				N
950	Higher Education Department	For the IDEAL program.	500.0			500.0	N
	Computer Systems Enhancement Fund	For transfer to the computer systems enhancement fund for system replacements or enhancements.	-			-	N
SPECIAL TOTAL			10,950.0	7,854.0	25,941.2	44,745.2	
SUPPLEMENTAL APPROPRIATIONS:							
218	Administrative Office of the Courts	To fund juror and interpreter costs.	100.0			100.0	N
305	Attorney General	From the consumer settlement fund for attorney fees in the New Mexico youth organized and southwest organizing project case.	-	135.6		135.6	N
341	Department of Finance Administration	The Board of Finance is requesting \$750 thousand to supplement the \$1.5 million appropriated to the Board of Finance emergency loan fund. As a result of the state's recent budget reductions and the economic downturn, the Board of Finance has seen an increase in the number and size of emergency loan requests in FY11.	750.0			750.0	N
355	Public Defender Department	For operating costs.	-			-	N
370	Secretary of State	For 2010 election shortfall.	300.0			300.0	N

2011 Legislative Session
Special, Supplemental, and Deficiency Appropriations
(in thousands)

Code	Agency	Description	General Fund	Other State Funds	Federal Funds	Total	R/ N
465	Gaming Control Board	For costs of arbitration as outlined in the dispute resolution section of the 2001 Gaming Compact.	-	-	-	-	N
647	Developmental Disabilities Planning Council	To fund mental health treatment guardians for 38 persons, corporate guardianship services for 395 incapacitated persons, and legal services to appoint a family member as a guardian for 125 persons.	-	300.0	-	300.0	N
665	Department of Health	Unexpended balances from general fund appropriations contained in Subsection F of Section 4 of Chapter 124 of Laws of 2009 to the developmentally disabled and medically fragile program of the department of health for the developmentally disabled and medically fragile Medicaid waiver program may be expended for the same purpose for fiscal year 2011 costs.	Not recommended				N
665	Department of Health	Unexpended balances from general fund appropriations contained in Subsection F of Section 4 of Chapter 3 of Laws of 2008 to the developmentally disabled support program of the department of health for the developmentally disabled and medically fragile Medicaid waiver program may be expended for the same purpose for fiscal year 2011 costs.	Not recommended				N
665	Department of Health	To supplement the Developmentally Disabled and Medically Fragile Medicaid Waiver Program.	3,094.4	-	-	3,094.4	N
690	Children Youth and Families	For childcare programs. The Original LFC recommendation transferred these funds from HSD.	2,409.2	-	-	2,409.2	N
SUPPLEMENTAL TOTAL			6,553.6	435.6	-	7,089.2	
DEFICIENCY APPROPRIATIONS:							
669	Health Policy Commission	To cover a deficiency in personal services and employee benefits.	-	-	-	-	N
795	Homeland Security	To clear DHSEM and State books for federal reimbursement disallowance	817.7	-	-	817.7	N
DEFICIENCY TOTAL			817.7	-	-	817.7	
SPECIAL/NEW INITIATIVE, SUPPLEMENTAL & DEFICIENCY TOTAL			18,421.3	8,289.6	25,941.2	52,652.1	

APPENDIX L: PUBLIC SCHOOL APPROPRIATION

PUBLIC SCHOOL SUPPORT AND RELATED APPROPRIATIONS FOR FY12 (dollars in thousands)

School Year 2010-2011 Final Unit Value (combined)=\$3712.17	ADJUSTED FY11 APPROPRIATION	LAWS 2011 CHAPTER 179
PROGRAM COST	\$2,171,012.2	\$2,255,050.1
State Fiscal Stabilization Fund (American Recovery and Reinvestment Act)	(\$23,898.0)	
Replace Federal Fiscal Stabilization Funds and Education Jobs Fund	\$164,700.0	\$88,275.6 ¹
Adjustment for Laws 2010, Chapter 6, Section 10 0.544% Sanding of SEG	(\$12,407.6)	
Adjustment for Laws 2010, Chapter 6, Section 14 Executive Reduction to SEG	(\$73,597.3)	
ENROLLMENT GROWTH	\$14,016.9	\$3,000.0
FIXED COSTS	\$3,723.9	
INSURANCE COSTS	\$11,500.0	
Administrative and Efficiency Savings to Minimize Impact to Instructional Programs		(\$17,193.0)
Suspend High School Graduation/Standards-Based Assessment Requirements for 1 Year (Statutory Change Required)		(\$3,463.5)
PUBLIC SCHOOL EMPLOYEE COMPENSATION:		
Increase in RTW Employee ERB Contribution (9.4 percent) (Statutory Change Required)		(\$4,860.5)
PROGRAM COST	\$2,255,050.1	\$2,320,808.7
Dollar Increase/Decrease Over Prior Year Appropriation	\$84,037.9	\$65,758.6
Percentage Increase		2.9%
LESS PROJECTED CREDITS	(\$59,400.0)	(\$68,436.0)
LESS OTHER STATE FUNDS (from driver's license fees)	(\$850.0)	(\$850.0)
STATE EQUALIZATION GUARANTEE	\$2,194,800.1	\$2,251,522.7 ²
Dollar Increase/Decrease Over Prior Year Appropriation		\$56,722.6
Percentage Increase		2.6%
CATEGORICAL PUBLIC SCHOOL SUPPORT		
TRANSPORTATION		
Operational (includes 1.5% employer/employee contribution switch for ERB)	\$83,049.3	\$82,339.0
Rental Fees (Contractor-owned Buses)	\$11,578.2	\$11,724.4
TOTAL TRANSPORTATION	\$94,627.5	\$94,063.4
SUPPLEMENTAL DISTRIBUTIONS		
Out-of-state Tuition	\$333.0	\$346.0
Emergency Supplemental	\$1,924.6	\$1,924.6
INSTRUCTIONAL MATERIAL FUND	\$14,603.2	\$15,092.8
DUAL CREDIT TEXTBOOK FUND	\$962.3	\$812.3
INDIAN EDUCATION FUND	\$1,924.6	\$1,824.6 ³
TOTAL CATEGORICAL	\$114,375.0	\$114,063.7
TOTAL PUBLIC SCHOOL SUPPORT	\$2,309,175.1	\$2,365,586.4
Dollar Increase/Decrease Over Prior Year Appropriation		\$56,411.3
Percentage Increase		2.4%
	ADJUSTED FY11 APPROPRIATION	LAWS 2011, CHAPTER 179
RELATED REQUESTS: RECURRING		
Public Education Department	\$13,955.4	\$10,737.4
Regional Education Cooperatives Operations	\$938.1	\$938.2
Kindergarten-Three-Plus	\$5,292.6	\$5,292.6
Pre-kindergarten Program	\$5,292.6	\$6,292.6
Early Childhood Education		\$500.0
Summer Reading, Math and Science Institutes	\$158.8	
New Mexico Cyber Academy (IDEAL)	\$685.2	\$500.0
OBMS/STARS Hosting and Operational Costs	\$673.6	\$673.6
Advanced Placement	\$541.8	\$541.8
After School Enrichment Program/Twenty-First Century Community Learning Centers	\$144.3	
Apprenticeship Assistance	\$192.5	\$192.4
Breakfast for Elementary Students	\$1,924.6	\$1,924.6
GRADS – Teen Pregnancy Prevention	\$288.7	\$200.0 ⁴
TOTAL RELATED APPROPRIATIONS: RECURRING	\$30,088.1	\$27,793.2
GRAND TOTAL	\$2,339,263.3	\$2,393,379.6
Dollar Increase/Decrease Over Prior Year Appropriation		\$54,116.3
Percentage Increase		2.3%

¹The FY12 general fund appropriation to the state equalization guarantee distribution includes the replacement of \$23.9 million in federal funds from the State Fiscal Stabilization Fund of the American Recovery and Reinvestment Act used in FY11 to offset general fund reductions and \$64.4 million in federal Educations Jobs Fund.

²The general fund appropriation to the state equalization guarantee includes \$7,500,000 contingent on the enactment of House Bill 607 or similar legislation of the first session of the fiftieth legislature.

³The general fund appropriation to the Indian Education Fund includes \$300 thousand to provide a rural literacy initiative to support after-school and summer literacy block programs for students in grades K-8 in schools with a high proportion of Native American students, contingent on receipt of \$300 thousand in matching funds from a nonprofit organization and \$400 thousand for a nonprofit organization that provides teaching support in schools with a high proportion of Native American students.

⁴The appropriation to Graduation Reality and Dual Role Skills (GRADS) includes \$200 thousand from the Temporary Assistance for Needy Families (TANF) block grant to New Mexico.

APPENDIX M: HIGHER EDUCATION APPROPRIATION

Higher Education General Fund Appropriations for FY12 (in thousands)

	FY12		
	LFC	Executive	Laws 2011, Ch. 179
I&G OPERATING BASE	605,350.8	605,350.8	605,350.8
Four-year net workload growth	9,144.2	9,144.2	9,144.2
Two-year net workload growth	10,859.0	10,859.0	10,859.0
Formula revenue credit adjustment (LGPF, Mil Levy)	-	1,586.9	1,586.9
ER&R formula adjustment	-	(376.6)	(376.6)
3 percent scholarship formula adjustment	-	1,684.1	
Dual credit formula tuition adjustment	-	721.8	
Tuition Revenue Credit - 4 year institutions - (\$100/student)	(7,676.2)	-	(7,676.2)
Tuition Revenue Credit - 2 year institutions - (\$100/student)	(6,125.7)		(6,125.7)
Tuition Policy Changes		(7,285.0)	
Tuition Revenue Credit - 3% for all institutions		(8,611.9)	
HSC I&G reduction (-2.5%)	(1,442.5)	-	(1,242.5)
HSC I&G transfer from RPSPs			2,288.8
BAMD - HSC	400.0	-	
Dual Credit: To fund core courses, core career development, and classes aligned with AP	-	(3,415.3)	(2,080.2)
Remedial Education: No funding for workload growth		(4,933.1)	(2,467.0)
Expansion campuses: Eliminate funding for nonstatutory		(3,039.0)	
Reduce ER&R from 23.25% to LFC 0%	(6,981.8)		
Return to Work Employee Savings Reduction	(581.0)		(581.0)
Non-discrimination Waiver (-40%)	(4,183.7)	(10,459.3)	(4,183.7)
Non-Resident Part-Time Student Waiver (-90%)	(6,082.9)	(12,165.5)	(11,365.7)
Prorated I&G reduction	(3,010.7)	(2,089.6)	(3,378.0)
INSTRUCTION AND GENERAL CHANGES	(15,681.3)	(28,379.3)	(15,597.7)
HIGHER EDUCATION ADJUSTED BASE I&G	589,669.5	576,971.5	589,753.1
Percent Change FY11 to FY12	-2.6%	-4.7%	-2.6%
OTHER CATEGORICAL	118,018.1	118,018.1	118,018.1
Athletics (excl. NMMI)	(1,640.5)	(372.2)	(620.3)
Public television -- 3 institutions	(156.7)	(94.0)	(156.7)
Research and public service projects	(9,861.5)	(9,394.3)	(9,476.6)
HSC RPSP transfer to I&G			(2,288.8)
Special schools	(208.3)	(97.7)	(208.3)
OTHER CATEGORICAL CHANGES	(11,867.0)	(9,958.2)	(12,750.7)
OTHER CATEGORICAL SUBTOTAL	106,151.1	108,059.9	105,267.4
Percent Change FY11 to FY12	-10.1%	-8.4%	-10.8%
HIGHER EDUCATION	37,523.3	38,912.9	38,912.9
Higher Ed Dept. Op. Bud. + Flow Through	(1,389.6)	(1,973.7)	(3,055.6)
HIGHER EDUCATION DEPARTMENT CHANGES	(1,389.6)	(1,973.7)	(3,055.6)
HIGHER EDUCATION DEPARTMENT SUBTOTAL	36,133.7	36,939.2	35,857.3
Percent Change FY11 to FY12	-3.6%	-5.1%	-7.9%
TOTAL HIGHER EDUCATION	731,954.3	721,970.6	730,877.8
Dollar Change from FY11 Adjusted OPBUD	(30,327.5)	(40,311.2)	(31,404.0)
Percent Change FY11 to FY12	-4.0%	-5.3%	-4.1%

APPENDIX N: HIGHER EDUCATION INSTITUTION BUDGET SUMMARY

General Fund Appropriation (in thousands)	FY12		Laws 2011, Chapter 179
	LFC	EXECUTIVE	
UNM			
I&G	163,287.8	165,829.9	164,428.9
Athletics	2,138.9	2,305.3	2,257.8
Educational Television	1,034.0	1,055.7	1,034.0
Gallup	8,241.2	8,335.8	8,365.3
Nursing Expansion	-	10.4	-
Los Alamos	1,741.5	1,634.2	1,706.7
Taos	2,905.2	2,733.3	2,794.4
Valencia	5,139.6	4,614.3	4,766.1
Advanced Materials Research	-	37.9	-
African American Studies	-	7.2	-
BBER-Census & Pop. Analysis	369.8	369.8	369.8
Student Mentoring Programs	283.6		283.6
College Mentoring	-	34.9	-
College Prep Mentoring	-	29.1	-
Law College Prep Mentoring	-	46.1	-
Community Based Education	451.4	476.5	426.4
Corrine Wolfe Children's Law Center	175.8	185.5	166.0
Disabled Student Services	192.4	74.7	192.4
Graduate Research Dev. Fund	-	56.6	-
Ibero-American Education	87.9		87.9
Ibero-American Ed. Consortium	-	32.1	-
Spanish Resource Center	-	74.6	-
Morrissey Hall Programs	45.8		45.8
Integrate Morrissey Hall & African American Performing Arts	-	44.0	-
Morrissey Hall Research	-	43.1	-
International Education Initiatives	102.4	67.6	102.4
Judicial Education Center	67.2	44.4	-
Judicial Selection	22.1	14.6	22.1
Land Grant Studies	30.5	20.1	30.5
Latin American Student Recruitment	74.2	48.9	74.2
Mfg. Engineering	331.0	128.5	350.5
Minority Student Services	681.2		681.2
African American Student Services	-	8.3	-
ENLACE	-	66.6	-
Hispanic Student Center	-	38.8	-
Min. Grad Recruit & Retention	-	42.8	-
Native American Intervention	-	64.9	-
Pre-college Minority Student Math/Science	-	206.8	-
Mock Trials	87.1	30.3	87.1
Natural Heritage	30.0	54.0	30.0
New Mexico Historical Review	-	49.4	46.8
Resource Geographic Info Sys	67.0	67.0	63.2

General Fund Appropriation (in thousands)	FY12		Laws 2011, Chapter 179
	LFC	EXECUTIVE	
Saturday Science and Math Academy	-	45.4	47.8
Small Business Innovation & Research Outreach	-	114.3	-
Southwest Indian Law Clinic	176.5	64.7	166.7
Southwest Research Center	1,135.1	1,198.1	1,072.0
Student Athlete Retention	-	60.4	-
Substance Abuse	161.6	59.2	152.6
Utton Transboundary Resources Center	302.8	319.6	285.9
Wildlife Law Education	48.9	32.3	68.3
Youth Educ. Recreation	56.7	102.0	56.7
Youth Leadership Development	-	51.6	-
UNM Total	189,469.2	191,031.5	190,263.1

Health Sciences Center			
I & G	55,925.0	55,802.5	58,252.7
Transfer to I&G	2,288.8		-
Hemophilia	-	516.4	-
Integrative Medicine	-	101.2	-
Locum Tenens	-	617.3	-
Nurse Advice Line	-	26.8	-
Telemedicine	-	445.2	-
Young Children's Health Center	-	536.3	-
Cancer Center	2,591.4	2,509.6	2,591.4
Carrie Tingley Hospital	4,709.9	4,809.1	4,709.9
Children's Psychiatric Hospital	6,525.5	6,662.8	6,525.5
Hepatitis C Comm. Health Outcomes	867.5	840.1	867.5
Native American Health Center	251.7	272.4	266.5
Newborn Intensive Care	3,191.1	3,090.4	3,191.1
Nursing Expansion	731.4	1,345.8	731.4
Office of Medical Investigator	4,002.7	3,882.6	4,002.7
Out-of-County Indigent	949.2	1,027.4	949.2
Pediatric Oncology	956.9	926.7	956.9
Poison Control Center	1,295.1	1,322.4	1,295.1
Health Sciences Total	84,286.2	84,734.9	84,339.9
UNM TOTAL	273,755.4	275,766.4	274,603.0

NMSU			
I&G	105,514.9	105,752.0	105,201.3
Athletics	2,536.1	3,164.4	3,099.2
Educational Television	960.5	980.8	960.5
Alamogordo	6,799.1	7,195.1	6,668.0
Carlsbad	4,333.5	3,663.9	4,313.4
Nursing Expansion	53.2	35.1	53.2
Dona Ana	19,003.7	16,107.1	18,640.1

General Fund Appropriation (in thousands)	FY12		Laws 2011, Chapter 179
	LFC	EXECUTIVE	
Grants	3,459.3	3,439.7	3,302.6
Department of Agriculture	9,836.2	10,043.3	9,836.2
Agricultural Experiment Station	13,062.9	13,457.7	13,262.9
Cooperative Extension Service	10,846.3	11,074.7	11,359.0
Move to CES	573.0		-
Chile Industry	-	186.1	-
Tribal Extension	-	202.5	-
Viticulturist	-	171.7	-
Minority Student Services	421.4		421.4
Alliance for Under Represented. Students	-	299.5	-
College Assistance Migrant	-	51.0	-
Alliance Teaching and Learning Advancement	77.5	28.4	73.2
Arrowhead Center for Business Dev.	99.9	104.9	94.4
Carlsbad Mfg. Sector Development	126.5	232.7	126.5
Coordination of Mexico	-	38.7	-
Indian Resources Development	307.3	326.0	290.2
Institute for International Relations	79.2	149.6	79.2
Mental Health Nurse Practitioner	177.8	117.3	252.8
Mfg. Sector Development	164.5	310.9	164.5
Nursing Expansion	366.5	241.9	441.5
Space Consortium and Outreach	30.9	20.4	-
Speech & Hearing	-	15.9	-
Waste Mgmt. Ed./Res. Cons.	116.2	76.7	116.2
Water Resources Research	106.1	200.4	211.2
NMSU Total	179,052.5	177,688.3	178,967.5

NMHU			
I&G	25,235.6	24,750.8	25,310.6
Athletics, Wrestling and Rodeo	1,756.5	1,893.1	1,854.1
Advanced Placement	229.2	79.6	229.2
Bilingual Education Materials	-	16.1	-
Forest and watershed institute	123.1	233.9	209.3
Minority Student Services	349.9		349.9
Ben Lujan Leadership Institute	-	42.6	-
Diverse Populations Study	-	118.2	-
Native American Rec. & Ret.	-	7.2	-
Spanish	-	65.3	-
Upward Bound	-	19.1	-
NMHU Total	27,694.3	27,225.9	27,953.1

WNMU			
I&G	14,849.9	14,143.0	14,293.4
Athletics	1,634.2	1,761.3	1,725.0
Child Development Center	211.7	211.7	211.7

General Fund Appropriation (in thousands)	FY12		Laws 2011, Chapter 179
	LFC	EXECUTIVE	
Instructional Television	78.4	28.7	78.4
Nursing Expansion	202.6	133.7	352.6
Web-based Teacher Licensure	149.8	54.9	141.4
WNMU Total	17,126.6	16,333.4	16,802.5
ENMU			
I&G	23,586.4	23,438.4	23,436.8
Athletics	1,865.5	2,010.6	1,969.2
Educational Television	982.2	1,003.3	982.2
Roswell	11,294.9	10,509.4	10,924.4
Nursing Expansion	33.3	21.9	33.3
Ruidoso	2,025.2	1,552.3	1,966.8
Ruidoso-Adult Basic Education	-	40.9	-
Allied Health	164.8	60.4	155.6
At-risk Student Tutoring	75.5	27.7	75.5
Blackwater Draw Site & Mus.	76.8	81.0	76.8
Nursing Expansion	-	12.2	-
Student Success	410.2	150.4	387.4
ENMU Total	40,514.8	38,908.6	40,008.0

NMIMT			
I&G	25,304.0	25,753.5	25,473.4
Athletics	193.4	208.5	204.2
Aquifer mapping	213.0	213.0	201.8
Bureau of Mine Inspection	258.3	258.3	258.3
Bureau of Mines	3,478.1	3,478.1	3,478.1
Cave & Karst Research	399.9	422.1	377.7
Energetic Materials Research Center	673.8	711.3	636.4
Geophysical Research Center	779.9	823.2	736.5
Homeland Security	540.5	570.5	540.5
Institute for Complex Additive Sys Ana	777.7	820.9	734.5
MESA	128.3	128.2	121.5
Petroleum Recovery Research	1,965.9	1,965.9	1,965.9
Science Fair/Science Olympiad	273.5	273.5	273.5
Southeast NM Center for Energy Studies	45.1	85.7	45.1
NMIMT Total	35,031.4	35,712.7	35,047.4

NNMC			
I&G	9,957.9	9,306.6	10,074.2
Athletics	187.0	201.6	197.4
Northern Pueblo's Institute	77.2	81.5	-
Special Projects Expansion and Flexibility	-	80.4	-
Faculty salaries	51.2	33.8	-
NNMC Total	10,273.3	9,703.8	10,271.6

General Fund Appropriation (in thousands)	FY12		Laws 2011, Chapter 179
	LFC	EXECUTIVE	

SFCC			
I&G	8,696.2	7,959.3	8,461.4
Small Business Dev. Centers	3,989.0	3,989.0	3,967.4
Nursing Expansion	40.9	27.0	40.9
SFCC Total	12,726.1	11,975.3	12,469.7
CNMCC			
I&G	45,855.1	39,221.4	44,138.7
Tax Help New Mexico	78.0	140.4	78.0
CNMCC Total	45,933.1	39,361.8	44,216.7

LCC			
I&G	7,082.5	6,797.5	7,161.2
Athletics	154.2	166.2	162.7
Student Service & Other Related Econ. Dev.	242.3	204.0	229.5
Nursing Expansion	-	10.5	31.8
Special Projects Expansion and Flexibility	-	81.3	-
LCC Total	7,479.0	7,259.5	7,585.2
MCC			
I&G	4,108.3	4,103.1	4,089.9
Athletics	56.7	61.1	59.9
Special Projects Expansion and Flexibility	-	33.5	-
Wind Training Center	-	-	71.0
MCC Total	4,165.0	4,197.7	4,220.8

NMJC			
I&G	5,346.6	5,108.4	5,525.7
Athletics	242.0	260.8	326.2
Lea County Distance Education Consortium	-	10.9	29.6
Nursing Expansion	72.9	48.1	72.9
Oil and Gas Training Center	55.0	20.2	86.7
NMJC Total	5,716.5	5,448.3	6,041.1

SJC			
I&G	21,208.4	21,137.4	21,927.4
Dental Hygiene	166.0	60.9	166.0
Nursing Expansion	163.4	107.8	163.4
SJC Total	21,537.8	21,306.1	22,256.8

CCC			
I&G	8,767.4	8,082.6	8,529.7
Nursing Expansion	31.7	20.9	31.7
CCC Total	8,799.1	8,103.5	8,561.4

General Fund Appropriation (in thousands)	FY12		Laws 2011, Chapter 179
	LFC	EXECUTIVE	

Four-Year/Two-Year Total	689,804.9	678,991.3	689,004.8
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NMMI			
I&G	746.3	754.1	746.3
Athletics	279.5	279.5	279.5
Knowles Legislative Scholarship	792.8	792.8	792.8
NMMI Total	1,818.6	1,826.4	1,818.6
NMSBVI			
I&G	288.1	291.2	288.1
Low Vision Clinic	17.8	17.4	17.8
Early Childhood Center	373.4	365.7	373.4
NMSBVI Total	679.3	674.3	679.3

NM School for the Deaf			
I&G	3,285.9	3,319.8	3,285.9
Statewide Outreach Services	231.9	219.7	231.9
School for the Deaf Total	3,517.8	3,539.5	3,517.8

Special School GF Total	6,015.7	6,040.2	6,015.7
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Higher Education Department			
Operating	2,993.6	2,409.0	3,622.7
IDEAL-NM	637.1	-	-
Adult Basic Education	5,386.8	5,103.3	5,386.8
Student Financial Aid	22,513.7	24,856.5	21,884.6
High Skills	462.3	389.3	338.1
NM MESA, Inc.	960.8	792.4	1,060.8
Program Development Enhancement Fund	3,059.6	2,563.0	2,563.0
Dental Hygiene Program	334.7	-	-
ENLACE	1,001.3	825.8	1,001.3
Laws of 2007, Chapter 21 (SB 611 Flow-through)	100.7	-	-
Laws of 2008, Chapter 6 (SB 165 Flow-through)	72.7	-	-
HED Total	37,523.3	36,939.3	35,857.3

HIGHER EDUCATION TOTAL	733,343.9	721,970.8	730,877.8
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APPENDIX O: MEDICAID APPROPRIATION

Medicaid Summary

	FY11 (Jan 2011 Projection)	LFC	Executive	Laws 2011, Chapter 179
Medical Assistance Administration				
General Fund	9,805.6	9,834.4	9,491.8	9,779.9
Other Transfers	850.0	804.4	804.4	804.4
Federal Revenue	43,772.3	47,677.4	47,924.2	47,595.7
Other Revenue	789.0	789.0	789.0	789.0
Subtotal	55,216.9	59,105.2	59,009.4	58,969.0
Medical Assistance Program				
General Fund	529,845.4	760,465.0	771,635.9	772,565.0
Other Transfers	124,848.0	151,428.8	151,275.0	122,197.4
Federal Revenue	2,754,553.6	2,319,248.9	2,430,559.8	2,434,905.9
Other Revenue	67,094.0	103,269.0	102,274.0	132,500.4
Subtotal	3,476,341.0	3,334,411.7	3,455,744.7	3,462,168.7
Medical Assistance Program in HB2 (Medicaid Program and Administration)				
General Fund	539,651.0	770,299.4	781,127.7	782,344.9
Other Transfers	125,698.0	152,233.2	152,079.4	123,001.8
Federal Revenue	2,798,325.9	2,366,926.3	2,478,484.0	2,482,501.6
Other Revenue	67,883.0	104,058.0	103,063.0	133,289.4
Subtotal	3,531,557.9	3,393,516.9	3,514,754.1	3,521,137.7
Medicaid Behavioral Health in HB2				
General Fund	61,416.5	84,226.7	87,208.7	84,726.7
Other Transfers				-
Federal Revenue	219,343.5	194,937.6	201,862.0	200,269.8
Other Revenue				-
Subtotal	280,760.0	279,164.3	289,070.7	284,996.5
Medicaid Programs (Medicaid and Med. Beh. Health w/o Administration)				
General Fund	591,261.9	844,691.7	858,844.6	857,291.7
Other State Funds	191,942.0	254,697.8	253,549.0	254,697.8
Total State Funds	783,203.9	1,099,389.5	1,112,393.6	1,111,989.5
FMAP	78.75%	70.12%	70.33%	
Federal Funds	2,973,897.1	2,514,186.5	2,632,421.8	2,635,175.8
Total Program Expenditures	3,757,101.0	3,613,576.0	3,744,815.4	3,747,165.3

APPENDIX P: TOBACCO SETTLEMENT PROGRAM FUND APPROPRIATION

TOBACCO SETTLEMENT PROGRAM FUND APPROPRIATIONS (dollars in thousands)

Agency	Purpose	FY11 Revised (1)	FY12 LFC Rec (2)	FY12 Executive Rec	FY12 Laws 2011, Ch. 179 (2)	FY12 Revised OpBud (3)
609 Indian Affairs	Tobacco Cessation Programs	253.7	255.7	263.6	255.7	249.3
630 Human Services Department	Medicaid -- Breast and cervical cancer treatment	1,298.0	1,345.9	1,500.0	1,345.9	1,312.4
630 Human Services Department	Medicaid	6,625.5	8,109.5	5,175.0	8,109.5	7,736.1
630 Human Services Department	Medicaid, contingent on 100% distribution	19,283.6	19,776.0	19,800.0	19,776.0	19,453.9
665 Department of Health	Tobacco cessation and prevention	5,794.6	5,827.4	6,007.7	5,827.4	5,682.0
665 Department of Health	Diabetes prevention and control	762.9	767.1	790.9	767.1	748.0
665 Department of Health	HIV/AIDS services	298.7	300.5	309.7	300.5	293.0
665 Department of Health	Breast and cervical cancer screening	127.2	131.8	131.8	131.8	128.6
952 University of New Mexico HSC	Research and clinical care programs in lung and tobacco-related illness (LRRJ contract)	865.4	0	1,000.0	0	0
952 University of New Mexico HSC	Instruction and General Purposes	724.3	675.9	837.0	675.9	Note 4
952 University of New Mexico HSC	Research in genomics and environmental health	1,051.5	981.2	1,215.0	981.2	Note 4
952 University of New Mexico HSC	Poison control center	350.5	327.1	405.0	327.1	Note 4
952 University of New Mexico HSC	Pediatric oncology program	311.5	290.7	360.0	290.7	Note 4
952 University of New Mexico HSC	Telemedicine program	116.9	109.0	135.0	109.0	Note 4
952 University of New Mexico HSC	Los Pasos program	39.0	36.3	45.0	36.3	Note 4
952 University of New Mexico HSC	Area health education centers	39.0	36.3	45.0	36.3	Note 4
952 University of New Mexico HSC	Specialty education in trauma	311.5	290.7	360.0	290.7	Note 4
952 University of New Mexico HSC	Specialty education in pediatrics	311.5	290.7	360.0	290.7	Note 4
TOTAL University of New Mexico (4)						2,962.1
Total Appropriations		38,565.4	39,551.8	38,740.7	39,551.8	38,565.4

(1) Final revised allotments per DFA based on actual payment received April 2011, which was \$1.4 million below the June 2010 projection.

(2) Estimated payment of \$39.55 million (October 2010).

(3) DFA advised agencies in April 2011 of reduced allotments based on the 2011 actual payment. See Note (1).

(4) FY12 GAA language allows UNM the flexibility to allocate the DFA reduction of \$75.8 thousand.

APPENDIX Q: TANF APPROPRIATION

PROGRAM	LFC			Executive			Laws 2011, Chapter 179			
	GF	FF	TOTAL	GF	FF	TOTAL	GF	OSF	FF	TOTAL
	GEN FUND	FED FUNDS	TOTAL	GEN FUND	FED FUNDS	TOTAL	GEN FUND	OSF	FED FUNDS	TOTAL
REVENUE SOURCES										
General Funds in HSD for TANF-MOE	87.1	-	87.1	85.0	-	85.0	87.1	-	-	87.1
Non MOE NMW Two Parent and Exempt	500.0	-	500.0	500.0	-	500.0	500.0	-	-	500.0
MOE- GF in Other Agencies	65,034.7	-	65,034.7	65,034.7	-	65,034.7	65,034.7	-	-	65,034.7
ARRA Emergency Contingency Fund	-	-	-	-	-	-	-	-	-	-
TANF Contingency Fund	-	-	-	-	-	-	-	-	-	-
TANF Restitutions	-	200.0	200.0	-	200.0	200.0	-	-	200.0	200.0
TANF Block Grant	-	110,578.1	110,578.1	-	110,578.1	110,578.1	-	-	110,578.1	110,578.1
TANF Supplemental Grant	-	6,553.1	6,553.1	-	-	-	-	-	-	-
TANF Prior Year Balances	-	3,938.0	3,938.0	-	5,579.5	5,579.5	-	-	5,630.7	5,630.7
TOTAL REVENUE SOURCES	65,621.8	121,269.2	186,891.0	65,619.7	116,357.6	181,977.3	65,621.8	-	116,408.8	182,030.6
STATE EXPENDITURES - USES										
Program Support ADMIN	-	2,373.0	2,373.0	-	2,373.0	2,373.0	-	-	2,373.0	2,373.0
ISD ADMIN	-	7,472.5	7,472.5	-	8,327.0	8,327.0	-	-	7,472.5	7,472.5
ISD 2 System Replacement	-	-	-	-	-	-	-	-	-	-
TOTAL - ADMIN	-	9,845.5	9,845.5	-	10,700.0	10,700.0	-	-	9,845.5	9,845.5
TANF Cash Assistance										
Cash Assistance	-	73,573.2	73,573.2	-	70,841.9	70,841.9	-	-	72,720.8	72,720.8
Special Appropriation (Sec 5 & 6) C.A.	-	-	-	-	-	-	-	-	-	-
Clothing Allowance for School Age Kids	-	-	-	-	1,951.2	1,951.2	-	-	-	-
Diversion Payments	-	65.0	65.0	-	79.5	79.5	-	-	65.0	65.0
Disregard TANF - MOE	-	-	-	-	-	-	-	-	-	-
Wage Subsidy Program	-	600.0	600.0	-	600.0	600.0	-	-	600.0	600.0
NMWF Legal Immigrants TANF MOE	87.1	-	87.1	85.0	-	85.0	87.1	-	-	87.1
Non MOE NMW Two Parent and Exempt	500.0	-	500.0	500.0	-	500.0	500.0	-	-	500.0
Employment Retention Bonus	-	-	-	-	-	-	-	-	-	-
SUBTOTAL, CASH ASSISTANCE	587.1	74,238.2	74,825.3	585.0	73,472.6	74,057.6	587.1	-	73,385.8	73,972.9
TANF Support Services										
NM Works Program/ CSW Teamworks	-	10,200.0	10,200.0	-	10,200.0	10,200.0	-	-	9,200.0	9,200.0
Substance Abuse Services	-	-	-	-	-	-	-	-	-	-
Strengthening Families	-	-	-	-	-	-	-	-	-	-
TANF Employment Related Costs	-	-	-	-	-	-	-	-	-	-
Transportation - JARC	-	-	-	-	335.0	335.0	-	-	-	-
PEL - GRADS	-	-	-	-	-	-	-	-	200.0	200.0
PEL - Pre-K Program	-	-	-	-	-	-	-	-	-	-
CYFD - Pre-K Program	-	-	-	-	-	-	-	-	-	-
CYFD - Homevisiting	-	-	-	-	-	-	-	-	-	-
CYFD - Domestic Violence Services	-	-	-	-	-	-	-	-	-	-
ALTSO - GOLD Mentor	-	-	-	-	-	-	-	-	-	-
CYFD - Childcare	-	26,052.4	26,052.4	-	12,571.6	12,571.6	-	-	23,777.5	23,777.5
CYFD - Additional Childcare	-	-	-	-	-	-	-	-	-	-
SUBTOTAL, SUPPORT SERVICES	-	36,252.4	36,252.4	-	23,106.6	23,106.6	-	-	33,177.5	33,177.5
TOTAL HSD - TANF	587.1	120,336.1	120,923.2	585.0	107,279.2	107,864.2	587.1	-	116,408.8	116,995.9
PROGRAM SUPPORT - TANF	-	2,373.0	2,373.0	-	2,373.0	2,373.0	-	-	2,373.0	2,373.0
ISD ADMIN - TANF	-	7,472.5	7,472.5	-	8,327.0	8,327.0	-	-	7,472.5	7,472.5
ISD 2 System Replacement	-	-	-	-	-	-	-	-	-	-
ISD PROGRAM - TANF	587.1	110,490.6	111,077.7	585.0	96,579.2	97,164.2	587.1	-	106,563.3	107,150.4
FF Surplus (Deficit)										
			933.1		9,078.4					

APPENDIX R: HUMAN SERVICES DEPARTMENT

Human Services Department
 Detail of Differences - General Fund
 Fiscal Year 2012 (July 1, 2011 - June 30, 2012)
 (In Thousands of Dollars)

	LFC	Executive	Laws 2011, Ch. 179	FTE
<u>Medical Assistance</u>				
FY11 Adjusted General Fund Base	539,651.0	539,651.0	539,651.0	160.5
FY12 Recommendation:				
Transfer in of ALTSD Medicaid waiver FTE (Mi Via, BI, and Program quality)	433.6		433.6	16.0
Vacancy rate changes	60.1	69.1	60.1	-
Contractual Services		624.2		
ALTSD Brain Injury Program Transfer	171.2		171.2	-
Other		(20.6)		
Addl federal fund allocations	(736.0)	(986.5)	(736.0)	
ALTSD-Long Term Services transfer	99.9		99.9	-
Executive Adjustments				
GSD Rate Reductions		(8.0)		
Extend 1.5% Shift in Employee Pension		(14.5)		
Transportation Pool Rate Reductions		(10.0)		
Eliminate 1 Exempt FTE		(54.5)	(54.5)	(1.0)
Program Efficiency Savings: Vacancy Rate		(99.4)		
Program Efficiency Savings: Consulting Contracts		(520.0)		
Medical Assistance Administration Subtotal	28.8	(1,020.2)	(25.7)	15.0
Program Revenue and Enrollment Changes	273,930.9	261,214.9	273,930.9	
Program Cost Containment	(43,311.3)	(19,424.4)	(31,211.3)	-
Program FY12 Base Recommendation	770,299.4	780,421.3	782,344.9	175.5
<u>Medicaid Behavioral Health</u>				
FY11 Adjusted General Fund Base	61,416.5	61,416.5	61,416.5	-
FY12 Recommendation:				
Program and Revenue Changes (see detail)	22,810.2	25,792.2	23,310.2	-
Program FY12 Base Recommendation	84,226.7	87,208.7	84,726.7	-
<u>Income Support</u>				
FY11 Adjusted General Fund Base	41,185.2	41,185.2	41,185.2	1,133.0
FY12 Recommendation:				
Personal Services and Employee Benefits				
Budget actual vacancy rates	(742.6)		(492.6)	-
Contractual Services				
Admin contracts reduced to FY10 actuals	(255.1)		(255.1)	-
Other				
Rent reduction	(288.4)		(288.4)	
Misc increases (e.g., postage)	346.0	568.0	346.0	
Lower Federal Participation	913.8	195.7	913.8	
General Fund from other programs	702.5	550.0	702.5	
TANF general fund decrease (see detail)	(743.6)	(745.7)	(743.6)	-
Misc ISD program reductions	(182.4)		(182.4)	
Eliminate state SNAP supplement for seniors	(650.0)		(650.0)	-
Reduce general fund for Education Works	(2,000.0)		(600.0)	-
Swap OSF for GF in general assistance program			(500.0)	
Executive Adjustments				
GSD Rate Reductions		(165.4)		
Extend 1.5% Shift in Employee Pension		(219.4)		
Transportation Pool Rate Reductions		(100.9)		
Program Efficiency Savings: Vacancy Rate		(162.1)		
Program FY12 Base Recommendation	38,285.4	41,105.4	39,435.4	1,133.0

Human Services Department
Detail of Differences - General Fund
Fiscal Year 2012 (July 1, 2011 - June 30, 2012)
(In Thousands of Dollars)

	LFC	Executive	Laws 2011, Ch. 179	FTE
<u>Behavioral Health Services</u>				
FY11 Adjusted General Fund Base	42,118.6	42,118.6	42,118.6	34.0
FY12 Recommendation:				
Personal Services and Employee Benefits				
Vacancy Rate increase	(125.0)		(125.0)	(5.0)
Contractual Services				
Los Lunas Substance Abuse Treatment Center	(650.0)			-
Reduce Contracts			(350.0)	-
Other				
Rent adjustments	(28.1)		(28.1)	-
Other increases based on FY10 Actuals	51.2		51.2	-
Executive Adjustments				
GSD Rate Reductions		(3.2)		
Extend 1.5% Shift in Employee Pension		(6.8)		
Transportation Pool Rate Reductions				
Program Efficiency Savings: Vacancy Rate		(50.8)		-
Program FY12 Base Recommendation	41,366.7	42,057.8	41,666.7	29.0
% Change from FY11 Base	-1.8%	-0.1%	-1.1%	-14.7%
FY12 Expansion:				
Transfer FTE for Office of Substance Abuse Prevention from DOH to HSD		33.8		4.0
Total FY12 Recommendation	41,366.7	42,091.6	41,666.7	33.0
<u>Child Support Enforcement</u>				
FY11 Adjusted General Fund Base	8,281.5	8,281.5	8,281.5	400.0
FY12 Recommendation:				
Personal Services and Employee Benefits				
Budget 10% Vacancy Rate	(186.5)		(186.5)	-
Contractual Services				
Reduce Customer Service Contract	(74.3)		(74.3)	-
Sand other contracts	(46.2)		(46.2)	-
Other				
Rent and misc adjustments	(64.9)		(64.9)	-
Fed revenue increases (e.g., incentive \$)	(157.0)		(157.0)	-
Executive Adjustments				
GSD Rate Reductions		(41.6)		
Extend 1.5% Shift in Employee Pension		(60.6)		
Transportation Pool Rate Reductions		(48.5)		
Program Efficiency Savings: Vacancy Rate		(61.9)		
Program Efficiency Savings: Contracts		(80.0)		
Program FY12 Base Recommendation	7,752.6	7,988.9	7,752.6	400.0

Human Services Department
 Detail of Differences - General Fund
 Fiscal Year 2012 (July 1, 2011 - June 30, 2012)
 (In Thousands of Dollars)

	LFC	Executive	Laws 2011, Ch. 179	FTE
Program Support				
FY11 Adjusted General Fund Base	12,752.4	12,752.4	12,752.4	252.5
FY12 Recommendation:				
Personal Services and Employee Benefits				
Program Support vacancy rate increase	(99.8)		(99.8)	-
Eliminate 1 exempt FTE				(1.0)
Contractual Services				
IT Contract reductions	(191.7)		(191.7)	-
Other				
Rent and other misc adjustments	(58.7)		(58.7)	-
DoIT rate reductions	(441.8)		(441.8)	-
Miscellaneous Reductions		(287.9)		-
Executive Adjustments				
GSD Rate Reductions		(48.4)		
Extend 1.5% Shift in Employee Pension		(90.1)		
Transportation Pool Rate Reductions		(31.9)		
Eliminate 3 Exempt FTE		(73.9)		(3.0)
Program Efficiency Savings: Vacancy Rate		(25.8)		
Program FY12 Base Recommendation	11,960.4	12,194.4	11,960.4	248.5
Total FY12 Recommendation				
FY11 Adjusted General Fund Base	705,405.2	705,405.2	705,405.2	1,980.0
FY12 Recommendation	953,891.2	971,010.3	967,886.7	1,990.0
Change from FY11 Adjusted GF Base	248,486.0	265,605.1	262,481.5	10.0
FY12 Recommendation				
<i>HSD Medicaid</i>	854,526.1	867,630.0	867,071.6	
<i>Other HSD</i>	99,365.1	103,380.3		

APPENDIX S: CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Children, Youth and Families Department
 Detail of Differences - General Fund
 Fiscal Year 2012 (July 1, 2011 - June 30, 2012)
 (In Thousands of Dollars)

	LFC	Executive	Laws 2011, Ch. 179	FTE
<u>Juvenile Justice Facilities</u>				
Adjusted FY11 Base	37,536.8	37,536.8	37,536.8	565.5
FY12 Base Recommendation:				
GSD Rate Reductions	(97.2)		(97.2)	
Reduced PERA to FY10 Actual Expenditure	(201.4)		(201.4)	
Technical Adjustments	(177.3)		(177.3)	
Deleted 4 FTE				(4.0)
Vacancy Rate (LFC-7.1% & HAFC-7.9%)	737.6		475.9	
Transferred In - 1 FTE from Program Support				1.0
Transferred Out - 1 FTE to Protective Services				(1.0)
Contractual Services	(145.0)		(145.0)	
Miscellaneous Reductions	(216.0)	(200.0)	(216.0)	
Executive Adjustments				
GSD Rate Reductions		(228.7)		
Extend 1.5% Employee Shift in Pension Contributions		(337.1)		
Transportation Pool Rate Reductions		(94.5)		
Vacancy Rate (Executive-11.5%)		(160.0)		
Subtotal FY12 Base	37,437.5	36,516.5	37,175.8	561.5
<u>Protective Services</u>				
Adjusted FY11 Base	56,590.3	56,590.3	56,590.3	848.0
FY12 Base Recommendation:				
GSD Rate Reductions	(146.1)		(146.1)	
Reduced PERA to FY10 Actual Expenditure	(495.2)		(495.2)	
Technical Adjustments	11.3		11.3	
Vacancy Rate (LFC-5.7%)	2,630.2	1,784.8	2,630.2	
Transferred In - 1 FTE from Juvenile Justice Facilities				1.0
Contractual Services	(209.5)		(209.5)	
Miscellaneous Reductions	(95.0)	(91.4)	(95.0)	
Executive Adjustments				
GSD Rate Reductions		(208.3)		
Extend 1.5% Employee Shift in Pension Contributions		(259.9)		
Vacancy Rate (Executive-9.1%)		(375.0)		
Subtotal FY12 Base	58,286.0	57,440.5	58,286.0	849.0
<u>Early Childhood Services</u>				
Adjusted FY11 Base	30,752.9	30,752.9	30,752.9	154.5
FY12 Base Recommendation:				
GSD Rate Reductions	(84.7)		(84.7)	
Reduced PERA to FY10 Actual Expenditure	(23.8)		(23.8)	
Deleted 4 FTE				(3.0)
Deleted 1 Exempt FTE - Division Director				(1.0)
Vacancy Rate (LFC-8.2% & Executive-12.7%)	108.5		108.5	
Contractual Services	946.7	(630.0)	946.7	
Replace Lost TANF Funding for Child Care	5,882.3	14,000.0	11,157.8	
Miscellaneous Reductions	(79.1)	(72.7)	(79.1)	
Home Visiting Contracts			100.0	
Early Childhood Education			500.0	
Executive Adjustments				
GSD Rate Reductions		(16.7)		
Extend 1.5% Employee Shift in Pension Contributions		(19.1)		
Contractual Services		(100.0)		
Subtotal FY12 Base	37,502.8	43,914.4	43,378.3	150.5

Children, Youth and Families Department
 Detail of Differences - General Fund
 Fiscal Year 2012 (July 1, 2011 - June 30, 2012)
 (In Thousands of Dollars)

	LFC	Executive	Laws 2011, Ch. 179	FTE
Youth and Family Services				
Adjusted FY11 Base	47,105.5	47,105.5	47,105.5	388.1
FY12 Base Recommendation:				
GSD Rate Reductions	(66.8)			
Reduced PERA to FY10 Actual Expenditure	(7.5)			
Deleted 4 FTE				
Vacancy Rate (LFC-8%)	(401.9)			
Contractual Services	(535.0)	(939.3)	(939.3)	
Miscellaneous Reductions	(149.7)	(111.4)	(111.4)	
Executive Adjustments				
GSD Rate Reductions		(161.3)	(161.3)	
Extend 1.5% Employee Shift in Pension Contributions		(207.1)	(207.1)	
Eliminate 1 Exempt FTE		(52.0)	(52.0)	(1.0)
Vacancy Rate (Executive-9.1%)		(55.0)	(55.0)	
Contractual Services		(250.0)	(250.0)	
Domestic Violence			1,000.0	
Subtotal FY12 Base	45,944.6	45,329.4	46,329.4	387.1
Program Support				
Adjusted FY11 Base	11,572.5	11,572.5	11,572.5	164.0
FY12 Base Recommendation:				
GSD Rate Reductions	(27.9)			
Reduced PERA to FY10 Actual Expenditure	(121.4)			
Technical Adjustments	(33.1)			
Vacancy Rate (LFC & Executive-8%)	(65.0)			
Transfer Out- 1 FTE to Juvenile Justice Facilities				(1.0)
Contractual Services	(130.0)			
Miscellaneous	234.1	260.0	260.0	
Executive Adjustments				
GSD Rate Reductions		(41.7)	(41.7)	
Extend 1.5% Employee Shift in Pension Contributions		(77.1)	(77.1)	
Transportation Pool Rate Reductions		(309.1)	(309.1)	
Eliminate 2 Exempt FTE		(214.0)	(214.0)	(2.0)
Vacancy Rate (Executive-8.9%)		(60.0)	(60.0)	
Subtotal FY12 Base	11,429.2	11,130.6	11,130.6	161.0
Total				
Adjusted FY11 Base	183,558.0	183,558.0	183,558.0	2,120.1
FY12 Base Recommendation:				
	7,042.1	10,773.4	12,742.1	(11.0)
Subtotal FY12 Base	190,600.1	194,331.4	196,300.1	2,109.1

APPENDIX T: DEPARTMENT OF HEALTH

Department of Health
Detail of Differences - General Fund
Fiscal Year 2012 (July 1, 2011 - June 30, 2012)
 (In Thousands of Dollars)

	LFC	Executive	Laws 2011, Ch. 179	FTE
Public Health				
Adjusted FY11 Base	68,414.1	68,414.1	68,414.1	992.0
FY12 Base Recommendation:				
Increase to 9% vacancy rate	(1,307.4)		(443.5)	
Insurance adjustment	(57.5)			
GSD rates reduction	(164.1)			
GSD Unemployment Rate Increase		401.5	401.5	
Vacant before hiring freeze				(31.0)
Reductions in primary care & women's health	(1,500.0)		(50.0)	
Reduction in school health contract	(531.1)			
Deletion of air quality testing contract	(214.7)			
Agency requested contract reductions	(136.4)			
Reductions in lease, care and support, travel	(521.4)		(521.4)	
GSD rates reduction	(13.9)			
Executive Adjustments				
RHC		(45.8)	(45.8)	
Group Health		(168.3)	(168.3)	
GSD rates		(297.0)	(297.0)	
PERA 1.5%		(328.9)	(328.9)	
Subtotal FY12 Base	63,967.6	67,975.6	66,960.7	961.0
FY12 Expansion:				
Request to reduce 4 behavioral health FTE due to program transfer to HSD in 2007				(4.0)
Public Health Total FY12 Recommendation	63,967.6	67,975.6	66,960.7	957.0
Epidemiology and Response				
Adjusted FY11 Base	8,905.2	8,905.2	8,905.2	201.0
FY12 Base Recommendation:				
Increase to 9% vacancy rate	(723.0)	(300.0)	(723.0)	
Insurance adjustment	(8.0)		(8.0)	
GSD rates reduction	(0.2)		(0.2)	
GSD Unemployment Rate Increase		37.0		
Vacant before hiring freeze				(29.0)
Miscellaneous reductions to FY10	(45.8)		(45.8)	
GSD rates reduction	(19.4)		(19.4)	
Executive Adjustments				
RHC		(5.4)		
Group Health		(17.8)		
GSD rates		(16.4)		
PERA 1.5%		(48.0)		
Subtotal FY12 Base	8,108.8	8,554.6	8,108.8	172.0
Epidemiology Total FY12 Recommendation	8,108.8	8,554.6	8,108.8	172.0

Department of Health
 Detail of Differences - General Fund
 Fiscal Year 2012 (July 1, 2011 - June 30, 2012)
 (In Thousands of Dollars)

	<u>LFC</u>	<u>Executive</u>	<u>Laws 2011, Ch. 179</u>	<u>FTE</u>
Laboratory Services				
Adjusted FY11 Base	6,559.6	6,559.6	6,559.6	133.0
FY12 Base Recommendation:				
Reduce vac rate from requested 10.3% to 4%	595.3			
GSD rates reduction	(12.4)			
GSD Unemployment Rate Increase		30.6	30.6	
Vacant before hiring freeze				
Reduction in professional services	(19.4)			
Miscellaneous adjustments	(102.7)			
Executive Adjustments				
RHC		(5.6)	(5.6)	
Group Health		(24.3)	(24.3)	
GSD rates		(7.9)	(7.9)	
PERA 1.5%		(46.6)	(46.6)	
Subtotal FY12 Base	7,020.4	6,505.8	6,505.8	133.0
Laboratory Servcs Total FY12 Recommendation	7,020.4	6,505.8	6,505.8	133.0
Facilities Management				
Adjusted FY11 Base	59,238.8	59,238.8	59,238.8	2,302.0
FY12 Base Recommendation:				
Adjustments to entry level & lowest insurance	(245.5)			
Delete GF for BHI outpatient & DD case mgmt	(1,979.7)			
Delete Yucca Lodge FTE	(239.1)		(191.6)	
Reduce GF overtime at LLCPC	(475.2)			
Increase vacancy rate at FBMC to 5%	(500.0)			
GSD rates reduction	(115.5)			
GSD Unemployment Rate Increase		928.6	928.6	
Vacant before hiring freeze				(75.0)
Agency request				
Reduction in professional services to FY10 level	(98.9)			
Reduction in other contractual to FY10 level	(66.2)			
Ft Bayard Medical Center debt payment	4,050.0	4,050.0	4,050.0	
Reductions in travel, furnishing, drugs, rent	(403.4)			
GSD rates reduction	(10.0)			
Executive Adjustments				
RHC		(48.9)	(48.9)	
Group Health		(276.5)	(276.5)	
GSD rates		(152.3)	(152.3)	
PERA 1.5%		(425.8)	(425.8)	
Subtotal FY12 Base	59,155.3	63,313.9	63,122.3	2,227.0
Facilities Mgmt Total FY12 Recommendation	59,155.3	63,313.9	63,122.3	2,227.0

Department of Health
 Detail of Differences - General Fund
 Fiscal Year 2012 (July 1, 2011 - June 30, 2012)
 (In Thousands of Dollars)

	<u>LFC</u>	<u>Executive</u>	<u>Laws 2011, Ch. 179</u>	<u>FTE</u>
Developmental Disabilities Support				
Adjusted FY11 Base	99,806.6	99,806.6	99,806.6	172.0
FY12 Base Recommendation:				
Deleted 1 FTE				(1.0)
GSD rates reduction	(4.9)		(4.9)	
GSD Unemployment Rate Increase		92.9		
Vacant before hiring freeze				(5.0)
Agency request				
Professional services at FY11 amount	(300.0)		(365.0)	
Reduction in travel, supplies, rent	(246.0)		(246.0)	
Average cost per client@\$72.5 & Waiting List	28,971.5	28,857.2	29,971.5	
Executive Adjustments				
RHC		(4.7)		
Group Health		(20.0)		
GSD rates		(57.9)		
PERA 1.5%		(41.5)		
Subtotal FY12 Base	128,227.2	128,632.6	129,162.2	166.0
DD Support Total FY12 Recommendation	128,227.2	128,632.6	129,162.2	166.0
Health Certification Licensing and Oversight				
Adjusted FY11 Base	4,685.0	4,685.0	4,685.0	158.0
FY12 Base Recommendation:				
Adjustment to entry level	(54.5)			
GSD rates reduction	(11.3)		(11.3)	
GSD Unemployment Rate Increase		45.6		
Vacant before hiring freeze				(14.0)
Reduce receivership to \$300.0	(182.4)		(182.4)	
Reduction in Supplies, Travel	(56.2)		(56.2)	
GSD rates reduction	(1.7)		(1.7)	
Executive Adjustments				
RHC		(4.4)		
Group Health		(17.3)		
GSD rates		(54.0)		
PERA 1.5%		(39.2)		
Subtotal FY12 Base	4,378.9	4,615.7	4,433.4	144.0
Health Certification Total FY12 Recommendation	4,378.9	4,615.7	4,433.4	144.0

Department of Health
 Detail of Differences - General Fund
 Fiscal Year 2012 (July 1, 2011 - June 30, 2012)
 (In Thousands of Dollars)

	<u>LFC</u>	<u>Executive</u>	<u>Laws 2011, Ch. 179</u>	<u>FTE</u>
Administration				
Adjusted FY11 Base	12,344.1	12,344.1	12,344.1	144.0
FY12 Base Recommendation:				
Delete 3 FTE, adjust salaries to entry level	(191.9)		(191.9)	(3.0)
GSD rates reduction	(16.3)		(16.3)	
GSD Unemployment Rate Increase		40.8		
Increase to 8 percent vacancy rate	(211.2)		(211.2)	
Vacant before hiring freeze	-	-	-	(5.0)
Agency request				
Eliminate funding for Bernalillo Off-Reservation				
Commission	(57.8)		(57.8)	
Delete funding for trauma registry (assign to TF)	(48.0)		(48.0)	
Miscellaneous reductions	(24.1)		(24.1)	
GSD rate reductions	(1.0)		(1.0)	
Executive Adjustments				
Exempt Reduction		(307.9)		
RHC		(7.9)		
Group Health		(25.2)		
GSD rates		(23.9)		
PERA 1.5%		(68.2)		
Subtotal FY12 Base	11,793.8	11,951.8	11,793.8	136.0
Administration Total FY12 Recommendation	11,793.8	11,951.8	11,793.8	136.0
Total				
Adjusted FY11 Base	259,953.4	259,953.4	259,953.4	4,102.0
FY12 Base Adjustments:	22,698.6	31,596.6	30,133.6	(167.0)
Subtotal FY12 Base	282,652.0	291,550.0	290,087.0	3,935.0
Program Efficiencies		(1,000.0)		
Total FY12 Base	282,652.0	290,550.0	290,087.0	3,935.0
FY12 Expansion:	-	-	-	(4.0)
DOH TOTAL GF FY12 RECOMMENDATION	282,652.0	291,550.0	290,087.0	3,931.0

APPENDIX U: AGING AND LONG-TERM SERVICES DEPARTMENT

Aging and Long-Term Services Department
Detail of Differences - General Fund
Fiscal Year 2012 (July 1, 2011 - June 30, 2012)
(In Thousands of Dollars)

	LFC	Executive	Laws 2011, Ch. 179	FTE
Long-Term Services				
Adjusted FY11 Base	4,196.6	4,196.6	4,196.6	59.0
FY12 Base Recommendation:				
Personal Services and Employee Benefits		-		
Transfer Medicaid waiver management to HSD	(879.1)		(879.1)	(16.0)
Transfer Resource Center personnel to CER	(727.7)		(727.7)	(27.0)
Deletion				(16.0)
Contractual Services				
TBI contracts transfer to HSD	(171.2)		(171.2)	
Transfer to Consumer & Elder Rights (CER) Prog	(8.3)		(8.3)	
Other				
Transfer other costs to HSD	(100.0)		(100.0)	
Transfer to CER	(86.2)		(86.2)	
Deletion	(174.1)		(174.1)	
Other Financing Uses				
Brain Injury match funding to HSD	(2,050.0)		(2,050.0)	
Executive Adjustments				
RHC		(2.7)		
GSD Rates		(9.4)		
PERA		(4.8)		
Subtotal FY12 Base	-	4,179.7	-	-
Consumer and Elder Rights				
Adjusted FY11 Base	797.0	797.0	797.0	25.5
FY12 Base Recommendation:				
Personal Services and Employee Benefits				
Transfer from Long-Term Services	727.7		727.7	27.0
GSD Rate Reduction	(0.3)		(0.3)	
Contractual Services				
Transfer from Long-Term Services	8.3		8.3	
Other				
Miscellaneous adjustments	(41.3)		(41.3)	
Transfer from Long-Term Services	86.2		86.2	
Executive Adjustments				
RHC		(1.9)		
GSD Rates		(6.7)		
PERA		(2.3)		
Subtotal FY12 Base	1,577.6	786.1	1,577.6	52.5

Aging and Long-Term Services Department
Detail of Differences - General Fund
Fiscal Year 2012 (July 1, 2011 - June 30, 2012)
(In Thousands of Dollars)

	<u>LFC</u>	<u>Executive</u>	<u>Laws 2011, Ch. 179</u>	<u>FTE</u>
<u>Adult Protective Services</u>				
Adjusted FY11 Base	10,258.5	10,258.5	10,258.5	139.0
FY12 Base Recommendation:				
Personal Services and Employee Benefits				
Reduce vac rate from 7.8% to 6% due to increased caseload	114.1			
GSD rate reduction	(3.9)			
Contractual Services				
Reduce adult day care to short-term placement	(62.7)			
Other				
Misc reductions in other based on FY10	(64.6)			
GSD rate reduction	(0.8)			
Executive Adjustments				
RHC		(8.2)	(8.2)	
GSD Rates		(29.1)	(29.1)	
PERA		(69.3)	(69.3)	
Subtotal FY12 Base	10,240.6	10,151.9	10,151.9	139.0
<u>Aging Network</u>				
Adjusted FY11 Base	25,624.4	25,624.4	25,624.4	1.5
FY12 Base Recommendation:				
Personal Services and Employee Benefits				
Employment manager	84.9		84.9	
Other				
Misc reductions senior employment grants	(84.9)		(64.0)	
Misc reductions care & support	(229.0)		(100.0)	
Misc reductions to senior centers	(100.0)		(100.0)	
Executive Adjustments				
RHC		(0.1)		
GSD Rates		(0.2)		
PERA		(0.6)		
Subtotal FY12 Base	25,295.4	25,623.5	25,445.3	1.5

Aging and Long-Term Services Department
Detail of Differences - General Fund
Fiscal Year 2012 (July 1, 2011 - June 30, 2012)
(In Thousands of Dollars)

	<u>LFC</u>	<u>Executive</u>	Laws 2011, Ch. 179	<u>FTE</u>
Program Support				
Adjusted FY11 Base	3,951.8	3,951.8	3,951.8	56.0
FY12 Base Recommendation:				
Personal Services and Employee Benefits		(156.7)		
Eliminate Policy Director Position				
GSD Rate Reduction	(1.5)		(1.5)	
Delete Vacant FTEs	(67.3)		(67.3)	(2.0)
Technical Adjustments	(21.4)		(21.4)	
Contractual Services				
Reduction in IT contract	(8.2)		(8.2)	
Other				
Reduction in Trans Pool & Other Adj	(121.9)		(121.9)	
Executive Adjustments				
RHC		(4.3)		
GSD Rates		(19.6)		
PERA		(100.9)	(61.2)	
Subtotal FY12 Base	3,731.5	3,670.3	3,670.3	54.0
Total				
Adjusted FY11 Base	44,828.3	44,828.3	44,828.3	281.0
FY12 Base Recommendation:	(3,983.2)	(416.8)	(3,983.2)	(34.0)
Subtotal FY12 Base	40,845.1	44,411.5	40,845.1	247.0
FY12 Expansion:	-	-	-	-
Total FY12 Recommendation	40,845.1	44,411.5	40,845.1	247.0

APPENDIX V: DEPARTMENT OF PUBLIC SAFETY

Department of Public Safety
 Detail of Differences - General Fund
 Fiscal Year 2012 (July 1, 2011 - June 30, 2012)
 (In Thousands of Dollars)

	LFC	Executive	Laws 2011, Ch. 179	FTE
<u>P504 Law Enforcement</u>				
FY11 Adjusted General Fund Base	65,362.9	65,362.9	65,362.9	794.2
FY12 Recommendation:				
<i><u>Personal Services and Employee Benefits</u></i>			(8.7)	
GSD Rate Reductions	(249.5)	-	(112.5)	
<i><u>Contractual Services</u></i>			-	
General reduction and other funds offset	(224.4)	-	100.0	
<i><u>Other</u></i>				
GSD Rate Reductions\Miscellaneous	(770.6)	-	(589.3)	-
Executive Adjustments		(607.5)	-	
Program FY12 Base Recommendation	64,118.4	64,755.4	64,752.4	794.2
<u>P781 Motor Transportation</u>				
FY11 Adjusted General Fund Base	9,297.3	9,297.3	9,297.3	273.5
FY12 Recommendation:				
<i><u>Personal Services and Employee Benefits</u></i>				
GSD Rate Reductions	(71.3)	-	(71.3)	
<i><u>Contractual Services</u></i>				
General reduction and other funds offset	(22.4)	-	(22.4)	
<i><u>Other</u></i>				
GSD Rate Reductions\Miscellaneous	(145.8)	-	17.7	-
Executive Adjustments	-	(76.0)	-	
Program FY12 Base Recommendation	9,057.8	9,221.3	9,221.3	273.5
<u>P503 Program Support</u>				
FY11 Adjusted General Fund Base	13,424.8	13,424.8	13,424.8	192.0
FY12 Recommendation:				
<i><u>Personal Services and Employee Benefits</u></i>				(3.0)
GSD Rates Reductions (Speadsheet)	(29.3)	-	(29.3)	
Reduction of 1 FTE	(163.5)	-	(61.0)	
<i><u>Contractual Services</u></i>				
5% reduction from adjusted FY11	(51.5)	-	(51.5)	
<i><u>Other</u></i>				
GSD Rate Reductions/Miscellaneous	(375.0)	-	(375.0)	
Executive Adjustments		(239.9)		
Program FY12 Base Recommendation	12,805.5	13,184.9	12,908.0	189.0
<u>Total FY12 Recommendation</u>				
FY11 Adjusted General Fund Base	88,085.0	88,085.0	88,085.0	1,259.7
FY12 Recommendation	85,981.7	87,161.6	86,881.7	1,256.7

APPENDIX W: CORRECTIONS DEPARTMENT

Corrections Department
 Detail of Differences - General Fund
 Fiscal Year 2012 (July 1, 2011 - June 30, 2012)
 (In Thousands of Dollars)

	LFC	Executive	Laws 2011, Ch. 179	FTE
P530 Program Support	8,015.9			
FY11 Adjusted General Fund Base	7,755.8	7,755.8	7,755.8	90.0
FY12 Recommendation:				
<u>Personal Services and Employee Benefits</u>				
GSD Rate Reductions	(12.6)	-	-	-
Additional Vacancy Savings	(246.5)	-	-	-
<u>Other</u>				
GSD Rate Reductions/Miscellaneous	(16.2)	-	-	-
Executive Adjustments		(688.4)	(688.4)	-
Program FY12 Base Recommendation	7,480.5	7,067.4	7,067.4	90.0
P531 Inmate Management and Control	231,363.2			
FY11 Adjusted General Fund Base	223,856.7	223,856.7	223,856.7	1,955.5
FY12 Recommendation:				
<u>Personal Services and Employee Benefits</u>				
GSD Rate Reductions	(226.2)	-	(226.2)	-
Additional Vacancy Savings	(5,198.9)	-	(3,982.2)	-
<u>Contractual Services</u>				
Federal State Criminal Alien Assistance Program (SCAAP) funding offset - not in	(750.0)		(750.0)	
<u>Other</u>				
Private Prison Contracts	(3,000.0)		3,500.0	
GSD Rate Reductions/Miscellaneous	(29.2)	-	(29.2)	-
Executive Adjustments		(286.6)	-	-
Program FY12 Base Recommendation	214,652.4	223,570.1	222,369.1	1,955.5
P533 Corrections Industries	-			
FY11 Adjusted General Fund Base	-	-	-	35.0
No General Fund				
P534 Community Offender Management	28,425.1			
FY11 Adjusted General Fund Base	27,502.9	27,502.9	27,502.9	387.0
FY12 Recommendation:				
<u>Personal Services and Employee Benefits</u>				
GSD Rates Reductions	(42.3)	-	-	-
Additional Vacancy Savings	(377.4)	-	-	-
<u>Contractual Services</u>				
Reduction in Request	(7.2)	-	-	-
<u>Other</u>				
GSD Rate Reductions/Miscellaneous	(5.2)	-	-	-
Reduction in Request	(225.1)	-	-	-
Executive Adjustments	-	(1,460.8)	(1,460.8)	-
Program FY12 Base Recommendation	26,845.7	26,042.1	26,042.1	387.0
P535 Community Corrections	3,787.1			
FY11 Adjusted General Fund Base	3,664.2	3,664.2	3,664.2	17.0
FY12 Recommendation:				
General Fund Replacement with Fund Balance (included in request)	(700.0)		(700.0)	
<u>Personal Services and Employee Benefits</u>				
GSD Rate Reductions	(1.8)	-	(1.8)	-
Additional Vacancy Savings	(14.7)	-	(14.7)	-
<u>Contractual Services</u>				
Reduction in Request	(23.6)	-	(23.6)	-
<u>Other</u>				
GSD Rate Reductions/Miscellaneous	(0.2)	-	(0.2)	-
Reduction in Request	(19.8)	-	(19.8)	-
Executive Adjustments	-	(620.3)	-	-
Program FY12 Base Recommendation	2,904.1	3,043.9	2,904.1	17.0
Total FY12 Recommendation				
FY11 Adjusted General Fund Base	262,779.6	262,779.6	262,779.6	2,484.5
FY12 Recommendation	251,882.7	259,723.5	258,382.7	2,484.5

APPENDIX X: COURT DETAIL APPROPRIATION

General Fund (in thousands)

<u>Program</u>	<u>Adjusted FY11 Op-Bud</u>	<u>LFC FY12 Rec.</u>	<u>Exec. FY12 Rec.</u>	<u>Laws 2011, Chapter 179</u>
<u>Admin Support</u>	\$7,309.5	\$7,181.9	\$7,121.4	\$6,996.9
<u>JID</u>	\$2,514.5	\$2,416.9	\$2,418.5	\$2,341.9
<u>Magistrates</u>	\$22,474.5	\$22,300.6	\$21,931.6	\$22,300.6
<u>Special</u>	\$7,040.7	\$6,928.9	\$6,878.0	\$6,858.9
<u>AOC Total</u>	\$39,339.2	\$38,828.3	\$38,349.5	\$38,498.3
1	\$6,031.5	\$5,901.1	\$5,839.9	\$5,951.1
2	\$20,271.6	\$20,261.8	\$19,611.7	\$20,357.1
3	\$5,997.2	\$5,859.4	\$5,805.9	\$5,896.8
4	\$1,962.1	\$1,942.2	\$1,897.9	\$1,966.5
5	\$5,718.9	\$5,686.7	\$5,533.1	\$5,718.9
6	\$2,955.8	\$2,919.0	\$2,867.8	\$2,919.0
7	\$2,118.7	\$2,076.8	\$2,053.5	\$2,086.5
8	\$2,525.4	\$2,510.3	\$2,455.8	\$2,580.3
9	\$3,053.9	\$3,004.4	\$2,952.5	\$3,004.4
10	\$731.9	\$725.0	\$707.8	\$725.0
11	\$5,642.1	\$5,588.5	\$5,463.2	\$5,588.5
12	\$2,876.7	\$2,864.3	\$2,780.1	\$2,864.3
13	\$6,092.4	\$6,034.4	\$5,898.8	\$6,065.7
<u>District Total</u>	\$65,978.2	\$65,373.9	\$63,868.0	\$65,724.1
Metro Court	\$21,259.6	\$21,269.2	\$20,600.5	\$21,269.2
Law Library*	\$1,553.7	\$1,490.8	\$1,522.0	\$1,490.8
Compilation Com.	\$153.5	\$0.0	\$148.9	\$0.0
JSC	\$731.3	\$713.4	\$711.4	\$713.4
Court Appeals	\$5,471.2	\$5,395.6	\$5,312.9	\$5,395.6
Supreme Court	\$2,853.1	\$2,813.7	\$2,768.6	\$2,813.7
SC Build Com.	\$771.5	\$783.3	\$743.2	\$783.3
<u>State Courts Total</u>	\$11,534.3	\$11,196.8	\$11,207.0	\$11,196.8
<u>Judicial Total</u>	\$138,111.3	\$136,668.2	\$134,025.0	\$136,688.4

APPENDIX Y: DISTRICT ATTORNEY APPROPRIATION

**District Attorneys
FY12 General Fund Appropriations**

(in thousands of dollars)				
	FY11 Adjusted Operating Budget	LFC General Fund Rec	Exec. General Fund Rec	Laws 2011 Chapter 179
District Attorney				
1st Judicial District Attorney	4,565.5	4,525.8	4,425.6	4,525.8
2nd Judicial District Attorney	16,050.7	16,163.8	15,537.9	16,077.8
3rd Judicial District Attorney	4,294.4	4,225.6	4,157.7	4,239.7
4th Judicial District Attorney	2,965.0	2,882.0	2,871.9	2,882.0
5th Judicial District Attorney	4,134.6	4,124.3	4,005.2	4,124.3
6th Judicial District Attorney	2,400.0	2,382.6	2,324.3	2,382.6
7th Judicial District Attorney	2,258.1	2,212.0	2,187.5	2,212.0
8th Judicial District Attorney	2,448.0	2,322.7	2,370.0	2,370.0
9th Judicial District Attorney	2,601.8	2,563.5	2,519.0	2,563.5
10th Judicial District Attorney	946.0	940.4	918.5	940.4
11th Division I Judicial District Attorney	3,106.1	3,024.8	3,008.1	3,024.8
11th Division II Judicial District Attorney	1,950.1	1,932.5	1,886.9	1,932.5
12th Judicial District Attorney	2,446.8	2,413.4	2,369.1	2,413.4
13th Judicial District Attorney	4,396.0	4,352.6	4,259.5	4,352.6
TOTAL	54,563.1	54,066.0	52,841.2	54,041.4
Administrative Office of the District Attorneys	1,857.0	1,782.6	1,807.2	1,807.2
GRAND TOTAL	56,420.1	55,848.6	54,648.4	55,848.6

APPENDIX Z: DEPARTMENT OF FINANCE AND ADMINISTRATION

Department of Finance and Administration - Operating
 Detail of Differences - General Fund
 Fiscal Year 2012 (July 1, 2011 - June 30, 2012)
 (In Thousands of Dollars)

	LFC	Executive	Laws 2011, Ch. 179	FTE
<u>Policy Development Program (P541)</u>				
FY11 Adjusted General Fund Base	3,455.0	3,455.0	3,455.0	36.0
FY12 Recommendation:				
Personal Services and Employee Benefits				
Vacancy Savings (LFC moves VS to delete FTE)	72.2			
Delete FTE				
PIO - Secretary's Office Exempt	(74.4)			
OEA - Exempt	(97.4)	(134.1)	(134.1)	(1.0)
BOF-Administrative	(85.0)			
Contractual Services	(28.2)			
Other	(23.0)			
Executive Adjustments		(46.9)	(46.9)	
Total FY12 Recommendation	3,219.1	3,274.0	3,274.0	35.0
<u>Community Development Program (P543)</u>				
FY11 Adjusted General Fund Base	4,141.0	4,141.0	4,141.0	52.0
FY12 Recommendation:				
Personal Services and Employee Benefits				
Delete 1 Exempt (Capital Outlay)		(97.5)	(97.5)	(1.0)
Vacancy Savings	26.1			
Contractual Services				
Civil Legal Services	(161.1)	(964.4)	(364.4)	
Audit/IT	0.4			
Other	(32.8)			
Executive Adjustments		(32.9)	(32.9)	
Total FY12 Recommendation	3,973.6	3,046.2	3,646.2	51.0
<u>Financial Control Program (P544)</u>				
FY11 Adjusted General Fund Base	4,961.6	4,961.6	4,961.6	65.0
FY12 Recommendation:				
Personal Services and Employee Benefits				
Vacancy Savings	(72.5)			
Contractual Services				
Statewide Cost Allocation Plan	30.0			
SHARE Payroll 3rd Party Data Reconciliation	19.3			
General Fund Audit	(9.2)			
Miscellaneous	(36.3)			
Other	4.0			
Reorganization-move SHARE FTE to DoIT	(9.9)			
Lease (Move FTE to Bataan building)	(82.0)			
Executive Adjustments		(83.5)	(83.5)	
Total FY12 Recommendation	4,805.0	4,878.1	4,878.1	65.0

Department of Finance and Administration - Operating
Detail of Differences - General Fund
Fiscal Year 2012 (July 1, 2011 - June 30, 2012)
(In Thousands of Dollars)

	LFC	Executive	Laws 2011, Ch. 179	FTE
<u>Program Support (P542)</u>				
FY11 Adjusted General Fund Base	1,586.5	1,586.5	1,586.5	19.0
FY12 Recommendation:				
Personal Services and Employee Benefits				
Vacancy Savings	(27.5)			
Contractual Services	(11.9)			
Other	(8.1)			
Executive Adjustments		(39.1)	(39.1)	
Total FY12 Recommendation	1,539.0	1,547.4	1,547.4	19.0
<u>Total FY12 Recommendation - Operations</u>				
FY11 Adjusted General Fund Base	14,144.1	14,144.1	14,144.1	172.0
FY12 Recommendation	13,536.7	12,745.7	13,345.7	170.0
Change from FY11 Adjusted GF Base	(607.4)	(1,398.4)	(798.4)	(2.0)
<u>Total FY12 Recommendation - Special</u>				
FY11 Adjusted General Fund Base	9,926.6	9,926.6	9,926.6	
FY12 Recommendation	8,268.4	9,979.6	8,779.3	
Change from FY11 Adjusted GF Base	(1,658.2)	53.0	(1,147.3)	
<u>Total FY12 Recommendation</u>				
FY11 Adjusted General Fund Base	24,070.7	24,070.7	24,070.7	172.0
FY12 Recommendation	21,805.1	22,725.3	22,125.0	170.0
Change from FY11 Adjusted GF Base	(2,265.6)	(1,345.4)	(1,945.7)	(2.0)

APPENDIX AA: DEPARTMENT OF FINANCE AND ADMINISTRATION NON-OPERATING APPROPRIATIONS

	Adjusted FY11 <u>Operating</u>	LFC <u>Rec</u>	Executive <u>Rec</u>	Laws 2011, <u>Chapter 179</u>
SOURCES				
General fund transfers	\$9,926.6	\$8,268.4	\$9,979.6	\$8,779.3
Other transfers	\$190.0	\$174.3	\$174.3	\$174.3
Federal program revenues				\$0.0
Other program revenues				\$0.0
General revenues	\$7,809.4	\$7,809.4	\$7,809.4	\$7,809.4
Fund balance*		\$80.0		\$240.0
TOTAL REVENUE	\$17,926.0	\$16,332.1	\$17,963.3	\$17,003.0
USES				
BOF emergency water fund	\$122.7	\$118.4	\$122.7	\$118.4
BOF fiscal agent contract	\$731.4	\$840.0	\$840.0	\$840.0
Membership and dues	\$642.3	\$642.3	\$642.3	\$642.3
Citizens review board	\$520.6	\$493.3	\$504.9	\$493.3
Youth mentoring program	\$2,287.8	\$2,207.7	\$2,287.8	\$2,207.7
New Mexico acequia commission	\$13.4	\$7.0	\$13.4	\$13.4
Acequia & community ditch program	\$222.6	\$0.0	\$222.6	\$200.0
Law enforcement enhancement	\$7,809.4	\$7,809.4	\$7,809.4	\$7,809.4
Food bank	\$351.7	\$339.4	\$324.9	\$339.4
State planning districts	\$694.5	\$670.2	\$694.5	\$670.2
Leasehold community assistance	\$128.9	\$124.4	\$128.9	\$128.9
County prisoner detention	\$4,225.0	\$3,000.0	\$4,225.0	\$3,300.0
Teen court statewide	\$19.9	\$20.0	\$19.9	\$180.0
Teen court (Santa Fe)	\$59.7	\$60.0	\$59.7	\$60.0
NM rodeo initiative	\$67.1	\$0.0	\$67.3	\$0.0
TOTAL EXPENDITURES	\$17,926.0	\$16,332.1	\$17,963.3	\$17,003.0

*Juvenile adjudication fund balance to be used for teen court appropriations.

Note: Language makes general fund appropriations to a New Mexico agency or local public body contingent on being in compliance with the Audit Act.

APPENDIX BB: LEGISLATIVE RECOMMENDATIONS FOR CAPITAL OUTLAY

Severance Tax Bond Outlook without SB218

Scenario 1: Additional capacity spread evenly over 10 years

LFC Estimate	FY10	FY11	FY12	FY13
Senior Long-Term Issuance	\$149.6	\$0.0	\$205.9	\$205.9
Senior Sponge Issuance	\$178.6	\$26.5	\$70.5	\$84.4
Senior STB Capacity	\$328.2	\$26.5	\$276.4	\$290.3
Authorized Unissued		\$0.0	\$0.0	\$0.0
Water Project Fund		(\$26.5)	(\$27.6)	(\$29.0)
Tribal Infrastructure Fund			(\$13.8)	(\$14.5)
Colonias Infrastructure Project Fund			(\$13.8)	(\$14.5)
Net Senior STB Capacity	\$328.2	\$0.0	\$221.1	\$232.3
Supplemental Long-Term Issuance	\$112.9	\$0.0	\$0.0	\$0.0
Supplemental Sponge Issuance	\$97.0	\$206.9	\$144.8	\$168.0
Supplemental STB Capacity	\$209.9	\$206.9	\$144.8	\$168.0
Total STB Capacity	\$538.1	\$206.9	\$365.9	\$400.2

Severance Tax Bond Outlook without SB218

Scenario 2: Double up issuance in FY12

LFC Estimate	FY10	FY11	FY12	FY13
Senior Long-Term Issuance	\$149.6	\$0.0	\$361.0	\$180.5
Senior Sponge Issuance	\$178.6	\$26.5	\$70.5	\$81.7
Senior STB Capacity	\$328.2	\$26.5	\$431.5	\$262.2
Authorized Unissued		\$0.0	\$0.0	\$0.0
Water Project Fund		(\$26.5)	(\$43.1)	(\$26.2)
Tribal Infrastructure Fund			(\$21.6)	(\$13.1)
Colonias Infrastructure Project Fund			(\$21.6)	(\$13.1)
Net Senior STB Capacity	\$328.2	\$0.0	\$345.2	\$209.8
Supplemental Long-Term Issuance	\$112.9	\$0.0	\$0.0	\$0.0
Supplemental Sponge Issuance	\$97.0	\$206.9	\$144.8	\$168.0
Supplemental STB Capacity	\$209.9	\$206.9	\$144.8	\$168.0
Total STB Capacity	\$538.1	\$206.9	\$490.0	\$377.7

APPENDIX CC: CAPITAL OUTLAY - FINANCIAL SUMMARY

LFC Staff, Senate, and House Capital Outlay Difference Sheet

SOURCES		A	B	C	D	Comments
Total General Fund Capacity		\$ -				
Total Severance Tax Bond Capacity		\$ 237,800,000				
TOTAL CAPITAL AVAILABLE		\$ 237,800,000				
USES		A	B	C	D	Comments
		LFC Proposed Capital Outlay Uses SB 218		SB 218 as passed by the House		
1 Administrative Offices of the Courts						
2	Security and safety enhancements	\$ 1,972,900	\$ 1,900,000	\$ 1,900,000		To purchase and install security equipment, including related infrastructure for select judicial districts and magistrate courts; and to furnish and equip the newly constructed courthouse for the Eighth Judicial District (Taos).
3						
4 Aging and Long-Term Services Department						
5	Renovation-code compliance	\$ 1,970,000	\$ 1,970,000	\$ 1,970,000		Prioritized recommendation by agency does not include projects funded in recently passed General Obligation Bond (GOB) question A.
6	Vehicles	\$ 1,961,000	\$ 1,961,000	\$ 1,961,000		Prioritized recommendation by agency does not include vehicles funded in recently passed GOB question A.
7						
8 Border Authority						
9	Water supply and distribution system at Santa Teresa	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000		To upgrade the water supply and distribution system and replace wells and fire pumps servicing the Santa Teresa border and industrial areas.
10	Commercial lane at Santa Teresa Port of Entry	\$ 350,000	\$ 350,000	\$ 350,000		To construct a commercial lane and related infrastructure on the southbound road to avoid congestion and back-up of commercial export vehicles.
11	Wastewater treatment facility at Santa Teresa Port of Entry	\$ -	\$ 700,000	\$ 700,000		To plan, design, construct, and equip the wastewater treatment facility serving the Santa Teresa Port of Entry, industrial areas, and surrounding communities.
12						
13 Children, Youth and Families Department						
14	Cambiar model regional plan - phase 1	\$ 2,000,000	\$ 1,900,000	\$ 1,900,000		To plan, design, and acquire land (approximately 16 acres) for a 54-bed juvenile detention facility consistent with CYFD long-term master plan in Southeastern New Mexico.
15	YDDC and John Paul Taylor campus improvements	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000		For infrastructure upgrades and renovations at Youth Diagnostic and Development Center and John Paul Taylor Center.
16						
17 Commission of Public Records						
18	High density shelving	\$ 500,000	\$ 500,000	\$ 500,000		To purchase and install specialized shelving for storage of public records to maximize space and efficiency at facility located in Albuquerque.
19						
20 Corrections Department						
21	SNMCF, CNMCF, and WNMCF HVAC upgrades	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000		To complete HVAC upgrades at Southern New Mexico correctional facility (one unit), continue work at Central New Mexico correctional facility (four units), and begin upgrades at Western New Mexico correctional facility.

	A	B	C	D
	LFC Proposed Capital Outlay Uses SB 218	SB 218 as passed by the Senate	SB 218 as passed by the House	Comments
22	SNMCF & CNMCF kitchen remodel	\$ 2,900,000	\$ 2,900,000	To equip and complete kitchen renovations at Southern New Mexico correctional facility and construct and equip new kitchen at Central New Mexico correctional facility.
23	Statewide facility infrastructure	\$ 1,000,000	\$ 3,000,000	For security upgrades, repairs, and equipment statewide.
24	Roswell correctional facility	\$ 1,200,000	\$ 1,200,000	To construct a water and wastewater system (engineering plans are complete) to meet environmental standards and regulations.
25	WNMCF wastewater/erosion plan and design	\$ 500,000	\$ 500,000	To plan and design water and wastewater erosion control (facility assessment completed).
26				
27	Cultural Affairs Department			
28	Cultural facility repairs and maintenance	\$ 4,000,000	\$ 4,000,000	For repairs, upgrades, and renovations at museums and monuments statewide.
29	Cultural facilities requiring completion	\$ 3,075,000	\$ 3,075,000	To complete the education center at Museum of Natural History (\$750,000), education complex at National Hispanic Cultural Center (\$225,000), outdoor exhibits and security fencing at Farm and Ranch Heritage Museum (\$1 million), water infrastructure, furniture, fixtures, and equipment at the Archaeology Center (\$500,000), phase II exhibits and installation at Bosque Redondo (\$500,000), and to complete property acquisition at Fort Seiden (\$100,000).
30				
31	Cumbres & Toltec Scenic Railroad Commission			
32	Track rehabilitation	\$ 1,000,000	\$ 1,000,000	To continue track upgrades and rehabilitation.
33	Locomotive boiler rehabilitation	\$ 500,000	\$ 500,000	To replace arch and boiler tubes including other rehabilitation needs to comply with standards set by the Federal Railroad Administration.
34				
35	Department of Environment			
36	Wastewater facility construction loan fund	\$ 2,000,000	\$ 2,000,000	To provide a 20 percent state match to generate \$10 million from federal funds.
37	Water and wastewater special appropriations program	\$ -	\$ 7,000,000	To the Environment Department special appropriations program for completion of critical water and wastewater treatment projects.
38				
39	Department of Finance & Administration			
40	Colonias infrastructure improvements	\$ 2,000,000	\$ 1,000,000	To continue providing infrastructure improvements for eligible colonias projects. \$12.4 million anticipated for fund in FY12 from STB capacity.
41	Critical capital project completion	\$ -	\$ 11,000,000	For critical or incomplete capital outlay projects statewide.
42				
43	Department of Health (DOH)			
44	Facility patient health & safety	\$ 5,500,000	\$ 5,500,000	To address infrastructure deficiencies (\$2.5 million), security upgrades (\$1.5 million), equipment (\$1.3 million) and ADA vehicle replacement (\$200,000) at the New Mexico Behavioral Health Institute (NMBHI) in Las Vegas.
45	Facility renovation and continued construction	\$ 8,800,000	\$ 8,000,000	To complete the Alzheimer's skilled nursing unit at the New Mexico State Veterans' Home (\$6.5 million); underpinning of two facilities (\$500,000) at NMBHI in Las Vegas; and renovations (\$1 million) at Rehabilitation Diagnostic and Nursing building in Los Lunas state campus.

	A	B	C	D
	LFC Proposed Capital Outlay Uses SB 218	SB 218 as passed by the Senate	SB 218 as passed by the House	Comments
46	Scientific Laboratory Division	\$ 450,000	\$ 450,000	To purchase analytical equipment for use by the laboratory.
47	Facility upgrades	\$ 6,400,000	\$ 6,400,000	For roof replacement (\$1.3 million), boiler upgrade of two buildings (\$1.5 million), and chiller purchase and installation (\$300,000) at NMBHI; and upgrade of electrical systems (\$2.6 million), and HVAC system isolation (\$700,000) at NM State Veteran's Home.
48	Meadows phase 2 construction	\$ 1,300,000	\$ 5,200,000	For construction of the New Meadows buildings at NMBHI in Las Vegas (36 bed unit). Project requires \$8.9 million. The request covers the shortfall from cigarette tax revenues.
49				
50	Department of Information Technology			
51	Two-way radio narrow banding	\$ 2,600,000	\$ 2,600,000	To replace two-way radios and antenna systems required to support radio communications for agencies such as Public Safety, Game & Fish, Probation & Parole, Emergency Medical Services, Department of Transportation, and others.
52	Enterprise e-mail services replacement/upgrade	\$ 500,000	\$ 500,000	To upgrade the technology infrastructure to maintain the enterprise e-mail system.
53	State voice services - telephone PBX	\$ 500,000	\$ 500,000	To upgrade telephone systems statewide. Funds will supplement \$500,000 from the equipment replacement fund to complete the project.
54				
55	Department of Military Affairs			
56	Farmington Readiness Center renovation/addition	\$ 1,600,000	\$ 1,600,000	To design and construct readiness center in Farmington. Funds will supplement \$8.5 million from federal funds to complete the project.
57	Statewide energy/maintenance/modernization	\$ -	\$ -	Recommend requesting reauthorization for expending 2008 balances from the completed Santa Fe Aviation Readiness Center (Laws 2008, Chapter 92, Section 22) for continued maintenance statewide. Current balances are \$450,000.
58	National Guard at-risk youth program	\$ -	\$ 2,000,000	To plan, design, and construct dormitory facilities for at-risk program administered by the New Mexico National Guard.
59				
60	Department of Public Safety			
61	Annual fleet maintenance and replacement	\$ 2,500,000	\$ 4,000,000	To replace high-mileage vehicles and for satellite communication upgrades.
62	Law Enforcement Academy dormitories	\$ 1,400,000	\$ 1,000,000	To renovate the dormitory constructed in 1969, including fire suppression and HVAC upgrades.
63	Espanola State Police district office	\$ 700,000	\$ 700,000	To plan, design, renovate, and expansion of existing facility.
64	Las Vegas State Police district office garage	\$ -	\$ -	Recommend requesting reauthorization for unexpended balance from completed Lordsburg Port of Entry project (Laws 2008, Chapter 92, Section 5, Subsection 8) to construct a garage used for evidence storage and maintenance.
65				
66	Department of Transportation			
67	State road fund	\$ 100,000,000	\$ 32,484,000	To the state road fund for state highway improvements, including pavement preservation treatments, pavement overlay, rehabilitation and highway reconstruction statewide.
68				

	A	B	C	D
	LFC Proposed Capital Outlay Uses SB 218	SB 218 as passed by the Senate	SB 218 as passed by the House	Comments
69	Economic Development Department			
70	Economic development project fund	\$ -	\$ 8,000,000	Reauthorization for approximately \$3 million (Laws of 2009, Chapter 125, Section 22, Subsection 7 - solar economic development project) for economic development projects pursuant to the Local Economic Development Act, included in SB 373.
71	Mainstreet capital outlay fund	\$ 1,000,000	\$ 1,000,000	For infrastructure projects in designated downtown mainstreet districts statewide.
72				
73	Energy, Minerals & Natural Resources Department			
74	Drought mitigation & fire protection	\$ -	\$ 2,000,000	To purchase and equip fire engines, conduct wildfire mitigation and forest restoration projects.
75	Statewide park restoration	\$ 2,000,000	\$ -	Funding for renovation of state parks statewide deleted.
76				
77	General Services Department (GSD)			
78	Property Control Division (PCD) - statewide facility repairs	\$ 5,000,000	\$ 5,000,000	To preserve and restore state facilities under PCD jurisdiction.
79	Lujan building renovation - phase 1	\$ 10,000,000	\$ 10,000,000	To complete major infrastructure and renovations to the building. (preliminary assessments funded through American Reinvestment and Recovery Act)
80	Statewide demolition/decommissioning	\$ 2,000,000	\$ 2,000,000	To decommission, abolish, or remove asbestos for unusable structures on the campuses of the Ft. Bayard Medical Center, including the old dormitories at the old Roswell Rehabilitation Center, and to demolish the oil conservancy building located in Hobbs, and buildings at YDDC.
81	Runnels building renovation and south capitol campus improve	\$ 2,000,000	\$ 2,000,000	For renovations and infrastructure improvements to Runnels facility including HVAC and electrical systems; and for south capitol campus infill renovations.
82				
83	Higher Education Department			
84	Infrastructure statewide	\$ 20,000,000	\$ 20,000,000	To address unforeseen "critical" infrastructure needs impacting the health and safety of students, staff, and the public. (HED recommendation was made prior to failure of bond question D).
85				
86	Human Services Department (HSD)			
87	Eligibility system replacement project (ISD2)	\$ -	\$ 13,000,000	To match federal funds and supplement state funds to replace HSD's eligibility system replacement project (ISD2) information system.
88	Commodities/FANS warehouse upgrades	\$ 334,000	\$ 300,000	To upgrade and improve commodity warehouse located in Albuquerque. The facility receives, stores, and distributes United States Department of Agriculture commodities for eligible recipients and low income families.
89	DIV and communication room upgrades	\$ 250,000	\$ 250,000	To upgrade voice and data wiring and install backup cooling units for the computer systems at HSD offices in Farmington, Hobbs, Albuquerque, and Espanola.
90	Los Lunas Drug and Substance Abuse Center - phase 2	\$ -	\$ 5,000,000	To construct phase 2 of the drug and substance abuse treatment facility in Los Lunas.
91				

	A	B	C	D
	LFC Proposed Capital Outlay Uses SB 218	SB 218 as passed by the Senate	SB 218 as passed by the House	Comments
92	New Mexico School for the Blind and Visually Impaired			
		\$ 3,500,000	\$ 3,500,000	To repair critical building deficiencies, including upgrades for ADA and code requirements, and other renovations throughout the campus. (Funds should be allocated to PSCOF to coordinate with PSCOC)
93	School for the Blind and Visually Impaired - renovation of the Watkins Education Center			
94				
95	New Mexico School for the Deaf			
		\$ 5,000,000	\$ 5,000,000	To provide fire suppression systems, ADA improvements, and to continue renovations at Dillon Hall. (Funds should be allocated to PSCOF to coordinate with PSCOC)
96	School for the Deaf - infrastructure/deficiencies/renovations			
97				
98	New Mexico State Fair			
		\$ 3,000,000	\$ 2,500,000	To address fire suppression, electrical infrastructure, and other deferred maintenance on the campus.
99	Deferred maintenance/improvements/upkeep			
100				
101	Public Education Department (PED)			
		\$ 4,300,000	\$ 4,300,000	For replacement of state-owned aged buses with high mileage, pursuant to 22.8.7, NMSA 1978. (\$500,000 was authorized in GOB bond question C)
102	School bus replacement			
103				
104	Secretary of State			
105	Secretary of State information technology			
106		\$ 200,000	\$ 200,000	For computer and server upgrades.
107	State Engineer's Office			
		\$ 200,000	\$ 500,000	To purchase and install meters to determine water use, water supply, impairment, public welfare, conservation, and water accountability.
108	Surface water & ground water measurement - statewide			To construct phase I of the dam spillway in the Town of Springer. Funding recommendation based on updated information from Office of State Engineer. (Cost estimate for phase II is \$3.2 million)
109	Dam emergency repair	\$ 2,700,000	\$ 2,700,000	To the Indian water rights settlement fund. Funds to match federal earmarks for Armoodt, Taos, and Navajo Nation cases. Funds will provide partial state match toward \$130 million needed toward match of federal earmarked funds totaling nearly \$328 million.
110	Indian water rights settlement	\$ -	\$ 15,000,000	
111				
112	Supreme Court Building Commission			
		\$ 780,000	\$ 780,000	To replace or upgrade the court building roof. (Recommended funds based on cost proposal dated 10/2010)
113	Supreme Court facility			
114	Supreme Court law library	\$ 3,000,000	\$ 3,000,000	For ADA, lighting upgrades, electrical infrastructure, and other renovations.
115				
116	Taxation & Revenue Department			
117	Microfilm equipment replacement	\$ 250,000	\$ 250,000	To purchase and install 8 scanners for the image processing unit.
118	Mail extraction replacement	\$ 330,000	\$ 330,000	To purchase and install T5 opex mail extraction units.
119				
120	University of New Mexico			
		\$ -	\$ 1,000,000	To construct, renovate, and equip the UNM Health Science Education Center.
121	UNM Health Science Center			
122				

	A	B	C	D
	LFC Proposed Capital Outlay Uses SB 218	SB 218 as passed by the Senate	SB 218 as passed by the House	Comments
123	Workforce Solutions Department			
124	Deming workforce connection center	\$ 50,000 \$	\$ 50,000 \$	To plan and design the renovation and expansion of the office.
125	Las Vegas workforce connection center	\$ 50,000 \$	\$ 50,000 \$	To plan and design the renovation and expansion of the office.
126	NMWSO administration building HVAC upgrades - ph 3	\$ 200,000 \$	\$ 200,000 \$	To complete energy efficient HVAC upgrades. Funds will complete the final phase of the project.
127				
128	Total Severance Tax Bond Request	\$ 238,822,900 \$	\$ 238,800,000 \$	
129				
130	Other State Fund Requests			
131	Game & Fish Dept.	\$ 1,125,000 \$	\$ 1,125,000 \$	Requests authorization to expend \$1.1 million from bond interest retirement fund, game protection fund, and habitat management fund to address dam safety rule compliance, replacement of water pipeline at Red River hatchery, and for wildlife management area facility improvements.
132	Department of Transportation	\$ 1,350,000 \$	\$ 1,350,000 \$	Requests authorization to expend state road funds for salt domes (\$350,000) and rail runner capital improvements (\$1 million).
133	Miners Colfax Medical Center - flooring	Yes	Yes	Recommend reauthorizing unexpended balance (Laws of 2009, Chapter 125, Section 44) of previous appropriation to fund flooring project
134	Total Other State Fund Authorization	\$ 2,475,000 \$	\$ 2,475,000 \$	
135	Grand Total	\$ 241,297,900 \$	\$ 240,275,000 \$	\$ 241,275,000 \$