



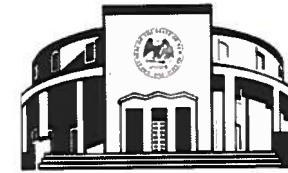
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Review and Update of 2018 Appropriations

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Legislative Finance Committee

Presentation to the
Legislative Health and Human Services Committee – May 2018

Overview



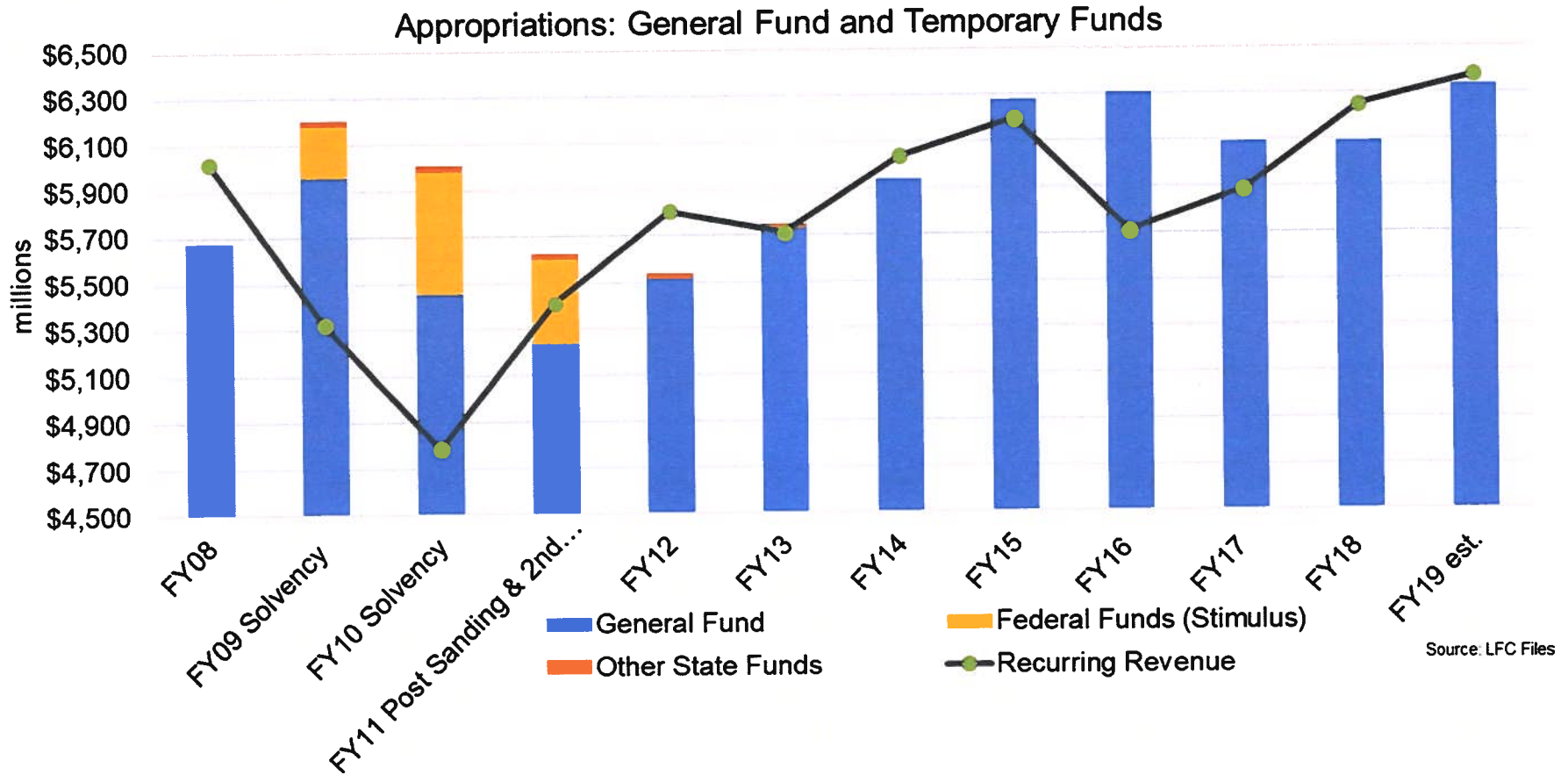
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- ▶ Post-Session Recap
 - General Fund Outlook
 - Increasing Revenue Projections
- ▶ Health and Human Services (HHS)
Appropriations
 - Human Services Department (HSD)
 - Department of Health (DOH)
 - Children, Youth and Families Department (CYFD)



- ▶ Due to significant solvency efforts and a rebound in the energy sector, FY17 reserve balances ended at \$504.9 million, or 8.3 percent of recurring appropriations.
- ▶ A surge in oil production and associated activity is driving an increase in revenues from gross receipts taxes, mineral production taxes, and rents and royalties. FY18 revenues through February are tracking \$187.6 million above the revenue estimate.
- ▶ The FY19 budget spends \$6.332 billion from the general fund, up \$259 million, or 4.3 percent, from FY18.
- ▶ Reserves are projected to be 10.2% at the end of FY18 and 10% at the end of FY19. This is on par with historical reserve balances to cushion against economic volatility and to maintain bond ratings.

General Fund and Temporary Funds



FY18 – FY22 General Fund Recurring Appropriation Outlook

(in millions of dollars)

	GAA	GAA	% Change	Outlook	Outlook	Outlook
	FY18	FY19	FY18-F19	FY20	FY21	FY22
Total Recurring Revenue	\$6,248.6	\$6,360.1	1.8%	\$6,554.6	\$6,949.1	\$7,207.9
Recurring Appropriations:						
Public Education	\$2,596.3	\$2,652.4	2.2%	\$2,732.0	\$2,814.0	\$2,898.4
Higher Education	\$779.3	\$792.1	1.6%	\$823.3	\$848.0	\$873.5
Public Safety	\$428.2	\$436.5	1.9%	\$444.2	\$452.0	\$459.9
Medicaid Base Spending	\$909.7	\$929.3	2.2%	\$971.1	\$1,014.8	\$1,060.5
Medicaid Expansion Spending	\$75.0	\$92.1	22.8%	\$145.9	\$150.0	\$154.2
Other Health & Human Services	\$666.6	\$685.7	2.9%	\$706.3	\$727.5	\$727.5
All Other Government	\$618.1	\$744.0	20.4%	\$758.3	\$773.1	\$787.7
Subtotal of Recurring Appropriations	\$6,073.3	\$6,332.3	4.3%	\$6,581.2	\$6,779.4	\$6,961.6
Subtotal of Adjustment Scenario:	\$ -	\$ -		\$ 37.1	\$ 30.1	\$ 30.1
Total Recurring Approp. + Adj. Scenario	\$6,073.3	\$6,332.3	4.3%	\$6,618.3	\$6,809.5	\$6,991.8
Surplus/(Deficit)	\$175.3	\$27.8		-\$63.8	\$139.6	\$216.2

Children, Youth and Families

- CYFD will receive \$277.6 million in recurring general fund, up 11.4% over the FY18 operating budget
 - The Protective Services program received an additional \$2.6 million for personnel costs to reduce caseloads and turnover rates, \$2.7 million for care and support costs, and \$500 thousand for domestic violence services and training.
 - The Early Childhood Services program received an additional \$1.5 million for home visiting and \$25 million for childcare assistance and \$2.5 million for early prekindergarten.

Early Childhood Capacity & Funding

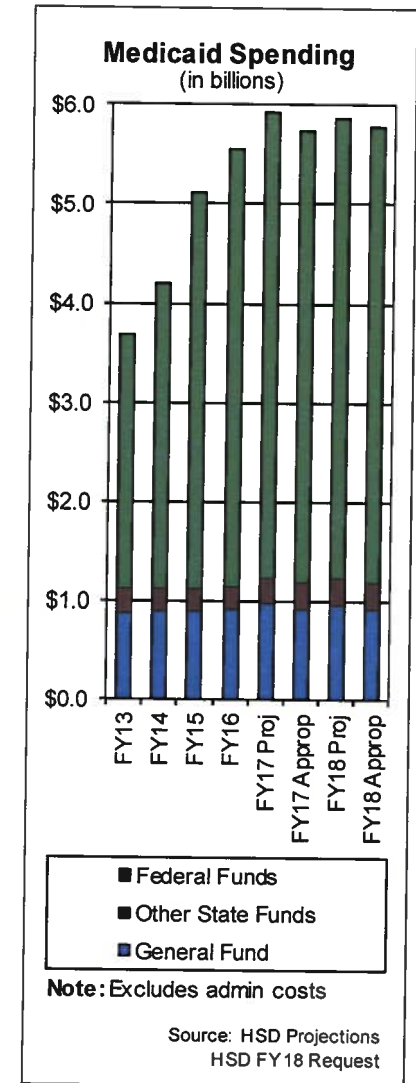
Home Visiting	Family, Infant, Toddler (FIT) Program	Childcare Assistance	Head Start/ Early Head Start (EHS)	Prekindergarten		Public School Funding Formula Units for Three-Year-Olds	Public School Funding Formula Units for Four-Year-Olds	Kindergarten Three Plus
				Basic (Half-Day)	Extended (Full-Day)			
Priority eligibility for first time expectant mothers; first time parents of infants and toddlers zero to three; first time caregivers of infants and toddlers zero to three; adoptive parents of infants and toddlers zero to three, and teen parents.	Birth to children age three with or at risk for developmental delays and disabilities based on comprehensive multidisciplinary evaluation.	6 week to 12 year-old children whose families are at or below 200 percent of the federal poverty level that are working and/or in school.	Head Start/EHS is free for children birth to five years of age whose family income meets the federal poverty guidelines. The poverty guidelines are determined by the federal government each fiscal year.	Communities with Title I public schools (40 percent students eligible for free or reduced-fee lunch), priority where a minimum of 66 percent of the children served live within the attendance zone of a Title I school.		A portion of the state equalization guarantee received by public schools through the funding formula is based on the number of three and four-year-olds with developmental disabilities	A portion of the state equalization guarantee received by public schools through the funding formula is based on the number of three and four-year-olds with developmental disabilities	Public elementary schools with 80 percent or more of the enrolled students eligible for free or reduced-fee lunch or elementary schools receiving a D or F school grade at time of application.
\$ 18,700,000	\$ 43,700,000	\$ 116,007,000	\$ 68,816,968	\$ 21,900,000	\$ 31,600,000	\$ 15,217,714	\$ 18,228,391	\$ 23,700,000
4,452	14,921	18,070	7,433	5,340	4,059	1,863	2,231	18,155
\$ 4,200	\$ 2,929	\$ 6,420	\$ 9,258	\$ 4,101	\$ 7,786	\$ 8,169	\$ 8,169	\$ 1,305
\$ 22,600,000	\$ 44,700,000	\$ 134,191,300	Programs are funded with federal revenue only and amount is currently unknown.	\$ 27,500,000	\$ 36,500,000	\$ 15,392,261	\$ 18,436,884	\$ 30,200,000
5,381	14,921	20,786	N/A	6,706	4,688	1,863	2,231	22,928
\$ 4,200	\$ 2,996	\$ 6,456	N/A	\$ 4,101	\$ 7,786	\$ 8,263	\$ 8,263	\$ 1,317
10,800	14,921	29,000	N/A	12,278	12,278	N/A	N/A	70,343
5,419	0	8,214	N/A	1,179	4,532	N/A	N/A	47,415
\$ 22,760,000	\$ -	\$ 53,032,700	N/A	\$ 4,836,796	\$ 20,614,900	N/A	N/A	\$ 62,452,457

Human Services Department

- General fund appropriations were just over \$1 billion across all programs, an increase of \$20.3 million, or 2% over FY18.
- For FY19, TANF appropriations added an additional \$3 million for childcare within CYFD and \$200 thousand for the Graduation, Reality and Dual-Role Skills (GRADS) program.
- The TANF FY19 budget included the second increment of 7.5% to restore cash assistance benefits to FY11 levels at a cost of \$5 million in TANF funds.
- TANF appropriations maintain FY18 funding levels for transfers to CYFD for prekindergarten services and home-visiting services for families with newborns and infants.

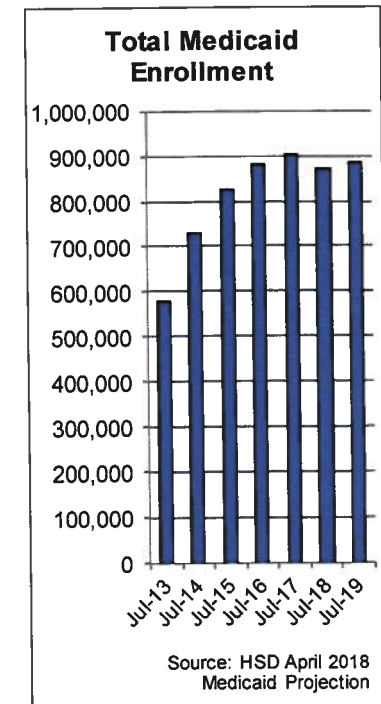
Medicaid Funding

- ▶ The FY19 general fund appropriation for the Medicaid program totaled \$933.6 million, 2% above FY18, including \$15.1 million for Medicaid administration, up 6.2% from FY18.
 - April 2018 Medicaid projections indicate a surplus of \$11.7 million for FY18, \$5.8 million higher than the previous projection.
 - April 2018 projections show an FY19 general fund need of \$943.7 million resulting in a projected shortfall of \$10.1 million.
 - Variables in the projection include clients concentrating in higher cost cohorts resulting in higher per member per month costs.
 - Medicaid budget includes \$8.3 million from tobacco settlement program funds, a \$21 million decrease.
 - FY18 and FY19 expenditures are impacted by an increasing average cost per recipient offset by declining enrollment, and additional adjustments for NMMIP, HIX, HIE and Project ECHO.



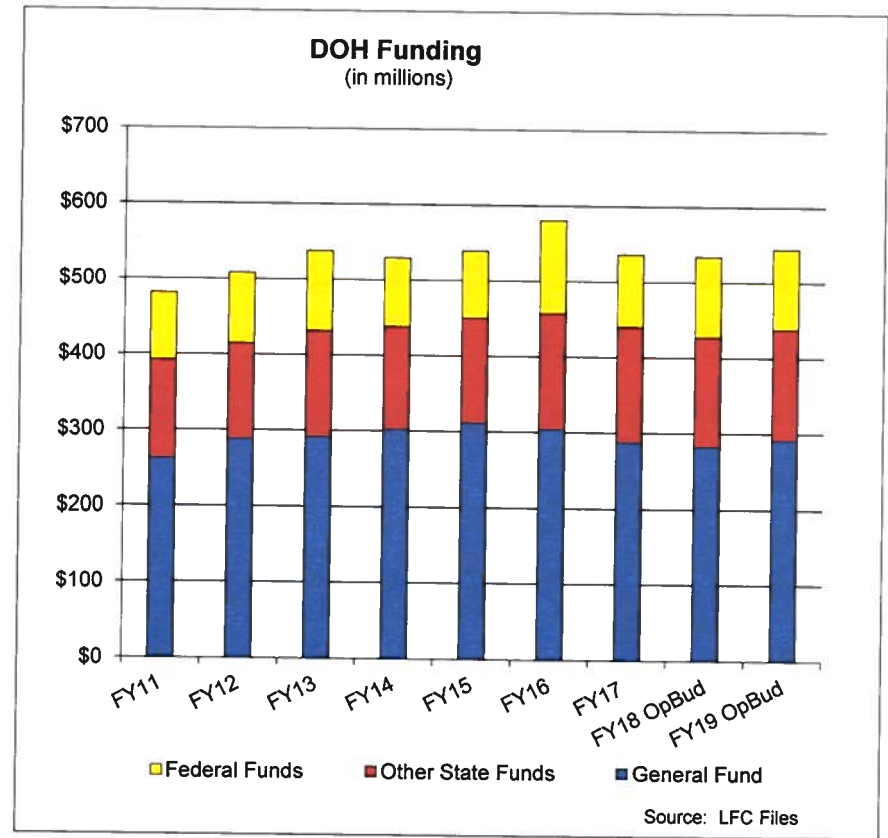
Medicaid Enrollment

- ▶ Enrollment and cohort mix are the main cost drivers.
- ▶ Total projected enrollment for June 2018 is 872,676.
- ▶ Enrollment growth is slowing due to federal and state requirements to re-determine eligibility at least every 12 months.
- ▶ Enrollment peaked in March 2017 and was lowest in October 2017.
- ▶ Federal funding support for the expansion population dropped from 100% to 93% beginning January 1, 2019 and will reach 90% in 2020.
- ▶ In 2013–2017, New Mexico experienced enrollment increases in base Medicaid populations in addition to the expansion population.
- ▶ The “woodwork effect” occurred as clients already eligible under stricter pre-ACA income limits with lower FMAP of just above 70%, came “out of the woodwork” to apply for benefits after the expansion.



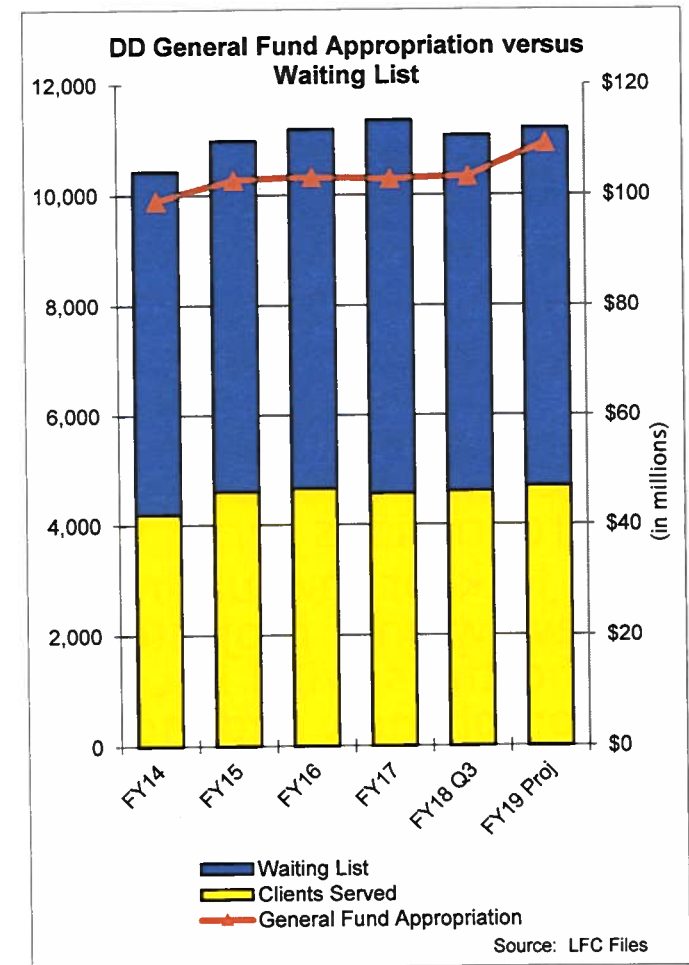
Department of Health

- ▶ For FY19, DOH Received a \$10.4 million, 1.9 percent total revenue increase including:
 - A \$6.9 million, 2.4 percent general fund base increase,
 - An additional \$720.9 thousand for targeted 2.5 percent salary adjustments for direct-care staff (in addition to 2 percent increases for all state employees).
- ▶ For FY18 DOH received \$4.6 million in general fund supplemental appropriations for:
 - A Jackson lawsuit internal quality review unit, projected FY18 shortfalls, Vital Records REAL ID compliance, and increased Family, Infant, Toddler referrals.



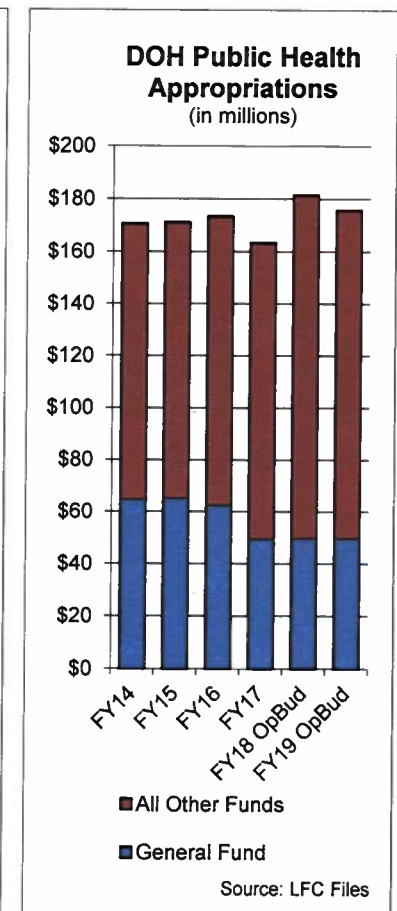
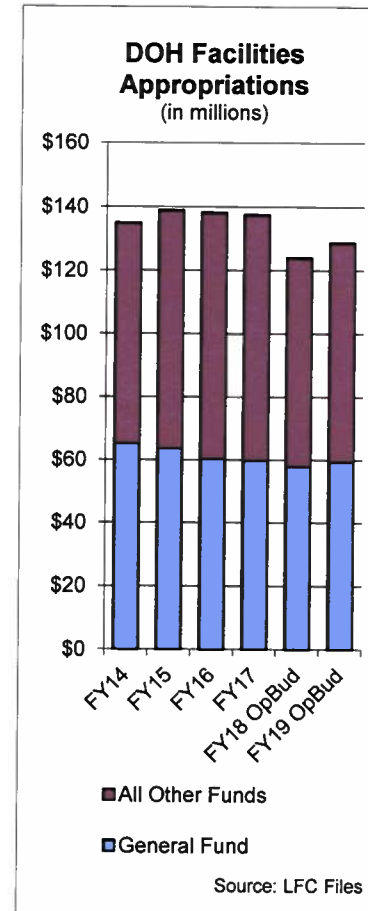
Developmental Disabilities and Health Certification, Licensing, and Oversight (HCLO)

- ▶ The Developmental Disabilities Support Division received an \$8.3 million general fund revenue increase to:
 - Maintain the number of DD Waiver slots,
 - Reduce the DD Waiver waiting list by an estimated 80 slots, and
 - Operate the DD Dental clinic in DDS.
- ▶ HCLO received \$538.7 thousand to replace the independent Jackson lawsuit monitor with internal monitoring.



DOH Public Health and Facilities

- ▶ **Public Health Received:**
 - \$250 thousand for long-acting reversible contraceptive access and provider training and
 - \$50 thousand for teen mental illness and suicide prevention.
- ▶ **The Facilities Program received:**
 - \$1.6 million to reduce the vacancy rate and
 - The majority of the targeted and overall salary increases will go to the Facilities' 1,800 FTE.





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Thank You
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