NEW MEXICO LEGISLATIVE FINANCE COMMITTEE

Title	Page No.

LEGISLATIVE FINANCE COMMITTEE

Phone Number: (505) 986-4550 Fax Number: (505) 986-4545 Website: http://legis.state.nm.us/lcs/lfc/default.aspx

BACKGROUND

The Legislative Finance Committee (LFC) was first established as a fiscal and management arm of the New Mexico Legislature in 1957. Since its inception the committee's role in the state budget process has grown as the complexity and size of the budget has increased. The committee makes budgetary recommendations to the whole legislature for the funding of state government, higher education and public schools. The committee also prepares legislation addressing financial and management issues of state government.

New Mexico is fairly unique because both the governor and the LFC propose comprehensive state budgets to the full legislature. The New Mexico budget currently amounts to about $6 billion in general fund appropriations and about $16 billion in total funds. Accounting for 80% of the total budget, 44% of the general fund is allocated to public schools; about 15% for Medicaid, 14% for higher education, and about 6.5% is allocated for public safety.

The LFC conducts public hearings, usually about once a month, to consider budget recommendations and to pursue issues pertinent to the finance and management of New Mexico state government. Public attendance and participation is welcome.

LFC MEMBERSHIP

The LFC is comprised of eight senators and eight representatives. Political parties are represented in proportion to membership in each house of the legislature. Three legislators—those appointed to chair the House Appropriations and Finance, House Taxation and Revenue and Senate Finance Committees—are automatically members by law. Remaining members are appointed by the leadership of their respective houses. The chairmanship of the committee rotates between the House and Senate every two years.

LFC STAFF

The LFC maintains a permanent staff of fiscal analysts who examine budgets and review the management and operations of state agencies, higher education institutions and public schools, and participate in the state's revenue estimating process. The committee also employs professional performance auditors to perform detailed reviews of the finances and effectiveness of state-funded programs. During the legislative sessions, the LFC staff assists the legislature's finance committees in enacting the state budget and revenue measures.

KEY DATES IN NEW MEXICO'S PROCESS

July 1—June 30: State Fiscal Year

June—August: Budget requests are prepared by the various agencies and institutions. An initial consensus revenue estimate for the next fiscal year is done in August.

September: LFC begins budget hearings and analysis of budget requests of state agencies, higher education institutions and public schools.

December: A consensus General Fund revenue estimate for the ensuing fiscal year is developed by economists from the Department of Finance and Administration, Taxation and Revenue Department and the LFC.

The LFC formulates its final budget recommendations. The committee's recommendations are published in detail for presentation to the Legislature and the public on the first day of the legislative session.

January: The regular session of the legislature begins on the third Tuesday in January. The Legislative session lasts 60 calendar days in odd-numbered years and 30 calendar days in even-numbered years.

Legislative Finance Committee
325 Don Gaspar, Suite 101
Santa Fe, New Mexico 87501

LEGISLATIVE FINANCE COMMITTEE

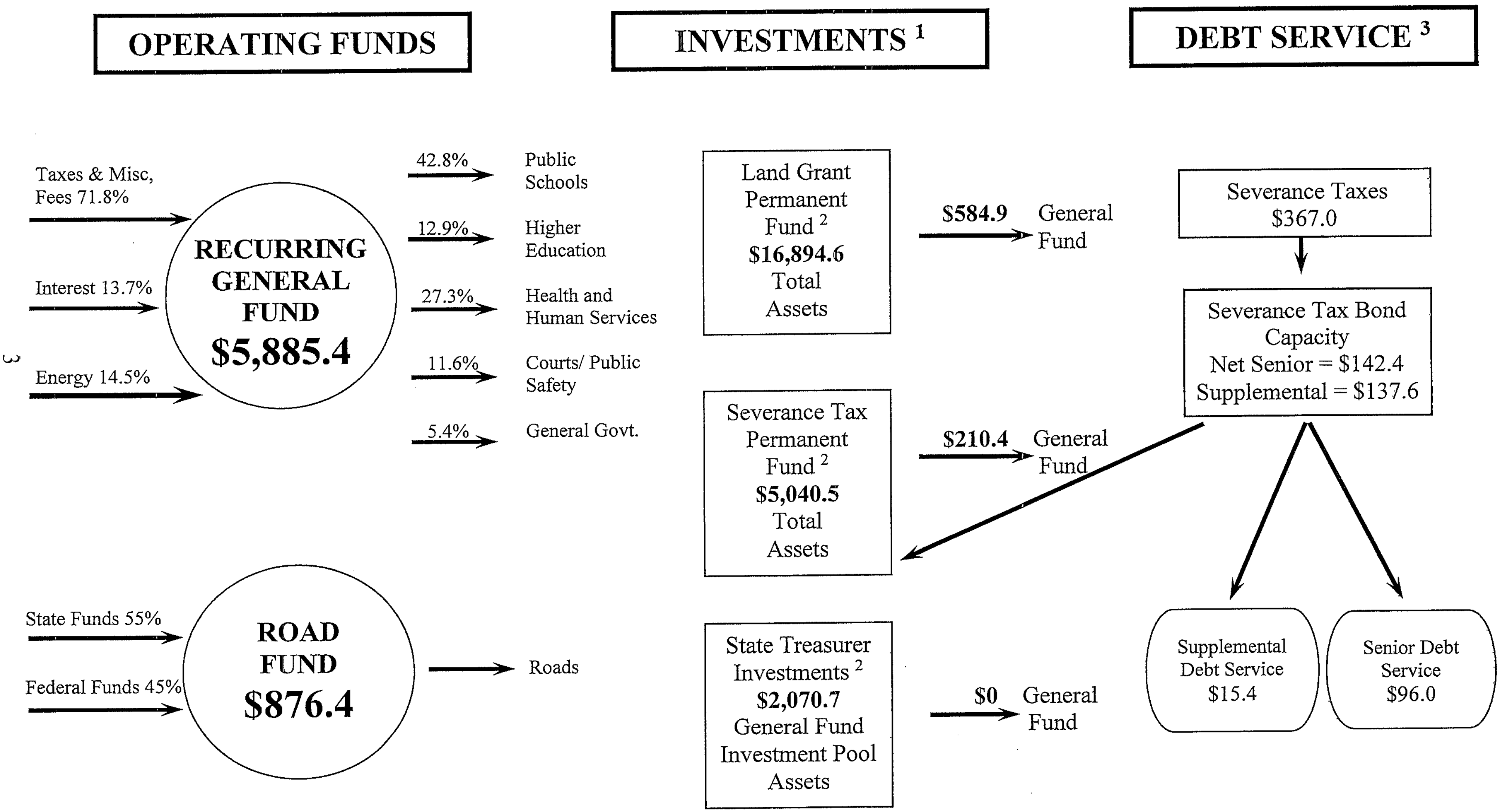
Representative Patricia A. Lundstrom, Chairwoman
Senator John Arthur Smith, Vice-Chairman

Representative Paul C. Bandy
Senator William F. Burt
Senator Pete Campos
Senator Carlos R. Cisneros
Randall S. Crowder
Representative George Dodge Jr.
Representative Jimmie C. Hall
Representative Larry A. Larrañaga
Senator Carroll H. Leavell
Senator Howie C. Morales
Senator George K. Muñoz
Senator Steven P. Neville
Representative Nick L. Salazar
Representative Jim R. Trujillo

For Year 2017

OVERVIEW OF NEW MEXICO FINANCES: FY18 OPERATING BUDGET

(in millions of dollars)



1 Investments exclude retirement funds
2 October 31, 2017 Value
3 Includes only state debt service

Source: LFC Files

Legislative Finance Committee
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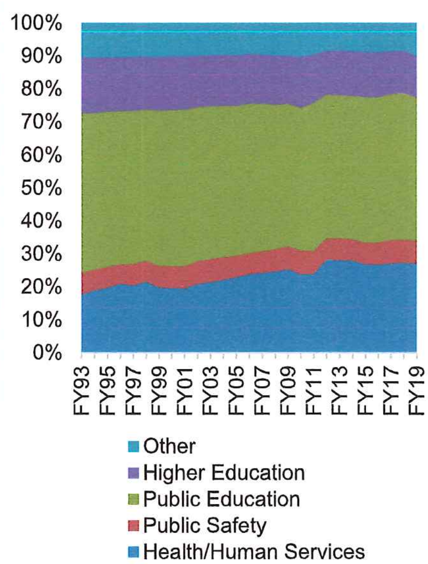
The General Fund

The general fund is the primary state fund from which the ongoing expenses of state government are paid. About 80 percent of the fund comes from revenue from the gross receipts and compensating taxes, selective sales taxes, income taxes, and interest earnings from the land grant and severance tax permanent funds and balances held by the State Treasurer. More than half the fund is spent on public schools and higher education, with another quarter of the money spent on health and human services.

Money In

About 40 percent of general fund revenue is attributable to general and selective sales taxes. The largest of these is the gross receipts tax. Other smaller sales taxes include the compensating tax, tobacco excise tax, liquor excise tax, insurance premium tax, motor vehicle excise tax, and gaming excise tax.

General Fund Revenue Uses



Income taxes are the second-largest source of general fund revenue, historically making up about 25 percent of the total. More than 80 percent of that is personal income tax collections.

Energy-related revenues, typically 15 percent of the total, are the next largest source of general fund revenue. These include severance taxes, revenue payments from the federal government for leasing mineral rights, and income generated by the State Land Office.

About 10 percent of general fund revenues are attributable to interest earnings. This includes substantial income from the state's land grand and severance tax permanent funds and a much smaller amount from earnings on balances held in the state treasury.

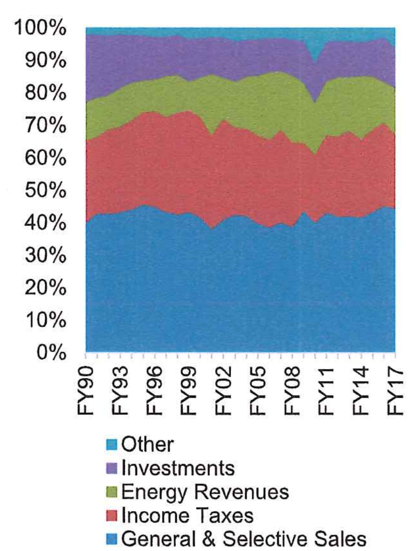
A number of other small revenue sources contribute to the general fund. These include revenue sharing from tribal gaming facilities, license fees, reversions of unspent funds from state agencies, and numerous miscellaneous receipts.

Money Out

Public education has typically received the largest share of state general funding (around 45 percent) and higher education has generally received 15 percent, making education the biggest recipient of state general funds. Health and human services has historically received about 25 percent of the general fund budget, leaving 15 percent for the rest of state government.

However, while the general fund is the primary source of state funds for ongoing operations, the total budget includes significant levels of federal funding and smaller amounts of other state funds. When all revenue sources are considered, the share of the budget for public schools, primarily state-funded, drops to 22 percent. With federal funds, higher education receives about 17 percent of the total state budget. The share for health and human services, the recipient of billions in federal Medicaid matching dollars, increases to close to 40 percent when all revenue sources are included.

General Fund Revenue Sources



Transportation is the only area of state government that receives no general fund appropriations. Transportation is funded primarily by the state road fund and also receives a sizeable amount of federal revenue.

For More Information:
- Consensus revenue estimates may be found at www.nmlegis.gov/Entity/LFC/Revenue_Reports.
- Details on state expenditures may be found in LFC's Post-Session Fiscal Review and LFC budget recommendations at www.nmlegis.gov/Entity/LFC/Session_Publications.
- The general fund is created in Section 6-4-2 NMSA 1978.

NEW MEXICO

Legislative Finance Committee

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General Fund Reserves

Because the New Mexico Constitution requires a balanced budget, state government maintains general fund reserves to cover any shortfalls if revenues are unexpectedly low or expenses are unexpectedly high. The general fund reserves are measured as a percentage of recurring appropriations – planned ongoing spending. They are made up of several distinct accounts: the operating reserve, tax stabilization reserve, appropriation contingency fund, and state support reserve fund.

Operating Reserve

Revenues left at the end of the fiscal year are transferred to the operating reserve. If revenues come up short, the governor may transfer money from the operating reserve to cover authorized expenses. The amount the governor can transfer is capped by the Legislature each year in the General Appropriation Act. Once the operating reserve fund hits 8 percent of the prior budget year's recurring appropriations, the excess must be transferred to the tax stabilization reserve by law.

Tax Stabilization Reserve

Money in the tax stabilization reserve may only be appropriated if (1) the governor declares it necessary because of a shortfall and the House and Senate approve it with a simple majority vote, or (2) two-thirds of both the House and Senate vote for it.

Additional funds are deposited into the tax stabilization reserve from the oil and gas emergency tax if annual revenue exceeds the five-year average income. This allows the state to capture windfall revenue from the oil and gas industry and moderate the volatility of that revenue source. Other state revenue that also spikes when the energy industry booms – including federal mineral leasing payments, trust land distributions, and gross receipts tax collections – are not captured.

Excess revenue left in the general fund at the end of the year goes into the operating reserve.

Operating reserves exceeding 8 percent of the ongoing appropriations are transferred to the tax stabilization reserve.

Oil and gas school tax revenues exceeding the five-year average are transferred to the tax stabilization reserve.

Until 2017, revenue in the tax stabilization reserve in excess of a specified threshold was transferred to another fund for possible distribution to taxpayers. However, several years of depleted reserves prompted lawmakers to transform the tax stabilization into a true "rainy day" fund.

Appropriation Contingency Fund

The Legislature authorizes revenue going in and out of the appropriation contingency fund. A limited amount of the revenue in the fund can also be spent when the governor declares an emergency. The fund is mostly used to set aside money for use if certain circumstances come into play, such as the start-up of a new program moving faster than funded.

State Support Fund

On the first day of each fiscal year, any balance in the public school district general obligation bonds loan fund over $1 million is transferred state support reserve fund and can only be used to augment certain appropriations to the public schools.

Tobacco Settlement Fund

The tobacco settlement permanent fund was created to hold payments to New Mexico from cigarette companies under the master settlement agreement of 1998. Under the enabling legislation, the settlement payments are split, with half going to the permanent fund and half spent directly on health and education programs. However, during economic hard times, the Legislature has temporarily suspended deposits into the permanent fund and put the entire amount into direct spending.

Money in the tobacco settlement permanent fund is invested by the State Investment Council and interest is credited to the fund. The Legislature may authorize spending from the fund for a budget shortfall only after balances in all other reserve accounts have been exhausted.

For More Information:

•The status of the New Mexico's reserve accounts can be found in the state's general fund financial summary, published on the State Board of Finance's website: http://nmdfa.state.nm.us/Board_of_Finance.aspx

•Statutes governing New Mexico's general fund reserves include 6-4-2.1, 6-4-2.2, 6-4-2.3, 6-4-4, 6-4-9, 7-1-6.61, 12-11-24, 22-8-31 NMSA 1978.

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Creation of the State Budget

The creation of the New Mexico state budget officially begins in mid-June when the State Budget Division of the Department of Finance and Administration sends budget request instructions to state agencies. It ends when the General Appropriation Act becomes law and is implemented by agencies.

Before the Session

Agencies submit their budget requests no later than September 1 to both the Department of Finance and Administration and Legislative Finance Committee. Agencies must provide information on actual and expected revenues and expenditures for the previous, current, and upcoming fiscal years. The budget requests must also include an information technology plan.

From September through December, the executive and legislative staffs separately analyze the requests and develop the governor's and Legislative Finance Committee's budget recommendations. New Mexico is one of five states in which both the governor and a legislative agency propose a comprehensive state budget. Also during the fall, economists from the Legislature and executive develop a consensus general fund revenue estimate. Like most states, New Mexico must balance its budget each year. New Mexico also plans for unexpected shortfalls by maintaining a reserve fund.

State law requires the governor to submit a budget to the Legislative Finance Committee and each member of the Legislature no later than January 5 in even-numbered years and no later than January 10 in odd-numbered years. The Legislative Finance Committee finalizes its budget recommendations in December.

Substantive Sections of General Appropriation Act

Section 4:	Recurring appropriations and performance targets for the operation of state agencies, public schools, and higher education institutions.
Section 5:	Special nonrecurring appropriations.
Section 6:	Supplemental appropriations for the current fiscal year and for deficiencies from the previous fiscal year.
Section 7:	Appropriations for significant information systems and language extending or reauthorizing certain projects.
Section 8:	Compensation appropriations for public employees.
Section 9:	Additional budget adjustment authority for the current year.
Section 10:	Specific budget adjustment authority for the upcoming year.
Section 11:	Authority to move money from the general fund to other funds.
Section 12:	Authority for the Department of Finance and Administration to move funds from reserves in case of a shortfall
Section 13:	Severability - authority for the bill to remain in effect even if part of the bill is found invalid.

During the Session

On the first day of the legislative session, a General Appropriation Act reflecting the executive recommendation is introduced in the House of Representatives. The members of the House Appropriations and Finance Committee, where the bill traditionally starts, begin consideration with a side-by-side comparison of the legislative and executive proposals. The transportation section, sometimes along with other sections, is duplicated in separate legislation and considered by a separate House committee, then rolled into the House Appropriations and Finance Committee Substitute for the General Appropriation Act for consideration by the full House. Another, small piece of the state budget – funding for the legislative session itself and most operations of the Legislature – becomes the "feed bill" and is passed separately, usually in the first few days of the session.

Generally, the Senate committee amends the House bill and submits it to the full Senate. Legislative leadership appoints a conference committee to negotiate the differences between the House and Senate and draft the final version.

The governor may sign the General Appropriation Act into law, veto the entire bill, or veto specific items, a privilege called a "line-item veto."

The state constitution limits the appropriations in the General Appropriation Act to those expenses "required under existing law." Various one-time capital outlay projects or tax bills that might generate additional revenue are among those items that would not be included in the General Appropriation Act.

Following passage of the General Appropriation Act and before May 1, agencies are required to submit operating budgets – their spending plans – to the State Budget Division. The Legislative Finance Committee also receives copies of the agencies' operating budgets.

For More Information:
- The constitutional provisions related to the development of the state budget include Sections 16 and 22 of Article IV and Section 7 of Article IX.
- The LFC budget recommendation is available online: https://www.nmlegis.gov/Entity/LFC/Session_Publications
- The General Appropriation Act and related legislation is available by year through the legislative bill finder: https://www.nmlegis.gov/Legislation/Bill_Finder

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Capital Outlay Process

Capital outlay funds, in the context of government, are those used to build, improve or equip physical property that will be used by the public. Roads, computers, museums, playgrounds, schools, irrigation ditches, hospitals, lands, and furniture can all be capital outlay projects. In New Mexico, state capital outlay is authorized by the Legislature and generally is nonrecurring – one-time – money. Because of provisions in the New Mexico Constitution, capital outlay can only be used for government-owned facilities.

Sources of Capital Outlay

Much of the state's capital outlay is funded through three sources: general obligation bonds, severance tax bonds, and nonrecurring general fund revenue. Amounts vary from year to year depending on the economy. Nonrecurring general fund monies are particularly unpredictable. The state also issues bonds for state transportation projects, projects funded by the New Mexico Finance Authority, and other projects. Typically, those bonds are repaid with other revenue.

General obligation bonds are repaid through property taxes and must be approved through a general election. As a result, that money is only available in even-numbered years. General obligation bonds typically support projects for higher education, senior citizens, public schools, and libraries.

Severance tax bonds generally are repaid with revenue from taxes on oil, gas, coal and other natural resources "severed" from the land. The amount available through severance tax bonds is largely dependent on the health of the oil and gas industry.

Nonrecurring general fund revenue, the primary repository of state revenue, is typically the money left over after the Legislature has funded state government and public school operations and set money aside for reserves.

Priority Projects

The Department of Finance and Administration and the General Services Department are required by state law to develop a five-year plan for major state capital improvement projects and jointly identify and prioritize all state-owned improvement projects. State agencies develop lists of projects internally and are required by law to enter their priority projects into the Infrastructure Capital Improvement Plan (ICIP) database by July 1. Although local governments are not required to prepare ICIPs, almost all county, municipal, tribal, and special districts participate. The Department of Finance and Administration's Local Government Division collects the ICIPs and posts them online.

Agencies present their priorities to a panel of executive and legislative staff in October of each year, and LFC staff prepares a recommendation, prioritizing regional and state-owned and -operated projects. The recommendation becomes the capital outlay bill – or bills during even-numbered years – introduced during the legislative session.

Legislative Process

Early in the legislative session, finance committees in both the House and Senate hold hearings on the projects in the introduced legislation but take no action. After those initial hearings, either the House Taxation and Revenue Committee or the Senate Finance Committee, depending on where the bill was introduced, holds hearings on other statewide projects approved by legislative leadership for potential inclusion in the substitute bill that will eventually replace the original legislation. Other statewide projects may include those sought by advocates, constituents, and local governments within their districts.

After funds are allocated to statewide projects, any remaining money is divided between the House and Senate. Each chamber then allots an equal amount to each member for possible projects. However, this process has not been formalized in law or legislative rules.

A substitute bill with member projects and the statewide projects approved by the originating committee is generally developed in the last two weeks of the session.

Finally, the governor acts on the bill, often using line-item veto authority to strike some projects proposed by individual legislators.

For More Information:
- The ICIP database is available through the Department of Finance and Administration website: http://nmdfa.state.nm.us/ICIP.aspx.
- The creation of the Infrastructure Capital Improvement Plan is guided in state law by Section 6-4-1 NMSA 1978 and Executive Order 2012-023.
- LFC creates a quarterly report on capital outlay project status. That report and others are available on the LFC website at https://www.nmlegis.gov/Entity/LFC/Capital_Outlay_Quarterly_Reports.
- Capital outlay requests and reauthorization request forms can be found through the legislative bill finder: https://www.nmlegis.gov/Legislation/Bill_Finder.

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Public School Funding Formula

The public school funding formula, initially created in the Public School Finance Act of 1974, is an attempt to ensure that every public school in the state receives a fair share of a statewide pool of education dollars. At the time of its adoption, it was one of the most innovative school finance plans because it did not rely on local property taxes to support local schools. This practice, still common, means that schools in affluent areas are better funded than schools in low-income neighborhoods.

New Mexico Public School Funding Formula

MEMBERSHIP UNITS

Developmentally Disabled 3- and 4-year-olds and Kindergartners	x 1.44
1st Graders	x 1.2
2nd and 3rd Graders	x 1.18
4th-6th Graders	x 1.045
7th-12th Graders	x 1.25

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SPECIAL ED UNITS

Ancillary Staff	x 25
A- and B-level Students	x 0.7
C- and D-Level Students	x 1
D-Level Students	x 2
Spec. Ed 3- and 4-year-olds	x 2

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Bilingual Participation x 0.5

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Fine Arts Participation x 0.05

\+

Elementary PE Participation x 0.06

X

Teacher Experience and Education Index

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Units Based on

- Size of School
- Size of District
- Rural Isolation
- Number of At-Risk Students
- Enrollment Growth
- Number of Charter School Students in District Activities
- Number of Home-School Students in District
- Number of Teachers with National Board Certification
- "Save Harmless" Units (for charter schools and districts experiencing big drops in other units)

Funding Units

The formula uses factors to differentiate the cost of serving students with different needs and other specifics of a school district or charter school. The formula starts with school "membership," basically enrollment, then uses multipliers for the number of students in different grades, the number of students receiving special education or bilingual education, the education and experience of the teachers, the size of the district and school, the number of students at risk for developing problems, and other factors.

The resulting number of "units" is multiplied by a unit dollar value, set by the Public Education Department based on available funding, for total "program cost." That figure is then adjusted for certain local and federal revenue, resulting in a figure called the state equalization guarantee. Each school district or charter school receives a lump sum based on the funding formula.

Formula dollars are not earmarked. A local district or charter school can allocate the money according to local priorities as long as it stays within statutory and regulatory guidelines.

In 1996, a comprehensive study found the New Mexico public school funding formula was highly equitable. However, a 2008 study, commissioned by the Legislature, recommended increasing funding and addressing inequities. In addition, New Mexico is the defendant in an ongoing lawsuit that claims insufficient funding is behind the low achievement of scores of low-income, English-learner, and minority students.

Funding Sources

Most state funding for public school operational costs comes from the state general fund. State funding for schools also includes the public schools' share of interest earned on land grant permanent fund, the depository for certain income earned through activity on state trust land, and other income from state trust land designated to benefit public schools.

Federal Mineral Leasing Act revenues are appropriated to schools for purchasing instructional materials and are distributed outside of the formula, as are state and federal funds for transportation and other "categorial" school expenses and specific special programs managed by the Public Education Department.

For More Information:
- The state statutes concerning public schools are in Chapter 22 NMSA 1978.
- The Public School Finance Act is Chapter 22, Article 8.
- Statistical reports on public school financing are available through the PED at www.ped.state.nm.us/div/fin/school.budget/
- A more detailed explanation of school funding is also available through PED at https://webnew.ped.state.nm.us/bureaus/school-budget-finance-analysis/how-new-mexico-schools-are-funded/

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Higher Education Funding

Recognizing the importance of higher education to the financial security of individuals and families, ability to attract and grow the economy, and overall quality of life, New Mexico dedicates about 15 percent of general fund revenues to support 25 colleges and universities that deliver workforce training, adult education, and undergraduate and graduate degrees. At that level, New Mexico typically ranks high among the states in state funding for higher education. However, New Mexico lags the nation on the number of college students who earn degrees and the share of the adult population with postsecondary education.

Formula Funding

In addition to student financial aid programs, the state spends close to $1 billion annually in state general fund revenues, other state revenues, and state-backed bonds on colleges and universities.

The schools fund instruction, academic support, student services, and related expenses – collectively called I&G for instruction and general – with state general fund appropriations, other state funding, local mill levy revenues, and student tuition and fees. For most four-year institutions, the state provides between 40 percent and 60 percent of I&G revenues, with the bulk of the rest coming from tuition and fees. For two-year institutions, heavily subsidized by local taxes, the state provides between 30 percent and 50 percent.

In FY13, the state revised the I&G formula to increasingly base state support on student outcomes. Building on the prior-year appropriation, the formula is based on

- a percent of end-of-course completed student credit hours (the total number of student credit hours reduced by a rate of completion);
- a three-year rolling average of the total number of certificates and degrees awarded over the most recent three academic years, with bonuses for science, technology, engineering, math, and health degrees and degrees awarded to financially at-risk students; and
- outcome measures specific to each institutional type.

In response, institutions have increasingly reviewed student data, studied best practices and existing programs, and revised or implemented new programs to improve their results. Over time, policymakers and institutional leaders continue to refine the formula, with the goal of adding productivity and institution-specific outcome measures. It is too early to tell if New Mexico degree rates have caught up with national averages.

Research and Public Service Projects

The state also uses the general fund to support a variety of programs and projects attached to colleges and universities but funded outside the formula and in separate items in the General Appropriation Act. This includes the nine statewide agencies administratively attached to universities, from the Office of the Medical Investigator to the Bureau of Mine Safety, and the agriculture agencies attached to New Mexico State University, the state's land grant university.

Also funded separately are regional and statewide services provided by colleges and universities. In health care, state general appropriations support primary care and specialized medical residencies, continuing medical education, expanded nursing and dental health programs, and physical and behavioral health and wellness treatment programs in rural areas.

Research institutions also receive separate state general fund support for research endeavors in science, geology, cybersecurity, oil and gas development, aerospace, manufacturing, and energy development.

Capital Outlay

The state supports construction and equipment for colleges through special appropriations in the General Appropriation Act and other annual capital legislation. In even-numbered years, higher education projects are included in legislation authorizing the sale of general obligation revenue bonds if approved by voters during the November general election. In odd-numbered years, higher education projects are including in legislation that authorizes the issuance of severance tax bonds, with bond sale revenues going to support an itemized list of capital projects.

For More Information:

- State statutes concerning colleges and universities are in Chapter 13.
- National statistics about colleges are at completecollege.org and nces.ed.gov/collegenavigator.
- The Higher Education Department website is hed.state.nm.us.

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Highway Funding

The New Mexico Department of Transportation and the State Transportation Commission are charged with maintaining the state's transportation infrastructure, including 30,000 lane miles of interstate corridors and U.S. and state highways. To maintain this infrastructure, NMDOT relies on two main sources of funding: the state road fund and transfers from the Federal Highway Administration.

State Road Fund

The state road fund – generally used for highway maintenance while federal funds are used mostly for construction – is composed of revenue from the state gasoline tax (about 7 percent of total revenue), special fuels tax on diesel (25 percent), weight-distance tax on commercial trucking (20 percent), vehicle registration fees (20 percent), and other minor fees.

New Mexico's gas tax of 17 cents per gallon was last increased in 1993 and is among the lowest in the region. Because the gas tax is assessed by the gallon instead of as a percentage of the sale, the ability of the tax to generate revenue has dropped with more gas-efficient vehicles on the road. The ability to generate revenue through the gas tax has been further hampered by slow population growth and fewer miles traveled per driver. In addition, inflation erodes the purchasing power of revenue raised through the tax.

Revenues generated by the weight-distance tax and special fuels tax, 21 cents per gallon and slightly higher than the national average, are tied to commercial trucking and, because of that, are more sensitive to the health of the national economy, rising and falling with changes in consumer demand.

Growth in the state road fund has been slow and NMDOT has struggled to keep up with road maintenance. The department estimates the road fund would have to grow by 80 percent more a year to meet the demand for scheduled road maintenance, including road and bridge resurfacing, repair and preventive maintenance.

Adhering to maintenance schedules is particularly important because repair costs grow substantially as road conditions decline. Preventive maintenance averages $15,000 per lane mile per year, preservation activities and minor pavement rehabilitation costs average $180,000 per lane mile, and major rehabilitation and reconstruction can cost between $500,000 and $1.2 million per lane mile. Spending more on preventive maintenance now will likely lead to significant savings over time.

Federal Highway Funding

In general, the hundreds of millions of dollars New Mexico receives from the Federal Highway Administration is used for construction projects statewide and distributed according to the priorities established in the *Statewide Transportation Infrastructure Plan* (STIP). The STIP is a four-year, federally mandated, multi-modal transportation plan that allows NMDOT, local governments, and planning organizations to identify and rank high priority infrastructure projects.

Congress authorizes federal highway funds, and sets conditions for their use, under the FAST Act, the Fixing America's Surface Transportation Act initially passed in 2015. When passed, FAST contained sufficient funding for two years of surface transportation appropriations. Since then, Congress has approved short-term reauthorizations to ensure states continue receiving federal highway dollars. These short-term reauthorizations will continue until the Congress passes and the president signs another multi-year transportation funding bill.

Bonding

Although New Mexico receives more than $850 million annually from state and federal revenue sources, the state frequently requires additional funding for maintenance and construction projects. To fill this gap, NMDOT has issued bonds to cover large infrastructure programs, such as Governor Richardson's Investment Partnership. Although initially financed with variable rate debt and two large balloon payments, the debt has since been restructured to fixed-interest bonds, eliminating the balloon payments. Large debt payments can force NMDOT to rely to a greater extent on state capital outlay funding to fill budget gaps.

For More Information:

- The New Mexico Transportation Department website is www.dot.state.nm.us
- For federal programs, see www.fhwa.dot.gov.
- The state Transportation Commission was established Article V, Section 14, of the New Mexico Constitution.

NEW MEXICO APPROPRIATION PROCESS SUMMARY

July	State Budget Division distributes operating budget request instructions to agencies.
September 1	Operating budget requests are due to State Budget Division and Legislative Finance Committee using the Budget Preparation System.
September through December	State Budget Division and Legislative Finance Committee analyze budget requests, and hold budget hearings/meetings. Recommendations are entered into the Budget Review System, a derivative of the Budget Preparation System.
December	Legislative Finance Committee finalizes budget recommendations and begins production of budget document. State Budget Division begins production of Executive Budget and Budget in Brief.
January - Near Beginning of Session	Legislative Finance Committee and State Budget Division complete budget documents and respective staffs meet to prepare "different sheets" - a report, by agency and division, that shows the differences for base, program change and total budget by revenue source and expenditure object. The report includes a narrative of the differences.
Third Tuesday in January	First day of legislative session (60 days in odd numbered years and 30 days in even numbered years) - the Executive Budget and Budget in Brief and the Legislative Finance Committee Budget Document are released to legislators, agencies, press, etc. The General Appropriation Act is introduced in the House of Representatives. Other general appropriation related bills introduced include the Feed Bill, which funds the legislature's expenses, the Education Appropriation Act, which is referred to the House Education Committee, the Highway and Transportation Act, which is referred to the House Transportation Committee, the Court Appropriation Act, and the State Fair Appropriation Act and the Game and Fish Appropriation Act, which are referred to the House Government and Urban Affairs Committee. All appropriations bills are eventually referred to the House Appropriations and Finance Committee (HAFC) where they are usually rolled into the General Appropriations Act.
HAFC Budget Hearings	The House Appropriations and Finance Committee (HAFC) holds budget hearings for each agency beginning the first day of the session. The Executive staff analysts and the Legislative Finance Committee staff analysts present the differences to the committee. The committee either adopts the Executive recommendation, the Legislative Finance Committee recommendation, a combination of the two recommendations, or its own recommendation. Budget recommendations are finalized, the HAFC version of the General Appropriation Act is prepared and the bill is debated on the House Floor by the 40th day (during a 60 day session) and forwarded to the Senate for deliberation.
SFC Budget Hearings	The Senate Finance Committee (SFC) gives senators approximately three to four days to propose amendments to the HAFC version of the General Appropriation Act. Usually, between 500 and 700 amendments are proposed. The amendments are entered into a database to create a listing that may be sorted by bill page and line order or by sponsor. Each amendment is considered by the Senate Finance Committee and is either adopted at the amount requested, adopted at a different amount or not adopted. Once the amendments are adopted, the SFC version of the General Appropriation Act is prepared, debated on the Senate Floor and forwarded to the House of Representatives for concurrence. If there is concurrence, the bill is enrolled and engrossed and delivered to the Governor for signature. If there is no concurrence and if the Senate does not recede from its amendments, a conference committee of three members from each chamber is appointed.
Conference Committee	The conference committee meets (not usually public meetings) to negotiate the differences between the two chambers. A conference committee report is prepared and adopted by both chambers. The bill is enrolled and engrossed and delivered to the Governor for signature.
May	Operating budgets for the fiscal year beginning July 1 are established in the state's accounting systems.

General Fund Financial Summary:
August 2018 Consensus Revenue Forecast
RESERVE DETAIL
(millions of dollars)

August 20, 2018	Prelim. FY2018	Estimate FY2019	Estimate FY2020
OPERATING RESERVE			
Beginning Balance	$ 331.5	$ 488.3	$ 486.3
BOF Emergency Appropriations/Reversions	$ (2.0)	$ (2.0)	$ (2.0)
Transfers from/to Appropriation Account	$ 607.7	$ 899.2	$ -
Transfers to Tax Stabilization Reserve	$ (448.9)	$ (899.2)	$ -
Transfer from (to) ACF/Other Appropriations	$ -	$ -	$ -
Ending Balance	$ 488.3	$ 486.3	$ 484.3
APPROPRIATION CONTINGENCY FUND			
Beginning Balance	$ 25.7	$ 17.7	$ 9.7
Disaster Allotments	$ (16.0)	$ (16.0)	$ (16.0)
Other Appropriations	$ -	$ -	$ -
Transfers In	$ -	$ -	$ -
Revenue and Reversions	$ 8.0	$ 8.0	$ 8.0
Ending Balance	$ 17.7	$ 9.7	$ 1.7
STATE SUPPORT FUND			
Beginning Balance	$ 1.0	$ 1.0	$ 1.0
Revenues	$ -	$ -	$ -
Appropriations	$ -	$ -	$ -
Ending Balance	$ 1.0	$ 1.0	$ 1.0
TOBACCO SETTLEMENT PERMANENT FUND (TSPF)			
Beginning Balance	$ 146.8	$ 156.4	$ 184.5
Transfers In	$ 39.0	$ 36.0	$ 36.0
Appropriation to Tobacco Settlement Program Fund	$ (19.5)	$ (18.0)	$ (18.0)
Gains/Losses	$ 9.5	$ 10.2	$ 12.0
Additional Transfers from TSPF	$ (19.5)	$ -	$ -
Transfer to General Fund Appropriation Account	$ -	$ -	$ -
Ending Balance	$ 156.4	$ 184.5	$ 214.5
TAX STABILIZATION RESERVE (RAINY DAY FUND)			
Beginning Balance	$ -	$ 448.9	$ 1,482.7
Transfers In [1]	$ -	$ 134.5	$ 177.2
Transfers In (From Operating Reserve)	$ 448.9	$ 899.2	$ -
Transfer Out to Operating Reserve	$ -	$ -	$ -
Ending Balance	$ 448.9	$ 1,482.7	$ 1,659.9
Percent of Recurring Appropriations	*7.4%*	*23.4%*	
EMERGENCY RESERVES: RAINY DAY FUND & TSPF ENDING BALANCES	**$ 605.3**	**$ 1,667.2**	
Percent of Recurring Appropriations	*10.0%*	*26.3%*	
OTHER RESERVE FUND ENDING BALANCES	**$ 507.0**	**$ 497.0**	
Percent of Recurring Appropriations	*8.3%*	*7.8%*	
TOTAL GENERAL FUND ENDING BALANCES	**$ 1,112.3**	**$ 2,164.2**	
Percent of Recurring Appropriations	*18.3%*	*34.2%*	

Notes:

1) Estimated transfer to tax stabilization reserve from excess oil and gas emergency school tax revenues above the five-year average

General Fund Financial Summary:
August 2018 Consensus Revenue Forecast
(millions of dollars)

August 20, 2018	Prelim. FY2018	Estimate FY2019	Estimate FY2020
APPROPRIATION ACCOUNT			
REVENUE			
Recurring Revenue			
2018 August Consensus Revenue Forecast - Recurring Revenue	$ 6,743.2	$ 7,279.4	$ 7,501.3
Total Recurring Revenue	$ 6,743.2	$ 7,279.4	$ 7,501.3
Nonrecurring Revenue			
2016 & 2017 Regular & Special Sessions Nonrecurring Revenue Legislation [1,2]	$ 18.7		
2018 Mid-Session Update - Nonrecurring Revenue	$ 31.0		
2018 Regular Session Nonrecurring Revenue Legislation	$ (2.8)	$ -	$ -
Other Nonrecurring Revenue	$ 18.5		
Total Nonrecurring Revenue	$ 65.5	$ -	$ -
TOTAL REVENUE	**$ 6,808.6**	**$ 7,279.4**	**$ 7,501.3**
APPROPRIATIONS			
Recurring Appropriations			
2017 Regular & Special Session Legislation & Feed Bill [3]	$ 6,073.3		
2018 Session Legislation & Feed Bill	$ 5.6	$ 6,332.3	New Money FY20
Total Recurring Appropriations	$ 6,078.8	$ 6,332.3	
Nonrecurring Appropriations			
2017 Regular & Special Session Nonrecurring Appropriations [3]	$ 9.0		
2018 Session Nonrecurring Appropriations	$ 113.1	$ 47.8	$1,169 or 18%
Total Nonrecurring Appropriations	$ 122.1	$ 47.8	
TOTAL APPROPRIATIONS	**$ 6,200.9**	**$ 6,380.1**	**$ -**
Transfer to (from) Reserves	$ 607.7	$ 899.2	
GENERAL FUND RESERVES			
Beginning Balances	$ 505.1	$ 1,112.3	$ -
Transfers from (to) Appropriations Account	$ 607.7	$ 899.2	$ -
Revenue and Reversions	$ 56.5	$ 188.7	$ 233.2
Appropriations, Expenditures and Transfers Out	$ (57.0)	$ (36.0)	$ (36.0)
Ending Balances	**$ 1,112.3**	**$ 2,164.2**	
Reserves as a Percent of Recurring Appropriations	*18.3%*	*34.2%*	

Notes:

1) FY17 reflects actual amounts received from solvency legislation per LFC/DFA sweeps tracking - includes Laws 2016, Chapter 12 (HB311, $75 million fund sweeps); Laws 2016, Second Special Session, Chapter 4 (SB2, $93 million general fund sweeps and transfers), Chapter 5 (SB8, $103.2 million capital outlay sweeps), and Chapter 6 (SB9, $27.9 million PED appropriation reductions); Laws 2017, Chapter 1 (HB4, $89 million adjusted reversion date for fire protection fund and law enforcement protection fund), Chapter 2 (SB113, $55.2 million general fund sweeps), and Chapter 3 (SB114, $40.8 million school cash balances); Laws 2017, First Special Session, Chapter 1 (SB1, $82.1 million public school capital outlay swap and general fund sweeps)

2) FY18 reflects remaining solvency transfers per Laws 2017, Chapter 1 (HB4, $10.7 million fire protection fund adjusted reversion) and Laws 2017, First Special Session, Chapter 1 (SB1, $8 million from NMFA public project revolving fund)

3) $9 million was moved from FY18 recurring appropriations to nonrecurring appropriations to reflect DFA accounting for $7 million LEDA special and $2 million NMCD special

General Fund Consensus Revenue Estimate August 2018

Revenue Source	FY21 2018 Session Update Adj. for Legis.	FY21 Aug 2018 Est.	FY21 Change from Prior	FY21 % Change from FY20	FY21 $ Change from FY20	FY22 2018 Session Update Adj. for Legis.	FY22 Aug 2018 Est.	FY22 Change from Prior	FY22 % Change from FY21	FY22 $ Change from FY21	FY23 Aug 2018 Est.	FY23 % Change from FY22	FY23 $ Change from FY22
Base Gross Receipts Tax	2,512.3	2,923.2	410.9	1.7%	50.1	2,598.6	3,023.7	425.1	3.4%	100.5	3,128.6	3.5%	105.0
60-Day Money & Other Credits	(53.9)	(53.9)	-	0.0%	-	(53.9)	(53.9)	-	0.0%	-	53.9	-200.0%	107.8
F&M Hold Harmless Payments	(100.7)	(107.8)	(7.1)	-3.2%	3.6	(93.7)	(104.4)	(10.7)	-3.2%	3.4	(101.1)	-3.2%	3.3
NET Gross Receipts Tax	2,357.7	2,761.5	403.8	2.0%	53.7	2,451.0	2,865.4	414.4	3.8%	103.9	3,081.4	7.5%	216.1
Compensating Tax	63.7	70.0	6.3	0.0%	-	65.0	70.0	5.0	0.0%	-	70.0	0.0%	-
TOTAL GENERAL SALES	2,421.4	2,831.5	410.1	1.9%	53.7	2,516.0	2,935.4	419.4	3.7%	103.9	3,151.4	7.4%	216.1
Tobacco Taxes	75.1	74.7	(0.4)	-1.9%	(1.5)	73.8	72.9	(0.9)	-2.4%	(1.8)	71.2	-2.4%	(1.8)
Liquor Excise	21.4	23.1	1.7	0.4%	0.1	21.2	23.2	2.0	0.4%	0.1	23.3	0.4%	0.1
Insurance Taxes	263.9	243.1	(20.8)	3.6%	8.5	275.5	252.1	(23.4)	3.7%	9.0	260.9	3.5%	8.8
Fire Protection Fund Reversion	19.4	19.4	-	2.7%	0.5	19.9	19.9	-	2.8%	0.5	20.4	2.5%	0.5
Motor Vehicle Excise	155.1	158.0	2.9	2.0%	3.1	158.1	160.6	2.5	1.6%	2.6	163.5	1.8%	2.9
Gaming Excise	60.2	65.1	4.9	3.1%	1.9	60.6	65.4	4.8	0.5%	0.3	65.6	0.4%	0.2
Leased Vehicle & Other	7.7	8.0	0.3	0.0%	-	7.7	8.0	0.3	0.0%	-	8.0	0.0%	-
TOTAL SELECTIVE SALES	602.8	591.3	(11.4)	2.2%	12.7	616.8	602.1	(14.7)	1.8%	10.7	612.9	1.8%	10.8
Personal Income Tax	1,462.6	1,648.3	185.7	2.7%	43.9	1,484.6	1,695.6	211.1	2.9%	47.4	1,744.4	2.9%	48.8
Corporate Income Tax	120.0	121.3	1.3	5.0%	5.8	125.0	127.3	2.3	5.0%	6.1	133.7	5.0%	6.4
TOTAL INCOME TAXES	1,582.6	1,769.6	187.0	2.9%	49.7	1,609.6	1,823.0	213.4	3.0%	53.4	1,878.1	3.0%	55.1
Oil and Gas School Tax	328.1	403.2	75.1	9.3%	34.2	360.4	472.8	112.4	17.3%	69.6	534.9	13.1%	62.1
Oil Conservation Tax	19.6	30.7	11.1	7.3%	2.1	19.6	32.3	12.7	5.2%	1.6	33.8	4.6%	1.5
Resources Excise Tax	9.0	6.9	(2.1)	-2.8%	(0.2)	9.0	6.7	(2.3)	-2.9%	(0.2)	6.5	-3.0%	(0.2)
Natural Gas Processors Tax	12.0	13.3	1.3	-4.9%	(0.7)	11.8	13.0	1.2	-2.0%	(0.3)	13.3	2.0%	0.3
TOTAL SEVERANCE TAXES	368.7	454.1	85.4	8.5%	35.4	400.8	524.8	124.0	15.6%	70.7	588.5	12.1%	63.7
LICENSE FEES	58.2	56.3	(1.9)	1.1%	0.6	60.0	57.1	(2.9)	1.4%	0.8	57.9	1.4%	0.8
LGPF Interest	715.3	721.5	6.2	6.3%	42.9	764.2	773.7	9.6	7.2%	52.2	827.9	7.0%	54.2
STO Interest	41.3	74.6	33.3	12.2%	8.1	50.1	81.1	31.0	8.7%	6.5	81.1	0.0%	-
STPF Interest	234.6	236.6	2.0	3.3%	7.6	244.0	247.2	3.2	4.5%	10.6	257.8	4.3%	10.6
TOTAL INTEREST	991.2	1,032.7	41.5	6.0%	58.6	1,058.3	1,102.0	43.7	6.7%	69.3	1,166.8	5.9%	64.8
Federal Mineral Leasing	535.3	775.0	239.7	3.3%	25.0	533.9	800.0	266.1	3.2%	25.0	825.0	3.1%	25.0
State Land Office	55.0	63.2	8.2	0.5%	0.3	55.0	63.6	8.6	0.6%	0.4	63.8	0.3%	0.2
TOTAL RENTS & ROYALTIES	590.3	838.2	247.9	3.1%	25.3	588.9	863.6	274.7	3.0%	25.4	888.8	2.9%	25.2
TRIBAL REVENUE SHARING	76.3	76.1	(0.2)	1.7%	1.3	78.0	77.6	(0.4)	2.0%	1.5	79.2	2.1%	1.6
MISCELLANEOUS RECEIPTS	59.3	50.3	(9.0)	3.1%	1.5	60.6	51.7	(8.9)	2.8%	1.4	53.5	3.5%	1.8
REVERSIONS	40.0	40.0	-	0.0%	-	40.0	40.0	-	0.0%	-	40.0	0.0%	-
TOTAL RECURRING	6,790.7	7,740.0	949.3	3.2%	238.7	7,028.9	8,077.2	1,048.3	4.4%	337.2	8,517.1	5.4%	439.8
TOTAL NONRECURRING	-	-	-	n/a	-	-	-	-	n/a	-	-	n/a	-
GRAND TOTAL	6,790.7	7,740.0	949.3	3.2%	238.7	7,028.9	8,077.2	1,048.3	4.4%	337.2	8,517.1	5.4%	439.8

Oil & Gas School Tax to Tax Stab. Res.	51.3	181.7	130.4	2.5%	4.5	18.4	142.0	123.6	-21.8%	(39.7)	110.1	-22.5%	(31.9)

General Fund Consensus Revenue Estimate August 2018

Revenue Source	FY17	FY18					FY19					FY20				
	Dec 2017 Actual	2018 Session Update Adj. for Legis.	Aug 2018 Prelim. Actual	Change from Prior	% Change from FY17	$ Change from FY17	2018 Session Update Adj. for Legis.	Aug 2018 Est.	Change from Prior	% Change from FY18	$ Change from FY18	2018 Session Update Adj. for Legis.	Aug 2018 Est.	Change from Prior	% Change from FY19	$ Change from FY19
Base Gross Receipts Tax	2,169.2	2,317.0	2,557.7	240.7	17.9%	388.5	2,331.6	2,751.1	419.5	7.6%	193.4	2,403.4	2,873.1	469.7	4.4%	121.9
60-Day Money & Other Credits	(33.0)	(53.9)	(53.9)	-	63.3%	(20.9)	(53.9)	(53.9)	-	0.0%	-	(53.9)	(53.9)	-	0.0%	-
F&M Hold Harmless Payments	(122.7)	(125.2)	(118.8)	6.4	-3.2%	3.9	(120.3)	(115.0)	5.3	-3.2%	3.8	(115.5)	(111.4)	4.1	-3.1%	3.6
NET Gross Receipts Tax	2,013.5	2,137.9	2,385.0	247.1	18.4%	371.5	2,157.4	2,582.2	424.8	8.3%	197.2	2,234.0	2,707.8	473.8	4.9%	125.5
Compensating Tax	48.5	53.5	57.0	3.5	17.5%	8.5	57.8	70.0	12.2	22.8%	13.0	61.3	70.0	8.7	0.0%	-
TOTAL GENERAL SALES	2,062.1	2,191.4	2,442.0	250.6	18.4%	379.9	2,215.2	2,652.2	437.0	8.6%	210.2	2,295.3	2,777.8	482.5	4.7%	125.5
Tobacco Taxes	77.9	79.4	79.3	(0.2)	1.7%	1.4	77.8	77.6	(0.2)	-2.1%	(1.7)	76.4	76.2	(0.2)	-1.8%	(1.4)
Liquor Excise	7.4	23.5	23.9	0.4	223.8%	16.5	24.2	25.2	1.0	5.4%	1.3	21.5	23.0	1.5	-8.7%	(2.2)
Insurance Taxes	227.5	232.4	201.0	(31.4)	-11.6%	(26.5)	242.3	217.7	(24.6)	8.3%	16.7	253.2	234.6	(18.6)	7.8%	16.9
Fire Protection Fund Reversion	18.7	17.8	17.8	-	-4.7%	(0.9)	18.3	18.3	-	2.8%	0.5	18.9	18.9	-	3.0%	0.6
Motor Vehicle Excise	145.2	150.3	154.0	3.7	6.0%	8.8	148.7	151.7	3.0	-1.5%	(2.3)	152.4	154.9	2.5	2.1%	3.2
Gaming Excise	59.5	59.6	61.5	1.9	3.3%	2.0	58.6	61.8	3.2	0.4%	0.3	59.2	63.1	3.9	2.2%	1.4
Leased Vehicle & Other	7.3	7.6	9.0	1.4	24.1%	1.8	7.7	8.0	0.3	-11.1%	(1.0)	7.7	8.0	0.3	0.0%	-
TOTAL SELECTIVE SALES	543.4	570.6	546.5	(24.2)	0.6%	3.0	577.6	560.2	(17.4)	2.5%	13.8	589.3	578.7	(10.6)	3.3%	18.4
Personal Income Tax	1,380.7	1,381.1	1,492.0	110.9	8.1%	111.3	1,408.7	1,557.4	148.7	4.4%	65.4	1,434.6	1,604.4	169.9	3.0%	47.1
Corporate Income Tax	70.2	105.0	110.0	5.0	56.8%	39.8	110.0	110.0	-	0.0%	-	115.0	115.5	0.5	5.0%	5.5
TOTAL INCOME TAXES	1,450.8	1,486.1	1,602.0	115.9	10.4%	151.2	1,518.7	1,667.4	148.7	4.1%	65.4	1,549.6	1,719.9	170.4	3.2%	52.6
Oil and Gas School Tax	304.3	352.7	426.6	73.9	40.2%	122.3	354.6	368.6	14.0	-13.6%	(58.0)	331.1	369.0	37.9	0.1%	0.4
Oil Conservation Tax	17.4	18.3	22.2	3.9	27.8%	4.8	19.2	26.3	7.1	18.5%	4.1	19.8	28.6	8.8	8.7%	2.3
Resources Excise Tax	9.6	9.3	8.5	(0.8)	-11.9%	(1.1)	9.0	7.3	(1.7)	-14.1%	(1.2)	9.0	7.1	(1.9)	-2.7%	(0.2)
Natural Gas Processors Tax	10.3	10.2	10.8	0.6	5.0%	0.5	12.6	14.4	1.8	33.2%	3.6	12.2	14.0	1.8	-3.3%	(0.5)
TOTAL SEVERANCE TAXES	341.6	390.5	468.1	77.6	37.0%	126.5	395.4	416.6	21.2	-11.0%	(51.5)	372.1	418.7	46.6	0.5%	2.0
LICENSE FEES	53.3	54.2	62.2	8.0	16.6%	8.9	55.4	55.1	(0.3)	-11.4%	(7.1)	56.7	55.7	(1.0)	1.1%	0.6
LGPF Interest	541.6	584.9	584.9	-	8.0%	43.4	633.6	632.6	(1.0)	8.2%	47.7	675.6	678.6	3.0	7.3%	46.0
STO Interest	(3.2)	-	5.8	5.8	-279.6%	9.0	8.4	35.5	27.1	512.1%	29.7	29.2	66.5	37.3	87.3%	31.0
STPF Interest	200.4	210.4	210.4	-	5.0%	10.0	220.6	220.6	(0.0)	4.8%	10.2	228.0	229.0	1.0	3.8%	8.4
TOTAL INTEREST	738.8	795.3	801.1	5.8	8.4%	62.3	862.6	888.7	26.1	10.9%	87.6	932.9	974.1	41.2	9.6%	85.4
Federal Mineral Leasing	435.7	510.0	564.1	54.1	29.5%	128.4	520.0	815.0	295.0	44.5%	250.9	537.8	750.0	212.2	-8.0%	(65.0)
State Land Office	71.5	95.0	111.8	16.8	56.4%	40.3	55.0	62.7	7.7	-43.9%	(49.1)	55.0	62.9	7.9	0.3%	0.2
TOTAL RENTS & ROYALTIES	507.2	605.0	675.9	70.9	33.3%	168.7	575.0	877.7	302.7	29.9%	201.8	592.8	812.9	220.1	-7.4%	(64.8)
TRIBAL REVENUE SHARING	62.7	64.8	65.0	0.2	3.6%	2.3	73.1	74.0	0.9	13.8%	9.0	74.7	74.8	0.1	1.1%	0.8
MISCELLANEOUS RECEIPTS	49.5	50.7	43.4	(7.3)	-12.3%	(6.1)	52.1	47.4	(4.7)	9.2%	4.0	56.3	48.8	(7.5)	3.0%	1.4
REVERSIONS	76.5	40.0	37.0	(3.0)	-51.6%	(39.5)	40.0	40.0	-	8.1%	3.0	40.0	40.0	-	0.0%	-
TOTAL RECURRING	5,885.9	6,248.6	6,743.2	494.6	14.6%	857.3	6,365.1	7,279.4	914.3	8.0%	536.2	6,559.6	7,501.3	941.7	3.0%	221.9
TOTAL NONRECURRING	575.7	65.5	65.5	-	-88.6%	(510.2)	-	-	-	-100.0%	(65.5)	-	-	-	n/a	-
GRAND TOTAL	6,461.6	6,314.1	6,808.7	494.6	5.4%	347.1	6,365.1	7,279.4	914.3	6.9%	470.7	6,559.6	7,501.3	941.7	3.0%	221.9

Note: Columns in blue show difference between August 2018 Consensus Revenue Estimate and January 2018 Consensus Revenue Estimate
Note: Columns in red show year-over-year growth expected in the August 2018 Consensus Revenue Estimate

	FY19 Session Update	FY19 Aug 2018 Est.	FY19 Change from Prior	FY19 % Change	FY19 $ Change	FY20 Session Update	FY20 Aug 2018 Est.	FY20 Change from Prior	FY20 % Change	FY20 $ Change
Oil & Gas School Tax to Tax Stab. Res.	15.5	134.5	119.0	n/a	134.5	52.3	177.2	124.9	31.7%	42.7

PUBLIC SCHOOL SUPPORT AND RELATED APPROPRIATIONS FOR FY19

(in thousands of dollars)

	School Year 2017-2018 Preliminary Unit Value = $4,053.55 School Year 2017-2018 Final Unit Value = $4,084.26	FY18 OpBud	HAFC Substitute for HB2 and HB3	SFC Amendment	Conference Committee	Laws 2018, Chapter 73	
1	**PROGRAM COST**	$2,550,192.4	$2,567,558.7	$2,567,558.7	$2,567,558.7	$2,567,558.7	1
2	Base Adjustment/Reversion Credit		($2,318.3)	($2,318.3)	($2,318.3)	($2,318.3)	2
3	*UNIT CHANGES*						3
4	Other Projected Net Unit Changes	($3,183.7)	($1,066.6)	($1,066.6)	($1,066.6)	($1,066.6)	4
5	~~Eliminate Size Adjustment for Special Separate Schools of Alternative Education~~		($6,162.8) [1]	($6,162.8) [1]	($6,162.8) [1]	($6,162.8) ~~[1]~~	5
6	~~Increase At-Risk Index Factor from 0.106 to 0.130~~		$22,541.4	$22,541.4	$22,541.4	$22,541.4	6
7	*UNIT VALUE CHANGES*						7
8	Insurance		$2,794.3	$2,794.3	$2,794.3	$2,794.3	8
9	Increase Teacher Minimum Salaries		$17,611.5 [2]	$17,611.5 [2]	$17,611.5 [2]	$17,611.5 [2]	9
10	SFC Amendment to Program Cost	$12,000.0					10
11	Section 5 - Recurring Special Appropriation to the SEG	$8,550.0					11
12	Section 8 - Raise Compensation for Teachers by 2.5% and Other School Personnel by 2%		$45,419.4	$45,419.4	$45,419.4	$45,419.4	12
13	**SUBTOTAL PROGRAM COST**	**$2,567,558.7**	**$2,646,377.6**	**$2,646,377.6**	**$2,646,377.6**	**$2,646,377.6**	13
14	**Dollar Change Over Prior Year Appropriation**	$17,366.3	$78,818.9	$78,818.9	$78,818.9	$78,818.9	14
15	**Percent Change**	0.7%	3.1%	3.1%	3.1%	3.1%	15
16	LESS PROJECTED CREDITS (FY17 Actual $66 million)	($60,750.0)	($59,000.0)	($59,000.0)	($59,000.0)	($59,000.0)	16
17	LESS OTHER STATE FUNDS (From Driver's License Fees)	($5,000.0)	($5,000.0)	($5,000.0)	($5,000.0)	($5,000.0)	17
18	**STATE EQUALIZATION GUARANTEE**	**$2,501,808.7**	**$2,582,377.6** [3]	**$2,582,377.6** [3]	**$2,582,377.6** [3]	**$2,582,377.6** [3]	18
19	**Dollar Change Over Prior Year Appropriation**	$20,616.3	$80,568.9	$80,568.9	$80,568.9	$80,568.9	19
20	**Percent Change**	0.8%	3.2%	3.2%	3.2%	3.2%	20
21	**CATEGORICAL PUBLIC SCHOOL SUPPORT**						21
22	TRANSPORTATION ~~- School District~~						22
23	Maintenance and Operations	$61,778.4	$72,282.2	$72,282.2	$72,282.2	$72,282.2	23
24	Fuel	$11,092.9	$12,979.0	$12,979.0	$12,979.0	$12,979.0	24
25	Rental Fees (Contractor-Owned Buses)	$7,542.6	$8,825.0	$8,825.0	$8,825.0	$8,825.0	25
26	Section 8 - Raise Compensation for Other School Personnel by 2%		$1,136.3	$1,136.3	$1,136.3	$1,136.3	26
27	**Subtotal ~~School District~~ Transportation**	**$80,413.9**	**$95,222.5**	**$95,222.5**	**$95,222.5**	**$95,222.5**	27
28	TRANSPORTATION ~~- State Chartered Charter School (with language)~~	$1,611.3	$1,885.3	$1,885.3	$1,885.3	$1,885.3	28
29	Rental Fees (Contractor-Owned Buses)	$315.7	$369.4	$369.4	$369.4	$369.4	29
30	Section 8 - Raise Compensation for Other School Personnel by 2%		$27.0	$27.0	$27.0	$27.0	
31	**Subtotal ~~Charter School~~ Transportation**	**$1,927.0**	**$2,281.7**	**$2,281.7**	**$2,281.7**	**$2,281.7**	31
32	**SUBTOTAL TRANSPORTATION**	**$82,340.9**	**$97,504.3** [4]	**$97,504.3** [4]	**$97,504.3** [4]	**$97,504.3** [4]	32
33	SUPPLEMENTAL DISTRIBUTIONS						33
34	Out-of-State Tuition	$300.0	$300.0	$300.0	$300.0	$300.0	34
35	Emergency Supplemental	$1,000.0	$2,000.0	$2,000.0	$2,000.0	$2,000.0	35
36	INSTRUCTIONAL MATERIAL FUND		$9,000.0 [4]	$8,000.0 [4]	$8,000.0 [4]	$8,000.0 [4]	36
37	Dual Credit Instructional Materials	$1,000.0	$1,000.0	$1,000.0	$1,000.0	$1,000.0	37
38	Standards-Based Assessments (K-12 English Language Arts and Math)	$6,000.0	$6,000.0	$6,000.0	$6,000.0	$6,000.0	38
39	INDIAN EDUCATION FUND	$1,824.6	$1,824.6 [5]	$1,824.6 [5]	$1,824.6 [5]	$1,824.6 [5]	39
40	**TOTAL CATEGORICAL**	**$92,465.5**	**$117,628.9**	**$116,628.9**	**$116,628.9**	**$116,628.9**	40
41	**TOTAL PUBLIC SCHOOL SUPPORT**	**$2,594,274.2**	**$2,700,006.4**	**$2,699,006.4**	**$2,699,006.4**	**$2,699,006.4**	41
42	**Dollar Change Over Prior Year Appropriation**	$14,041.7	$105,732.2	$104,732.2	$104,732.2	$104,732.2	42
43	**Percent Change**	0.5%	4.1%	4.0%	4.0%	4.0%	43
44	**RELATED REQUESTS: RECURRING**						44
45	Regional Education Cooperatives	$935.0	$726.6 [6]	$1,038.0 [6]	$1,038.0 [6]	$1,038.0 [6]	45
46	K-3 Plus Fund	$23,700.0	$30,200.0 [7]	$30,200.0 [7]	$30,200.0 [7]	$30,200.0 [7]	46
47	Public Pre-Kindergarten Fund	$21,000.0	$29,000.0 [8]	$29,000.0 [8]	$29,000.0 [8]	$29,000.0 [8]	47
48	Early Literacy Initiatives	$12,500.0	$9,137.0	$8,837.0	$8,837.0	$8,837.0	48
49	Breakfast for Elementary Students	$1,600.0	$1,600.0	$1,600.0	$1,600.0	$1,600.0	49
50	After School and Summer Enrichment Programs	$325.0	$325.0	$325.0	$325.0	$325.0	50
51	NMTEACH Evaluation System	$4,000.0	$1,500.0 [9]	$1,000.0 [9]	$1,000.0 [9]	$1,000.0 [9]	51
52	STEM Initiative (Science, Technology, Engineering, and Math Teachers)	$1,900.0	$3,000.0	$3,000.0	$3,000.0	$3,000.0	52
53	Next Generation School Teacher and School Leader Preparation Programs	$2,100.0	$1,000.0	$1,000.0	$1,000.0	$1,000.0	53
54	College Preparation, Career Readiness, and Dropout Prevention	$2,200.0	$1,500.0	$1,500.0	$1,500.0	$1,500.0	54
55	Advanced Placement	$825.0	$1,000.0	$1,000.0	$1,000.0	$1,000.0	55
56	Interventions and Support for Students, Teachers, Struggling Schools, and Parents	$15,000.0	$3,000.0	$4,000.0	$4,000.0	$4,000.0	56
57	Truancy and Dropout Prevention Coaches		$4,200.0	$4,000.0	$4,000.0	$4,000.0	57
58	Principal Mentorship - Principals Pursuing Excellence		$2,000.0	$2,000.0	$2,000.0	$2,000.0	58
59	New Mexico Grown Fruits and Vegetables		$200.0	$200.0	$200.0	$200.0	59
60	GRADS – Teen Parent Interventions	$200.0	$200.0 [10]	$200.0 [10]	$200.0 [10]	$200.0 [10]	60
61	Teacher Mentorship - Teachers Pursuing Excellence	$900.0	$2,000.0	$2,000.0	$2,000.0	$2,000.0	61
62	Stipends for Teachers in Hard to Staff Areas (Sp. Ed., Bilingual, STEM, etc.)	$1,000.0					62
63	**TOTAL RELATED APPROPRIATIONS: RECURRING**	**$88,185.0**	**$90,588.6**	**$90,900.0**	**$90,900.0**	**$90,900.0**	63
64	**Dollar Change Over Prior Year Appropriation**	($2,946.7)	$2,403.6	$2,715.0	$2,715.0	$2,715.0	64
65	**Percent Change**	-3.2%	2.7%	3.1%	3.1%	3.1%	65

	School Year 2017-2018 Preliminary Unit Value = $4,053.55 School Year 2017-2018 Final Unit Value = $4,084.26	FY18 OpBud	HAFC Substitute for HB2 and HB3	SFC Amendment	Conference Committee	Laws 2018, Chapter 73	
66	**SUBTOTAL PUBLIC EDUCATION FUNDING**	**$2,682,459.2**	**$2,790,595.0**	**$2,789,906.4**	**$2,789,906.4**	**$2,789,906.4**	66
67	**Dollar Change Over Prior Year Appropriation**	$11,095.0	$108,135.8	$107,447.2	$107,447.2	$107,447.2	67
68	**Percent Change**	0.4%	4.0%	4.0%	4.0%	4.0%	68
69	**PUBLIC EDUCATION DEPARTMENT**	**$11,065.3**	**$11,065.3**	**$11,065.3**	**$11,065.3**	**$11,246.6**	69
70	**Dollar Change Over Prior Year Appropriation**	$0.0	$0.0	$0.0	$0.0	$181.3	70
71	**Percent Change**	0.0%	0.0%	0.0%	0.0%	1.6%	71
72	**GRAND TOTAL - SECTION 4 and 8**	**$2,693,524.5**	**$2,801,660.3**	**$2,800,971.7**	**$2,800,971.7**	**$2,801,153.0**	72
73	**Dollar Change Over Prior Year Appropriation**	$11,095.0	$108,135.8	$107,447.2	$107,447.2	$107,628.5	73
74	**Percent Change**	0.4%	4.0%	4.0%	4.0%	4.0%	74

Footnotes:

1 ~~Language prohibits vocational, alternative, early college, credit recovery , and magnet schools from generating size adjustment units.~~

2 See "Detail on Additional Compensation-Related Appropriations for School Personnel" below.

3 The HAFC substitute includes language reducing program units generated by schools on a 4-day-week schedule that do not provide 176 instructional days. The SFC amendment replaces this with language prohibiting budget approval for schools moving to a 4-day-week schedule if such a schedule was not provided in FY18.

4 Includes a transfer from the public school capital outlay fund for transportation and instructional materials (see "Detail on Categorical Appropriations" below).

5 Includes $675.4 thousand from Indian Education Fund balances for Indian Education.

6 The HAFC substitute included language authorizing REC 3 and REC 9 to use $103.8 thousand from cash balances and appropriating $103.8 thousand in direct general fund appropriations to all other established RECs. The SFC amendment provided all RECs with direct general fund appropriations of $103.8 thousand each, removed the use of cash balances from REC 3 and REC 9, and appropriated $103.8 thousand to establish a Four Corners REC ~~in San Juan County~~, contingent on PED authorization.

7 Language earmarks new funding only for programs that ensure K-3 Plus students stay with same teacher during the school year.

8 Includes a $3.5 million transfer from TANF funds.

9 Includes $1 million from educator license fees.

10 Includes $200 thousand transfer from TANF funds.

11 ~~Language makes the $10 million appropriation to partially restore school cash balances from FY17 solvency action contingent on reserves reaching 10 percent.~~

12 Language authorizes the PED secretary to reset the FY18 final unit value and raise the program cost up another $10 million.

13 The conference committee includes language encouraging school districts and charter schools to allocate average salary increases the same as classroom teachers.

	Detail on Categorical Appropriations	FY18 OpBud	HAFC Substitute for HB2 and HB3	SFC Amendment	Conference Committee	Laws 2018, Chapter 73	
32	**SUBTOTAL TRANSPORTATION**	**$82,340.9**	**$97,504.3**	**$97,504.3**	**$97,504.3**	**$97,504.3**	32
32.1	Plus: Public School Capital Outlay Appropriation (Other State Funds)	$14,500.0	$2,500.0	$2,500.0	$2,500.0	$2,500.0	32.1
32.2	**TOTAL TRANSPORTATION**	**$96,840.9**	**$100,004.3**	**$100,004.3**	**$100,004.3**	**$100,004.3**	32.2
36	INSTRUCTIONAL MATERIAL FUND		$9,000.0	$8,000.0	$8,000.0	$8,000.0	36
36.1	Plus: Public School Capital Outlay Appropriation (Other State Funds)	$10,500.0	$3,500.0	$4,500.0	$4,500.0	$4,500.0	36.1
36.2	**TOTAL INSTRUCTIONAL MATERIAL FUND**	**$10,500.0**	**$12,500.0**	**$12,500.0**	**$12,500.0**	**$12,500.0**	36.2

Detail on Section 5 Appropriations	FY18 OpBud	HAFC Substitute for HB2 and HB3	SFC Amendment	Conference Committee	Laws 2018, Chapter 73
Advanced Placement			$100.0	$100.0	$100.0
Emergency Supplemental Funding for School Districts	$1,000.0	$1,000.0	$1,000.0	$1,000.0	$1,000.0
Exemplary Teacher Awards		$5,000.0 C	$5,000.0 C	$5,000.0 C	$5,000.0 C
Emergency Supplemental Funding for School Districts in FY18	$2,000.0				
STEM Science Standards Implementation		$500.0	$500.0	$500.0	$500.0
Sufficiency Lawsuit Fees	$1,250.0	$1,200.0	$1,200.0	$1,200.0	$1,200.0
New Mexico Grown Fruits and Vegetables			$225.0	$225.0	$225.0
~~Ready to Learn Early Childhood Program~~			$50.0	$50.0	~~$50.0~~
~~Restoring School Cash Balances (contingent on Aug. 2018 operating reserve of 10%)~~			$10,000.0 11	$5,000.0 11	~~$5,000.0 11~~
Text Messaging Systems for High School Student Absenteeism and Testing		$300.0	$300.0	$300.0	$300.0
Authorized FY18 Unit Value Increase (Language Only - Impact up to $10 million)			12	12	12
TOTAL SECTION 5	**$4,250.0**	**$8,000.0**	**$18,375.0**	**$13,375.0**	**$8,325.0**

	Detail on Additional Compensation-Related Appropriations for School Personnel	FY18 OpBud	HAFC Substitute for HB2 and HB3	SFC Amendment	Conference Committee	Laws 2018, Chapter 73	
9	Increase Teacher Minimum Salaries		$17,611.5 A	$17,611.5 A	$17,611.5 A	$17,611.5 A	9
56	Interventions and Support for Students, Teachers, Struggling Schools, and Parents	$4,500.0 B	B	B	B	B	56
	SUBTOTAL SECTION 4	**$4,500.0**	**$17,611.5**	**$17,611.5**	**$17,611.5**	**$17,611.5**	
	Exemplary Teacher Awards		$5,000.0 C	$5,000.0 C	$5,000.0 C	$5,000.0 C	
	SUBTOTAL SECTION 5	**$0.0**	**$5,000.0**	**$5,000.0**	**$5,000.0**	**$5,000.0**	
	Increase Salaries and Benefits by 2.5% for Teachers		$31,276.2	$31,276.2	$31,276.2	$31,276.2	
	Increase Salaries and Benefits by 2% for All Other School Personnel		$15,306.5	$15,306.5	$15,306.5 13	$15,306.5 13	
	SUBTOTAL SECTION 8	**$0.0**	**$46,582.7**	**$46,582.7**	**$46,582.7**	**$46,582.7**	
	TOTAL SCHOOL PERSONNEL COMPENSATION	**$4,500.0**	**$69,194.2**	**$69,194.2**	**$69,194.2**	**$69,194.2**	

A Language requires PED secretary to ensure public schools raise minimum salary levels by $2,000 for full-time Level 1, 2, and 3 licensed teachers.

B In FY18, PED awarded $4.5 million in 4RFuture merit pay grants to 10 local education agencies through this appropriation.

C The HAFC substitute includes $5 million to provide $5,000 in additional compensation annually to returning teachers with improved student achievement growth data and an exemplary rating on their performance evaluation. If the teacher meets this criteria and teaches secondary math or secondary science or teaches at a "more rigorous intervention" school they receive $10 thousand. ~~The SFC amendment includes language requiring approval by collective bargaining units prior to disbursement of awards.~~

Children, Youth and Families Department

General Fund Summary

(in thousands of dollars)

		Executive Rec.	LFC Rec.	FTE	Laws 2018, Chapter 73	
1	**Juvenile Justice Facilities**					1
2	**FY18 OpBud**	**73,104.6**	**73,104.6**	**943.3**	**73,104.6**	2
3	Transfer FTE to Behavioral Health Services	(2,815.0)	(2,815.0)	(40.0)	(2,815.0)	3
4	Transfer FTE to Protective Services	-	-	(1.0)	-	4
5	Increase vacancy rate	(2,000.0)	(2,200.0)	(1.3)	(2,200.0)	5
6	**Subtotal FY19 Base**	**68,289.6**	**68,089.6**	**901.0**	**68,089.6**	6
7	**% Change from OpBud**	**-6.6%**	**-6.9%**		**-6.9%**	7
8	**Protective Services**					8
9	**FY18 OpBud**	**88,217.8**	**88,217.8**	**927.8**	**88,217.8**	9
10	Reduce the vacancy rate and Transfer FTE	2,145.0	2,608.9	3.0	2,608.9	10
11	Increase care and support	2,695.9	2,695.9		2,695.9	11
12	Increase miscellaneous other costs	351.0	351.0		351.0	12
13	Increase domestic violence services and training				500.0	13
14	Reduce miscellaneous contracts including: Family Support Services, Child Advocacy, and Domestic Violence	(636.1)	-	-	-	14
15	**Subtotal FY19 Base**	**92,773.6**	**93,873.6**	**930.8**	**94,373.6**	15
16	**% Change from OpBud**	**5.2%**	**6.4%**		**7.0%**	16
17	**Early Childhood Services**					17
18	**FY18 OpBud**	**60,371.8**	**60,371.8**	**181.5**	**60,371.8**	18
19	Increase Home Visiting		1,500.0		1,500.0	19
20	**Increase Childcare Assistance**[1]	**25,000.0**	**20,000.0**		**22,000.0**	20
21	Increase Early Prekindergarten		2,500.0		2,500.0	21
22	Increase FTE	-	-	5.0	-	22
23	**Subtotal FY19 Base**	**85,371.8**	**84,371.8**	**186.5**	**86,371.8**	23
24	**% Change from OpBud**	**41.4%**	**39.8%**		**43.1%**	24
25	**Behavioral Health Services**					25
26	**FY18 OpBud**	**14,385.3**	**14,385.3**	**33.0**	**14,385.3**	26
27	Transfer FTE from Juvenile Justice	2,815.0	2,815.0	40.0	2,815.0	27
28	Reduce contracts including Multisystem Therapy	(1,501.6)	(1,501.6)		(1,501.6)	28
29	Increase miscellaneous other costs	51.1	51.1	-	51.1	29
30	**Subtotal FY19 Base**	**15,749.8**	**15,749.8**	**73.0**	**15,749.8**	30
31	**% Change from OpBud**	**9.5%**	**9.5%**		**9.5%**	31
32	**Program Support**					32
33	**FY18 OpBud**	**13,137.6**	**13,137.6**	**178.0**	**13,137.6**	33
34	Transfer FTE to Protective Services	**(105.3)**	**(105.3)**	**(3.0)**	**(105.3)**	34
35	**Subtotal FY19 Base**	**13,032.3**	**13,032.3**	**175.0**	**13,032.3**	35
36	**% Change from OpBud**	**-0.8%**	**-0.8%**		**-0.8%**	36
37	**Total**					37
38	**FY18 OpBud**	**249,217.1**	**249,217.1**	**2,263.6**	**249,217.1**	38
39	FY19 Base Increase:	**26,000.0**	**25,900.0**	**2.7**	**28,400.0**	39
40	**Total FY19 Base**	**275,217.1**	**275,117.1**	**2,266.3**	**277,617.1**	40
41	**% Change from OpBud**	**10.4%**	**10.4%**		**11.4%**	41

[1] An additional $3 million TANF also included in HAFC amendment. Total childcare assistance increase for SFC $25 million.

FISCAL IMPACT REPORTS

During the legislative session, a primary function of the staff is to analyze and provide a written fiscal impact report (FIR) on each piece of legislation introduced. The goal of the FIR process is to provide timely and accurate information to

- The House Appropriations and Finance Committee (HAFC)
- The House Taxation and Revenue Committee (HTRC)
- The Senate Finance committee (SFC)
- The bill's sponsor
- Other legislative committees
- Members of the Legislature in general

Although the primary emphasis of an FIR is on the immediate and apparent long-range fiscal implications, any administrative or technical difficulties also must be analyzed.

The analyst's responsibility is to obtain facts concerning the potential impact of the bill and not to provide an opinion as to the bill's merit. The latter decision will be made by the Legislature and governor.

Once a bill is introduced, it is assigned to an LFC analyst (permanent or contract staff) based on bill topics. Each analyst requests a bill analysis from each impacted agency. The analyst analyzes the information provided by the agencies, determines the fiscal impact, classifies funding and drafts and FIR for each bill, amendment or substitute. The FIRs are distributed to the legislative committees and chambers that have scheduled a bill for a hearing or final passage.

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

Current and previously issued FIRs are available on the NM Legislative Website (www.nmlegis.gov) and may also be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR	James/Maestas Barnes/Rehm	**ORIGINAL DATE** **LAST UPDATED**	9/30/2016 9/30/2016	**HB**	6
SHORT TITLE	Increase Certain Child Abuse Penalties			**SB**	
				ANALYST	Klundt/Daly

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY17	FY18	FY19	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	$105.4	$105.4	$105.4	$316.2	Non-recurring	DA, PDD, Courts operating budgets
	$45.3 per inmate for each additional in custody	$45.3 per inmate for each additional in custody	$45.3 per inmate for each additional in custody	$135.9 per inmate for 3 additional years in custody	Recurring	Corrections Department operating budget

(Parenthesis ( ) Indicate Expenditure Decreases)

SOURCES OF INFORMATION
LFC Files

Responses Received From
Administrative Office of the Courts (AOC)
Administrative Office of the District Attorneys (AODA)
Public Defender Department (PDD)
Children, Youth and Families Department (CYFD)
NM Sentencing Commission

This analysis utilizes responses received from the above agencies who responded to an identical version of this bill during the 2016 Legislative Session.

SUMMARY

Synopsis of Bill

This bill amends Section 30-6-1 to make intentional abuse of a child resulting in death a first degree felony resulting in the death of a child regardless of the child's age punishable by life in prison. Currently, such punishment is reserved for intentional child abuse which results in the death of a child less than twelve years of age; intentional child abuse resulting in the death of a child twelve to eighteen years of age is presently punished as a first-degree felony.

FISCAL IMPLICATIONS

Enhanced sentences over time will increase the population of New Mexico's prisons and long-term costs to the general fund. According to the New Mexico Corrections Department (NMCD), the average cost per day to house an inmate in a state prison is $123, or about $45,250 per year. A longer length of stay would increase the cost to house the offender in prison. In addition, sentencing enhancements could contribute to overall population growth as increased sentence lengths decrease releases relative to the rate of admissions.

There is no appropriation included in this bill; no additional impact on the operating budgets for the Children, Youth and Families Department (CYFD) was reported.

Assuming similar costs for a life sentence case to the judicial system is similar to a death penalty process, the costs to the judicial system to process one individual through the death penalty process, while historically has taken an average of 11 years, is about $105 thousand per year.

Previously, the AOC reported any additional fiscal impact to the judiciary would be proportional to the enforcement of and commenced hearings. Increased penalties cases may result in an increase in the number of accused persons who will invoke their right to trial and their right to trial by jury. More trials and more jury trials will require additional judge time, courtroom staff time, courtroom availability, and jury fees. There will be a minimal administrative cost for statewide update, distribution and documentation of statutory changes.

The AODA previously reported a possibility of fiscal impact for District Attorney's Offices statewide for additional prosecutorial resources.

The PDD reported the proposed change in punishment is not likely to increase caseloads; however the bill significantly increases the penalty for intentional child abuse resulting in death making resolution by plea agreement less likely and increasing the number of cases going to trial. Additionally, the PDD stated such cases will need to be handled by higher-paid, more experienced attorneys. There could also be an increased need for investigators or experts. Any increase in the demand or need for more experienced attorneys or other personnel may bring an associated need for an increase in indigent defense funding to maintain compliance with constitutional mandates.

SIGNIFICANT ISSUES

The AODA stated this bill will mitigate a problem in intentional child abuse to the point of death prosecutions, which is the difficulty in getting a life imprisonment sentence in their most serious cases, just because of the age of the victim. Without regard to the amount of trauma, suffering, or injury a child victim suffered prior to death, or how long it took that child to die from those injuries, current law punishes only based on age. This is hard to explain to a family whose 12, or 13, or 17 year old died from intentionally inflicted abuse, that the child's perpetrator will serve a lesser term. This bill would address this most egregious of offenses in a manner that does not impose artificial distinctions between the murder of a child age 11 years, 11 months, for example, and one age 12.

Additionally, AODA also responded the bill brings consistency to the sentencing structure in §30-6-1, NMSA 1978; other crimes set out in this section including abuse that does not result in great bodily harm, abuse that does result in great bodily harm, and negligent abuse of a child that result in death do not make sentencing distinction based on the age of the child victim.

The PDD reported this bill would represent a significant increase in sentences for persons convicted of intentional child abuse which results in the death of a child age twelve to eighteen. Specifically, the punishment for such persons would increase from eighteen mandatory years to life in prison. *See* NMSA 1978, § 31-18-15(A).

Previous analyses indicated that while substantially increasing sentences for persons convicted of intentional child abuse resulting in death, this bill leaves unaltered the conduct and mental state currently required to sustain convictions for intentional child abuse. Currently, intentional child abuse covers a wide range of acts involving any child under the age of eighteen; including acts which are not directed at a child but nevertheless endanger a child. *See* NMSA 1978, §§ 30-6-1(A)(1) and 30-6-1(D)(1). Also, despite its name, intentional child abuse is not interpreted as requiring any intent to harm, endanger, or abuse a child. Instead, intentional child abuse requires only general criminal intent or the purposeful doing of an act the law declares to be a crime whether or not the person is aware that it is a crime. *See State v. Schoonmaker*, 2005-NMCA-012, ¶ 24, 136 N.M. 749, 105 P.3d 302, *reversed on other grounds by State v. Schoonmaker*, 2008-NMSC-010, 143 N.M. 373 ("[c]hild abuse is a general intent crime."); *see also* UJI 14-141 (general criminal intent instruction); UJI 14-610 (intentional definitional instruction for child abuse). Notably, general criminal intent represents a significantly less stringent intent requirement than the specific intent required for child abandonment even though child abandonment is only a second-degree felony even when it results in death. NMSA 1978, § 30-6-1(B). General criminal intent also represents a significantly less stringent intent requirement than the intents required for murder. *See* NMSA 1978, §§ 30-2-1 (first and second degree murder), 30-2-3 (manslaughter). Thus, this bill would result in more people serving *life sentences* for conduct which is significantly less culpable than that proscribed by the homicide statutes simply because the victim was seventeen instead of nineteen. For example, a nineteen-year-old could receive a life sentence for the death of a seventeen-year-old without the State having to establish the traditional requirements for a homicide, such as the intent to kill or harm.

In addition, the PDD believes this bill's application of a life sentence to intentional child abuse resulting in death regardless of the child's age does not recognize that such a harsh sentence is limited to children under the age of twelve because such children are more vulnerable, less able to defend themselves, and less likely to be engaged in a violent or dangerous lifestyle. Instead, crimes against older children which result in death are more likely to resemble crimes against adults and the PDD believes are already punishable under the homicide statutes, where guilt is linked to intent and dangerousness. *See* NMSA 1978, Sections 30-2-1 (first and second degree murder), 30-2-3 (manslaughter).

The New Mexico Sentencing Commission reported the below admissions to the Corrections Department for great bodily harm or death of a child for fiscal years 2012 through 2016.

NM Corrections Department Admissions: Great Bodily Harm or Death of a Child*				
FY12	FY13	FY14	FY15	FY16
9	8	10	5	12

*Available data does not differentiate between convictions for death of a child due to abuse or great bodily harm not resulting in death.

For the federal fiscal years 2011 through 2015, and for the period October 1, 2015, through March 31, 2016, New Mexico reported the following child fatalities where death was the result of abuse or neglect, or abuse or neglect was a contributing factor.

	FFY 2011	FFY 2012	FFY 2013	FFY 2014	FFY 2015	Oct 1, 2015 – Mar 31, 2016
Ages 0 – 11	14	15	6	7	15	3
Ages 12 and older	1	1	0	0	0	0
Total	15	16	6	7	15	3

For FFYs 2011 – 2015, numbers based on Federal NCANDS submission.
For the period Oct 2015 – Mar 2015, numbers also NCANDS data, not officially submitted.

PERFORMANCE IMPLICATIONS

The AOC reported the courts are participating in performance-based budgeting. This bill may have an impact on the measures of the district courts in the following areas:

- Cases disposed of as a percent of cases filed
- Percent change in case filings by case type

ALTERNATIVES

The PDD previously recommended a proposal to specify that intentional child abuse requires a specific intent to injure or endanger; clarify that intentional abuse does not apply to endangerment cases; and amend the child abuse statute to recognize more gradations of culpability, limiting the harshest punishments for only the most culpable conduct.

TECHNICAL ISSUES

The effective date for HB06 is July 1, 2016 - which would purport to give the bill retroactive effect.

KK/jle

NEW MEXICO
Legislative Finance Committee
FINANCE FACTS
Understanding State Financial Policy

Program Evaluation Unit

The Legislative Finance Committee's award-winning Program Evaluation Unit conducts in-depth studies of state government programs and agencies to determine whether the taxpayers' dollars are being spent effectively. The objective studies assess whether an agency or program is achieving the desired results and make recommendations for the Legislature and the agency to improve results.

Background

The LFC's Program Evaluation Unit was established in 1991 from a unit previously housed at the State Auditor's Office. Its mission – to ensure New Mexicans get the most from their tax dollars – was a natural extension of the LFC's role as the fiscal arm of the Legislature.

Because the LFC has broad statutory authority to examine and evaluate the finances and operations of all state-funded agencies and programs, program evaluations cover a variety of issues and can involve the breadth of government, from state and local governments to public school districts. Topics have ranged from middle school effectiveness to inmate recidivism.

Program Evaluation Unit Reports

Program Evaluations - Large projects that assess the results of agency spending and activities

Information Technology Project Evaluations - Assessments of IT project implementation and whether the investment was worthwhile

Progress Reports - Updates on how agencies are performing typically six months to a year after a program evaluation is performed

Results First Reports - Answers to specific questions regarding the cost-benefit of evidence-based programs

Special Reviews - Answers to specific questions within a short timeframe, also called rapid-response reviews

Legislative Services - Briefs or testimony regarding policy issues, best practices, or summaries of recent work

The Program Evaluation Unit averages a dozen program evaluations a year, in addition to numerous shorter studies. The unit's methodology has been published in professional journals and the unit has received awards from the National Legislative Program Evaluation Society, including for research methodology and for the agency's overall body of work.

The Program Evaluation Unit is also working with the Pew-MacArthur Results First Initiative to implement a cost-benefit analysis tool for estimating the long-term costs and benefits of investments in public programs. The Results First approach seeks out opportunities to target spending at efficient programs that work and has resulted in reprioritization of spending in early childhood education and criminal justice.

Process

The Program Evaluation Unit selects study topics at the request of legislators, to address statutory requirements, as a follow-up on a previous study, or on the recommendation of LFC staff that a public policy issue needs attention because of the cost of a program or its impact on public safety.

Although the unit's publications include a variety of reports, the primary publication is an evaluation report, produced after four to six months of field work and analysis on a particular topic. Evaluations can review a single agency or agency function, but can often involve multiple agencies carrying out the same function.

The unit follows a five-step process:

- **Initiation and Planning:** Staff decide on the scope the project, design research questions, and create a work plan to address research questions, and provide results.
- **Field Work:** Staff research the topic, interview agency staff and other stakeholders, request data from the program and agency, and analyze the data requested.
- **Reporting:** Staff prepare the report for a public hearing. The report includes findings from field work and recommendations for improvement for both the agency and the Legislature.
- **Public Hearing:** Staff present the report to the LFC and other legislative committees and the program or agency offers a response. Committee members have an opportunity to ask questions.
- **Closeout and Follow-up:** The program or agency provides a plan to address evaluation recommendations and evaluation staff follow up at regular intervals to assess progress on the organization's efforts to address findings and implement recommendations.

For More Information:
- Program Evaluation Unit reports are available through the LFC website, nmlegis.gov/lfc.

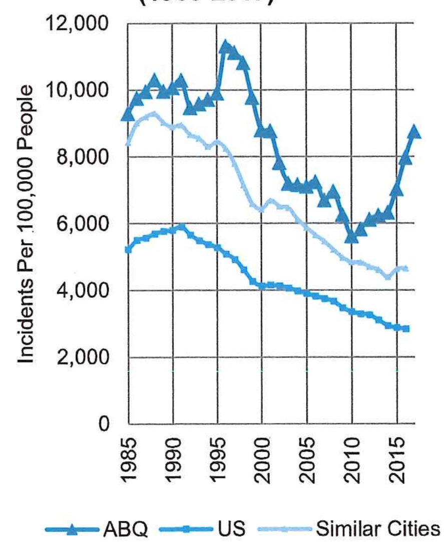
EXECUTIVE SUMMARY

Deteriorating Social Conditions Exacerbated System Failures to Hold Offenders Accountable and Address Root Cause

Crime is expensive, and Albuquerque has among the highest crime rates in the nation. Victims pay the highest price, but taxpayers also bear the financial burden of enforcement, prosecution, incarceration, prevention, and intervention. Communities also pay, through lower property values, underperforming schools, broken families, and numerous other social costs. This LFC review of crime and criminal justice in Bernalillo County, where high crime has attracted local concern and national attention, finds a system that suffers from critical gaps between reality and the best practices of law enforcement, jurisprudence, and incarceration.

The high incidence of crime in Bernalillo County and the state as a whole prompted the courts and criminal justice agencies to seek significant increases during the 2018 legislative session. The Legislature responded by providing one of the largest expansions in the state to the 2nd Judicial District Attorney. In addition, LFC, which conducted a cursory review of Bernalillo County crime statistics in late 2017, launched a comprehensive evaluation of the Bernalillo County criminal justice system to assess trends and the current situation of crime and systems.

Total Crime Rate Albuquerque and United States (1985-2017)



Source: APD and FBI Data
Note: BCSO data is excluded from this figure
Similar cities=Population 500 thousand to 1 million

Albuquerque experienced an increase in crime starting in 2011, around when metrics of poverty, homelessness, income inequality, drug use, and gun use all worsened. As social conditions deteriorated, the criminal justice system held fewer and fewer people accountable while crimes continued to increase. Ensuring swift and certain accountability for criminals, along with addressing root causes of crime, are key to public safety. Police must engage in the community and focus on high-risk people and places. Jurisprudence agencies – courts, district attorney's and public defenders – must focus on timeliness of case resolution and diversion to treatment programs. Incarceration agencies must focus on successful reentry and rehabilitation.

Processing of defendants through the criminal justice system

Measure	2010	2017
APD Crimes Solved	1 in 4	1 in 7
Specialty Court Graduates	272	173
2nd Judicial District Attorney Felony Conviction Rate	54%	49%
MDC Admits	36,250	24,289
NMCD Bern Co Admits	1,464	1,186

Sources: APD, AOC, MDC, NMCD, NMSC

The LFC review found, between 2010 and 2017, the Albuquerque Police Department, the judicial system, and the Metropolitan Detention Center all suffered from problematic –and in some cases unconstitutional – practices. Arrests, indictments, and convictions in the Bernalillo County criminal justice system all declined, while reported crime and recidivism increased. Participation in specialty courts and other diversion programs and work release programs also fell.

Bernalillo County agencies have invested in many reforms in recent years, including some spurred by a U.S. Department of Justice investigation of misconduct at APD. Since the end of 2017, reported crime is decreasing in Albuquerque and, in June of 2018, Albuquerque saw the lowest monthly crime levels since February 2016. However, if reform efforts and cooperation are not improved and maintained, and system performance is not monitored, the potential for failure remains.

Key Recommendations

The Legislature should consider legislation:

- To minimize financial burden for specialty court participants;
- The Legislature should consider legislation establishing basic requirements around the use of pretrial services statewide including best practices recommended by agencies cited in this report; and
- The Legislature should consider legislation that encourages sharing and removes barriers around criminal justice data while still complying with data protections put in place by the Federal government.

APD and BCSO should:

- Direct officers to spend uncommitted time using tactics from evidence-based policing strategies focusing on people, hot spots, and problems identified through use of analytical tools such as the Real Time Crime Center. Tool kits for selection of which practices and programs to use in certain tactical environments can be found at the Center for Evidence-Based Crime Policy http://cebcp.org/evidence-based-policing/.
- APD and BCSO should implement up to date police staffing studies and APD should put tracking systems to monitor progress to meeting staffing goals. Priority should be given to staffing field services and specific specialized units of detectives to work towards improving clearance rates of key crimes and decrease drug trafficking.

Bernalillo County, 2nd Judicial District Court, and Bernalillo County Metropolitan Court should implement pretrial services universal screening, performance management system, and quarterly reporting to BCCJCC to guide policy and management decisions

The Administrative Office of the Courts should increase current oversight efforts to include adopting and reporting on evaluation requirements for all specialty courts.

The Administrative Office of the Courts, the Law Office of the Public Defender, the SJDA's Office, the 2nd Judicial District Court, and Bernalillo County Metropolitan Court should explore specialty court options that could increase utilization of these courts.

Bernalillo County should work to implement procedures that facilitate successful release of inmates into the community including the following components:

- Amend their contract with their behavioral health service provider to include requirements to implement a valid and reliable risk needs assessment and screening to be univerally administrered to inmates at intake. The requirement should also include transmission of this information to staff at the resource reentry center for use upon release;

ACTION PLAN

Submitted by agency?	Yes
Timeline assigned?	No
Responsibility assigned?	Yes

Percent of Children with 3 or more Adverse Childhood Experiences	
National Average	New Mexico
11 Percent	18 Percent

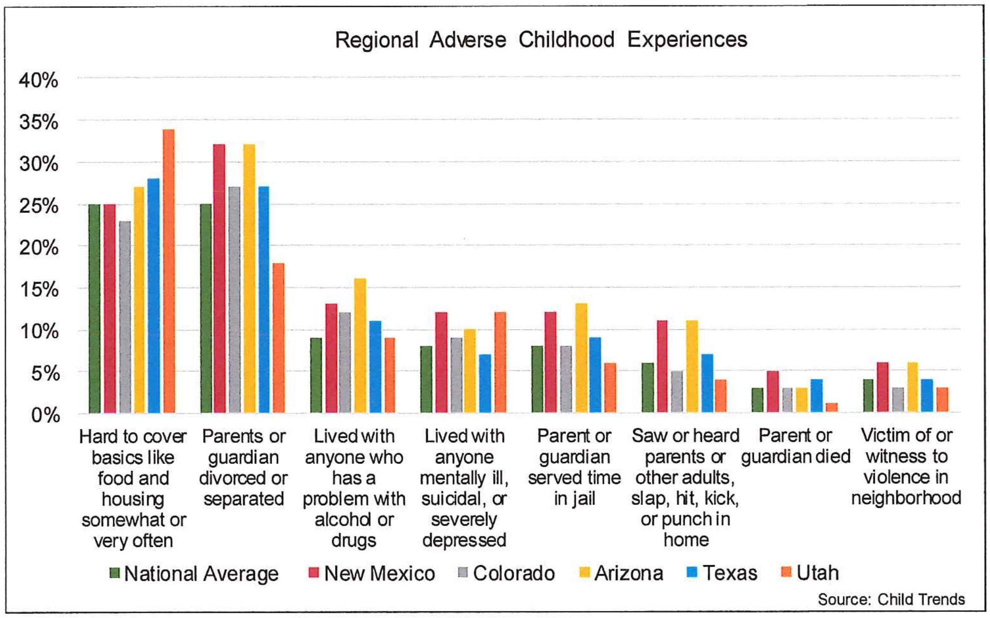
Source: Child Trends

Research indicates exposure to adverse childhood experiences (ACEs) may place youth at greater risk for involvement with the juvenile justice system and involvement in additional social services.

The National Institute of Early Education Research (NIEER) reported New Mexico ranked 15th in the nation for 4-year-olds and 18th for 3-year-olds enrolled in prekindergarten programs in 2017. The state ranked 20th in the nation for spending.

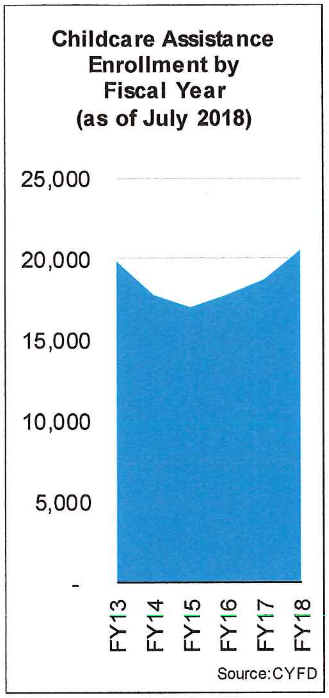
Children, Youth and Families Department

The Legislature has prioritized funding for Early Childhood Services and Protective Services in recent years. Early childhood investments continue to be a key legislative strategy to improve long-term outcomes for New Mexico. Research from the Legislative Finance Committee shows some of those investments are paying off with improved educational outcomes for young children. Improving outcomes for children and families remains a priority for the state; however, performance outcomes remain mixed. The Protective Services Program did not meet a significant number of targets, including high turnover and repeat maltreatment rates. However, the Early Childhood Services Program and Juvenile Justice Services Program reported improvements. New Mexico ranks high regionally and nationally on adverse childhood experiences. The Children, Youth and Families Department, in partnership with the Human Services and Health departments and other state agencies, should be focused on services targeted to reducing these experiences.



Early Childhood Services

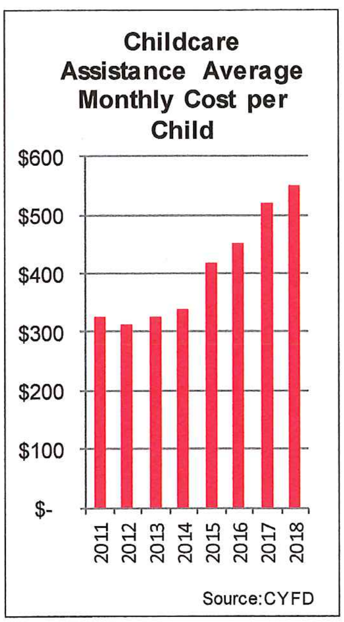
The Early Childhood Services Program (ECS) met a majority of performance targets in FY18. Childcare providers meeting the highest levels of quality missed targeted performance slightly, and the agency reported rural providers are struggling to transition into the state's newest quality rating system, Focus. High-quality services are essential to ensuring the state's significant investments improve long-term outcomes for children and families. As state funded early care and education continue to grow, policymakers need to pay additional attention to critical areas such as supports to grow the early care and education workforce, including scholarships to increase credentialed workers; more professional development for the engaged workforce; and wage supplements to stabilize workforce turnover. Growing and stabilizing a qualified workforce is necessary to help providers deliver services and improve the quality of services.



Budget: $236,849.1 **FTE:** 181.5

Measure	FY16 Actual	FY17 Actual	FY18 Target	FY18 Actual	Rating
Children receiving subsidy in high-quality programs	New	New	45%	59.9%	G
Licensed childcare providers participating in high-quality programs	New	New	39%	38.2%	Y
Parents who demonstrate progress in practicing positive parent-child interactions	44%	44%	45%	45%	G
Children receiving state childcare subsidy, excluding child protective services childcare, who have one or more protective services-substantiated abuse or neglect referrals	New	1.2%	1.2%	1.2%	G
Families receiving home-visiting services that have one or more protective- services-substantiated abuse or neglect referrals*	New	New	N/A	1.9%	
Families at risk for domestic violence that have a safety plan in place	48.7%	41.8%	50.0%	51.0%	G
Children in state-funded pre-kindergarten showing measurable progress on the preschool readiness for kindergarten tool	94.3%	91.0%	94.0%	94.9%	G
				Program Rating	G

*Measure is classified as explanatory, provided for informational purposes. The measure does not have a target.

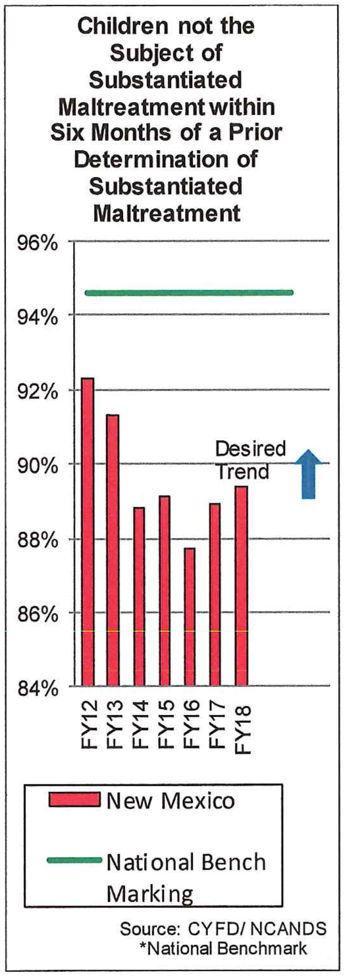


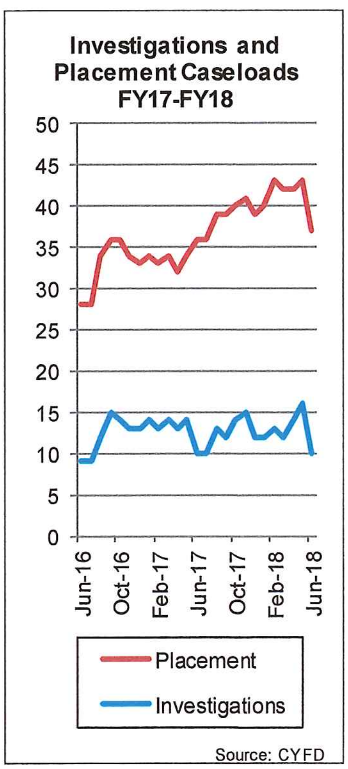
Protective Services

The Protective Services Program is struggling to meet targeted performance. Repeat maltreatment remains higher than targets and national benchmarks. Previous LFC analysis indicated substance abuse is one of the largest contributing factors to families coming into contact with the Protective Services Program. Improving family stability is a priority of policymakers, and the federal Family First Prevention Services Act update could assist the state in improving outcomes. Federal foster care funding, Title IV-E, changes can be utilized by states for prevention services that would allow "candidates for foster care" to stay with their parents or relatives. States will be reimbursed for prevention services for up to 12 months. A written, trauma-informed prevention plan must be created, and services will need to be evidence-based.

Budget: $145,719.1 **FTE:** 927.8

Measure	FY16 Actual	FY17 Actual	FY18 Target	FY18 Actual	Rating
Children who are not the subject of substantiated maltreatment within six months of a prior determination of substantiated maltreatment	87.7%	88.9%	92.0%	89.4%	R
Children who are not the subject of substantiated maltreatment while in foster care	99.8%	99.8%	99.8%	99.8%	G





Children reunified with their natural families in less than twelve months of entry into care	60.4%	58.2%	65.0%	56.1%	R
Children in foster care for twelve months with no more than two placements	70.5%	72.9%	75.0%	81.3%	G
Children adopted within twenty-four months from entry into foster care	23.3%	24.6%	33.0%	28.2%	R
Permanency within twelve months of entry*	NEW	30.6%	N/A	28.6%	
Children in foster care who have at least one monthly visit with their caseworker*	95.6%	94.8%	N/A	94.8%	
Turnover rate for protective services workers	29.7%	25.0%	20.0%	26.3%	R
				Program Rating	R

* Measures are classified as explanatory, provided for informational purposes. These measures do not have a target.

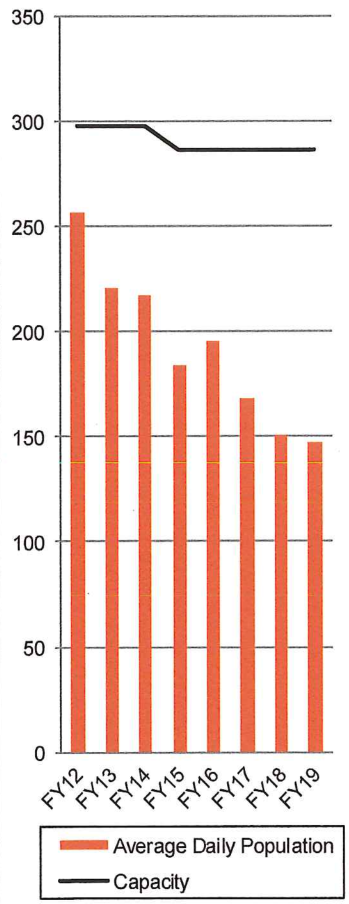
Juvenile Justice Services

The Juvenile Justice Services (JJS) Program reported significant performance improvement from recent fiscal years. Previous high rates of violence in committed juvenile facilities were concerning; however, FY18 showed significant reductions. The agency did not meet targeted performance for the number of physical assaults, despite a decline of 29 percent from the previous fiscal year. Turnover rates increased above previous fiscal years, more than double performance targets. JJS has begun more aggressive recruitment activity, including rapid hire events, open houses, development of new recruitment materials, and partnering with the Workforce Solutions Department transition services to fill positions and reduce staff burnout. A stable workforce is necessary to provide quality services to youth in the juvenile system.

Budget: $75,445.0 **FTE:** 943.3

Measure	**FY16 Actual**	**FY17 Actual**	**FY18 Target**	**FY18 Actual**	**Rating**
Clients who successfully complete formal probation	85.4%	82.7%	84.0%	85.6%	G
Clients re-adjudicated within two years of previous adjudication	5.5%	6.0%	5.5%	6.6%	R
Clients recommitted to a CYFD facility within two years of discharge from facilities	9.5%	6.9%	8.0%	2.3%	G
JJS facility clients age 18 and older who enter adult corrections within two years after discharge from a JJS facility*	13.1%	11.0%	N/A	6.9%	
Incidents in JJS facilities requiring use of force resulting in injury	1.6%	1.7%	1.5%	1.3%	G
Physical assaults in juvenile justice facilities	448	398	<275	284	R
Client-to-staff battery incidents	147	143	<120	81	G

Secure Juvenile Justice Facilities Population Census (as of September 2018)



Source: CYFD

Turnover rate for youth care specialists	18.3%	20.6%	15.0%	30.8%	R
				Program Rating	Y

* Measure is classified as explanatory, provided for informational purposes.
The measure does not have a target.

Behavioral Health Services

The Behavioral Health Services (BHS) Program reported infant mental health team services continued to exceed targeted performance. The service targets the relationship between the child and the primary caregiver, reducing behavioral, social, and emotional disorders that could result in toxic stress and major trauma.

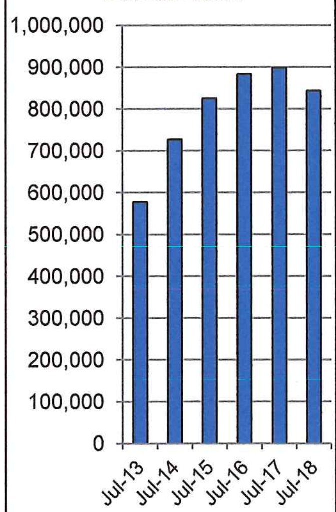
Budget: $16,867.0 **FTE:** 33.0

Measure	**FY16 Actual**	**FY17 Actual**	**FY18 Target**	**FY18 Actual**	**Rating**
Youth receiving community-based and juvenile detention center behavioral health services who perceive they are doing better in school or work because of received services	82.2%	71.2%	80.0%	Not reported	Y
Infants served by infant mental health programs who have not had re-referrals to the Protective Services program	New	90.0%	80.0%	91.0%	G
				Program Rating	Y

ACTION PLAN

Submitted by agency?	Yes
Timeline assigned?	Yes
Responsibility assigned?	Yes

Total Medicaid Enrollment



Source: HSD July 2018 Medicaid Projection

The Medicaid and Temporary Assistance for Needy Families (TANF) caseloads were down compared with a year ago, but the rolls for the Supplemental Nutrition Assistance Program were up slightly. The Medicaid caseload in July was 832,599 individuals, a 6.4 percent decrease from one year ago. The TANF caseload was 11,059 cases in July 2018, a decrease of 3.7 percent from July 2017. The Supplemental Nutrition Assistance Program (SNAP) caseload in July 2018 was 221,195 cases, a 1.4 percent increase from one year ago.

Human Services Department

The Human Services Department (HSD) experienced several challenges in FY18, including moving forward with a federal Medicaid waiver renewal, procuring new Medicaid managed care organizations (MCOs), and working on a new consent decree to comply with the long-standing Debra Hatten-Gonzales lawsuit regarding systemic problems associated with eligibility and enrollment determinations in Medicaid and the Supplemental Nutrition Assistance Program (SNAP).

HSD in October received approval from the federal Centers for Medicare and Medicaid Services (CMS) for New Mexico's Medicaid waiver renewal, Centennial Care 2.0. However, CMS did not approve rollbacks of certain benefits or premium increases. Despite multiple ongoing legal appeals, HSD is proceeding with readiness reviews of the three newly contracted MCOs—Blue Cross Blue Shield of New Mexico, Presbyterian Healthcare Services, and Western Sky Community Care—for services beginning on January 1, 2019.

The special master in the Hatten-Gonzales lawsuit issued his report in 2018 and concluded the Income Support Division's (ISD) field operations has management problems, and the ISD management needs to reduce lobby wait times and improve the timeliness of Medicaid and SNAP eligibility determination approvals. In response to the special master's report, HSD indicates the timeliness of approved SNAP applications improved from 86.9 percent on time in January 2017 to 97.6 percent on time in December 2017. The timeliness of denied SNAP applications improved from 21.2 percent in January 2017 to 62.6 percent in December 2017.

Medical Assistance Division

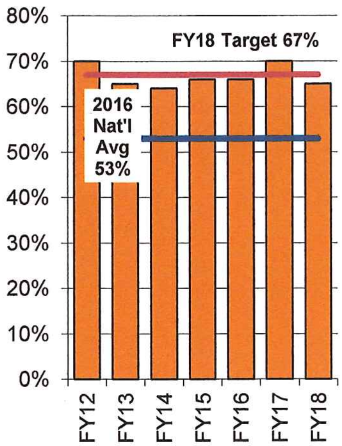
In its most recent projections, HSD reported the Medicaid program will end FY18 with a surplus of $7.8 million in general fund revenue largely due to declining enrollment. Nevertheless, the concentration of members in higher cost cohorts increased in the physical health and the long-term services and supports service areas. In the behavioral health areas, utilization of autism services and intensive outpatient services increased, which drove up program costs.

Medicaid's performance for infants who had six or more well-child visits is low and fourth quarter data is unavailable for newborns whose mothers received a prenatal care visit in the first trimester. HSD requires MCOs to report frequently on these measures, but data is compiled annually by HSD's consulting firm, Mercer, and is not provided to LFC for quarterly reporting.

MCOs provide incentives for patients to access prenatal care through the Centennial Care Member Rewards program, which HSD reports had a 73 percent participation rate in FY17 with a target of 85 percent for FY18. HSD reports MCOs continue to focus efforts on improving well-child visit outcomes and since 2014 have increased performance by 12 percent. Efforts include visit reminder calls and scheduling assistance to ensure infants receive at least six primary care visits within the first 15 months of life.

For childhood dental visits, New Mexico exceeded the national average of 53 percent by 12 percent but missed the FY18 target of 67 percent. The FY18 target for dental visits was 3 percent lower than the FY17 target.

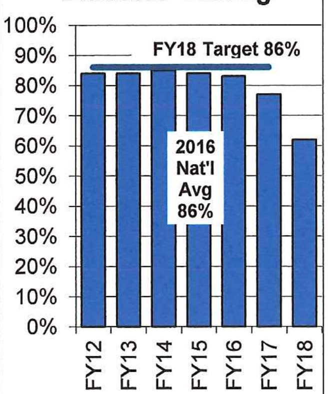
Medicaid Children Receiving Annual Dental Visit



Source: HSD Quarterly Report

Beginning on January 1, 2019, the Medical Assistance Program will begin implementation of a Medicaid-funded home-visiting program for families with newborns, in collaboration with the Children, Youth and Families Department, using the "parents as teachers" model and the Nurse Family Partnership evidence-based model.

Medicaid Adults Receiving Annual Diabetes Testing



Source: HSD Quarterly Report

Budget: $5,178,887.1 **FTE:**184.5

Measure	**FY16 Actual**	**FY17 Actual**	**FY18 Target**	**FY18[1] Actual**	**Rating**
Infants in Medicaid managed care who had six or more well-child visits with a primary care physician during their first fifteen months*	57%	59%	N/A	44%	R
Children and youth in Medicaid managed care who had one or more well-child visits with a primary care physician during the measurement year	85%	84%	92%	71%	R
Children ages two to twenty-one enrolled in Medicaid managed care who had at least one dental visit during the measurement year	68%	70%	67%	65%	R
Individuals in managed care with persistent asthma appropriately prescribed medication	54%	56%	50%	44%	R
Hospital readmissions for children ages two to seventeen within thirty days of discharge	7%	5%	6%	5%	G
Hospital readmissions for adults eighteen and over within thirty days of discharge	12%	7%	10%	7%	G
Emergency room visits per one thousand Medicaid member months*	48	45	N/A	N/A	R
Individuals in Medicaid managed care ages eighteen through seventy-five with diabetes (type one or type two) who had a HbA1c test during the measurement year	83%	77%	86%	62%	R
Newborns with Medicaid coverage whose mothers received a prenatal care visit in the first trimester or within forty-two days of enrollment in the managed-care organization	77%	73%	85%	N/A	R
Medicaid managed-care long-term care recipients who receive services within ninety days of eligibility determination*	86%	86%	N/A	N/A	R

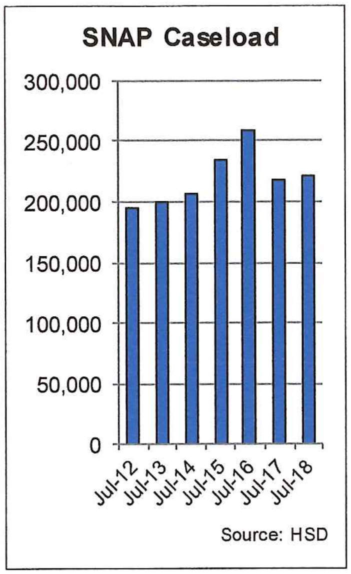
Program Rating R

[1]HSD uses a rolling average; the most recent unaudited data available includes the last two quarters of FY17 and the first two quarters of FY18.

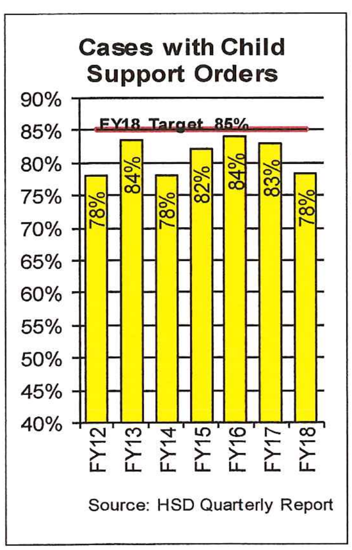
*Measures are classified as explanatory, provided for informational purposes, and do not have a target. Ratings are based on comparison with prior-year performance.

NEW MEXICO LEGISLATIVE FINANCE COMMITTEE

PERFORMANCE REPORT CARD
Human Services Department
Fourth Quarter, Fiscal Year 2018



New performance measures for Medicaid requested by HSD in FY18 included additional explanatory measures or measures for activities in which the program has traditionally done well. Some of the new measures were members served by health homes, members with a nursing facility level of care served in the community, jail-involved individuals made eligible for Medicaid prior to release, members receiving hepatitis C treatment, and members receiving services under value-based purchasing agreements.



Income Support Division

The Income Support Division (ISD) improved timeliness of expedited SNAP cases, meeting federal requirements as it processed pending applications and re-certifications per federal court orders. Participation rates for families meeting TANF work requirements were mixed. The program increased monitoring of its New Mexico Works service vendor, provided training to its employees on working with individuals with multiple barriers to employment, and implemented dedicated teams to follow up with clients with daily phone calls, letters, and home and site visits. ISD did not report on two out of six previous performance measures: TANF clients who obtain a job during the year and children eligible for SNAP with family incomes at 130 percent of the federal poverty level. However, HSD's monthly statistical reports indicated, out of 6,892 adults receiving TANF services, 349 were newly employed.

Budget: $984,567.1 **FTE:** 1,075

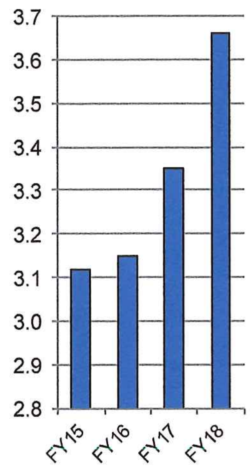
Measure	FY16 Actual	FY17 Actual	FY18 Target	FY18 Actual	Rating
Regular supplemental nutrition assistance program cases meeting the federally required measure of timeliness of thirty days	96.1%	94.0%	97.0%	99.1%	G
Expedited supplemental nutrition assistance program cases meeting federally required measure of timeliness of seven days	97.7%	92.3%	98.0%	98.1%	G
Temporary assistance for needy families clients who obtain a job during the fiscal year*	57.6%	54.6%	N/A	N/A	R
Children eligible for supplemental nutritional assistance program participating in the program with family incomes at one hundred thirty percent of poverty level*	93.0%	92.2%	N/A	N/A	R
Two-parent recipients of temporary assistance for needy families meeting federally required work requirements	62.8%	59.5%	62.0%	56.4%	R
All families recipients receiving temporary assistance for needy families meeting federally required work requirements	54.5%	53.4%	52.0%	53.4%	G
Program Rating					Y

*Measures are classified as explanatory, provided for informational purposes, and do not have a target. Ratings are based on comparison with prior-year performance.

Child Support Enforcement Division

The Child Support Enforcement Division (CSED) reports performance in both the collection of child support and arrears has declined over the last several years. CSED repeatedly cites it is in the process of filling vacant positions and implementing a retention plan to reduce its vacancy rate and return to an upward trend in collections. In 2015, CSED conducted a business assessment review and in 2017 piloted new business processes in three field offices but was unable to implement the changes due to

Ratio of Dollars Expended to Child Support Collected



Source: HSD

vacancies. The division has received its requested funding for personnel for FY18 and FY19, but recruitment and retention remains slow, and outcomes remain behind targets and previous years' performance. The program reports an improved ratio of collections to expenditures, but this is largely due to growing vacancy rates.

Budget: $30,471.8 **FTE:** 383

Measure	FY16 Actual	FY17 Actual	FY18 Target	FY18 Actual	Rating
Support arrears due that are collected	64.9%	64.2%	67.0%	62.1%	R
Total child support enforcement collections, in millions*	$141	$139.6	N/A	$139.8	Y
Child support owed that is collected	56.3%	56.3%	62.0%	57.8%	R
Cases with support orders	84%	83%	85%	78.5%	R
				Program Rating	R

Note: Children with paternity acknowledged or adjudicated is reported in the federal fiscal year.
*Measures are classified as explanatory, provided for informational purposes, and do not have a target. Ratings are based on comparison with prior year performance.

LEGISLATIVE FINANCE COMMITTEE-STAFF ASSIGNMENT

David Abbey, Director
Charles Sallee, Deputy Director-Program Evaluation
Cathy Fernandez – Contractor for Deputy Director

Health/Human Services

ESQUIBEL, Ruby Ann (4560)
604 Comsn Deaf/Hard hearing
606 Commission for the Blind
630 Human Services Department
644 Division of Vocation Rehab
645 Governor's Commission on Disability
662 Miners Hospital
FFIS/FEDERAL Liaison

CHENIER, Eric (4808)
446 Medical Board
449 Board of Nursing
624 Aging & Long Term Services Dept.
647 Dev. Disabilities Planning Council
665 Department of Health
670 Veterans' Services Department
Staff Training

KLUNDT, Kelly (4574)
603 Office of African-American Affairs
605 Martin Luther King, Jr., Commission
631 Workforce Solutions Department
632 Workers' Comp. Administration
690 Children, Youth & Families Dept.
765 Juvenile Public Safety Advisory Board

PROGRAM EVALUATION

SALLEE, Charles – Deputy Director for Program Evaluation (4528)
CHAPEL, Amir (4516)
COURTNEY, Jon (4539)
DINCES, Sarah (4571)
ECKBERG, Nathan (4558)
FELMLEY, Jenny (4557)
FISCHER, Micaela (4531)
FRESQUEZ, Brenda (4530)
GRIEGO, Maria (4541)
HOFFMEISTER, Brian (4533)
LOBAUGH, Clayton (4529)
MCINTYRE, Travis (4794)
NICHOLS, Alison (4588) - ***LFC Newsletter & Finance Facts -staff editor***

Education

VALENZUELA, Mark (4564)
949 NM Education Trust Board
950 Higher Education Department
953 Higher Education Institutions
Children's Psych/Carrie Tingley Hospital
University Hospital/ Medical School
978 NM Military Institute
979 NM School for the Blind/Visually Impaired
980 NM School for the Deaf
New Mexico Lottery Authority

LIU, Sunny (4572)
924 Public Education Department
930 Regional Education Cooperatives
993 Public School Support
State Equalization Guarantee (Funding Formula)

ADMIN. SERVICES

LEGER, Jeannae-Admin. Serv. Mgr (4543)
BOYLAN, Sharon-Comm. Serv. Coor. (4570)
LOPEZ, Rene-Admin Asst. I (4550)
LUJAN, Adreena-Admin. Asst. II (4576)
MONTOYA, Annamae-Financial Asst. II (4559)

Resources & Infrastructure

AMACHER, Jana (4548)
508 NM Livestock Board
516 Department of Game and Fish
521 Energy, Minerals & Natural Resources Department
522 Youth Conservation Corps
539 State Land Office
550 State Engineer/Interstate Stream Commission
667 Department of Environment
668 Office of Natural Resource Trustee
805 NM Department of Transportation

ARMSTRONG, Jonas (4532)
Capital Outlay Funding/Monitoring
-Constituent work for legislators
-Capital outlay visits, staff recommendations and awards
-Local Government Affairs
Renewable Energy Transmission Authority
460 State Fair Commission
609 Indian Affairs Department
New Mexico Finance Authority (budget and expenditures)

RABIN, Ellen (4335)
Capital Outlay Funding/Monitoring
-Constituent services for legislators
-Local Government Affairs
356 Governor
360 Lieutenant Governor
940 Public School Facilities Authority
-Staff PSCOC
-Staff PSCOOTF
Education Issues

FRESQUEZ, Brenda (4530)
361 Department of Information Technology
IT System/Issues

LEGER, Jeannae (4543)
New Mexico Mortgage Finance Authority

General Government & Other

EDWARDS, Theresa (4573)
354 New Mexico Sentencing Commission
705 Department of Military Affairs
760 State Parole Board
770 Corrections Department
780 Crime Victims Reparation Commission
790 Department of Public Safety
795 Homeland Security and Emergency Management Department

TORRES, Ismael (4556)
205-244 Courts, Supreme Court
208 NM Compilation Commission
210 Judicial Standards
218 Administrative Office of the Courts
251-265 District Attorneys
264 Administrative Office of the DAs
280 Public Defender
305 Attorney General

MONTOYA, Annamae (4559)
404 Board of Examiners for Architects
464 State Board Prof Engrs & Land Surveyors
369 State Commission of Public Records

*****Temporary Staff*****

BLAIR, Richard (4538)
333 Taxation & Revenue Department
308 State Auditor
370 Secretary of State
420 Reg. and Licensing Dept
469 State Racing Commission
Election Issues

PETERSON, Thomas (4536)
340 Administrative Hearings Office
341 Dept. of Finance and Admin./ Contract Reporting
344 DFA Special Appropriations
465 Gaming Control Board
479 Board of Veterinary Medicine
Sunrise/Sunset

General Government & Other (cont'd)

MARTINEZ, Jacqueline (4566)
417 Border Authority
418 Tourism Department
419 Economic Development Department
430 Public Regulation Commission
440 Office of Superintendent of Insurance
490 Cumbres and Toltec
491 Office of Military Base Planning
495 NM Spaceport Authority
505 Department of Cultural Affairs
538 Intertribal Ceremonial Office
Monthly BAR Reporting & Authority

JORGENSEN, Connor (4577)
Public School Insurance Authority
343 Retiree Health Care Authority
350 General Services Department
352 Educational Retirement Board
366 Public Employees Retirement Assoc.
378 Personnel Board
379 Public Employee Labor Relations Bd.
Compensation & Other Employee Benefit Issues

*****REVENUE ISSUES*****
Economists

CLARK, Jon (4565)
394 State Treasurer
Revenue Forecasting & Issues: Gross Receipts Tax, Personal Income Tax, Corporate Income Tax, Insurance Premiums Tax & Surtax, Gaming, Economic Development, General Fund Financial Summaries & Tracking/Monthly Reports

IGLESIAS, Dawn (4561)
337 State Investment Council
New Mexico Finance Authority (bonding issues)
Revenue Forecasting & Issues: Bonds (GOBs & STBs), Investments & Quarterly Reports, Oil & Gas, Compensating Tax, Rents & Royalties, Tobacco, General Fund Financial Summaries & Tracking/Monthly Reports

Revised September 20, 2018