

Post Session Review and Fiscal Outlook

David Abbey, Director, Legislative Finance Committee

Presented to: Revenue Stabilization and Tax Policy Committee, June 20, 2016

Post Session Review and Fiscal Outlook

- ▶ The legislative session ended with very slim margins for general fund reserves.
- ▶ The FY15 ending operating reserve was \$319.8 million, but this is estimated to drop to \$79 million by the end of FY16 and \$63.1 million by the end of FY17.
- ▶ The fiscal outlook is challenging with little margin for additional declines in revenue.
- ▶ *New Mexico has a revenue problem and a spending problem.*

Post Session Review and Fiscal Outlook

General Fund Financial Summary: General Appropriation Act of 2016 and Other Enacted Legislation (in millions of dollars)

	Actual FY2015	Estimated FY2016	Estimated FY2017
APPROPRIATION ACCOUNT			
REVENUE			
Recurring Revenue			
December 2015 Consensus Revenue Update	\$ 6,194.7	\$ 6,165.0	\$ 6,466.3
January 2016 Consensus Revenue Update	\$ -	\$ (144.8)	\$ (201.7)
Total Recurring Revenue	\$ 6,194.7	\$ 6,020.2	\$ 6,264.6
Nonrecurring Revenue			
Nonrecurring January 2016 Consensus Revenue Update	\$ 41.2	\$ 5.5	\$ -
2016 Revenue Legislation	\$ -	\$ (125.0)	\$ (125.0)
February 2016 Revenue Outlook	\$ -	\$ (119.5)	\$ (50.0)
Total Nonrecurring Revenue	\$ 41.2	\$ (138.5)	\$ (175.0)
TOTAL REVENUE	\$ 6,235.9	\$ 5,900.7	\$ 6,214.6
APPROPRIATIONS			
Recurring Appropriations			
General Appropriation	\$ 6,151.6	\$ 6,234.7	\$ -
2016 Legislation & Feed Bill	\$ 10.1	\$ 6.2	\$ 6,228.3
Total Recurring Appropriations	\$ 6,161.7	\$ 6,240.9	\$ 6,228.3
Nonrecurring Appropriations			
Prior Year Appropriations	\$ 113.5	\$ 31.0	\$ -
2016 Legislation	\$ -	\$ 35.7	\$ 0.3
Total Nonrecurring Appropriations	\$ 113.5	\$ 66.7	\$ 0.3
TOTAL APPROPRIATIONS	\$ 6,275.2	\$ 6,307.6	\$ 6,228.6
Transfer to (from) Reserves	\$ (39.3)	\$ (406.9)	\$ (14.0)
GENERAL FUND RESERVES			
Beginning Balances	\$ 637.9	\$ 713.1	\$ 349.3
Transfers from (to) Appropriations Account	\$ (39.3)	\$ (406.9)	\$ (14.0)
Revenue and Revisions	\$ 164.9	\$ 121.5	\$ 63.3
Appropriations, Expenditures and Transfers Out	\$ (50.4)	\$ (78.5)	\$ (55.0)
Ending Balances	\$ 713.1	\$ 349.3	\$ 343.6
<i>Reserves as a Percent of Recurring Appropriations</i>	<i>11.6%</i>	<i>5.6%</i>	<i>5.3%</i>

Notes:
 General Note: small adjustments (<= \$100,000) have been made in beginning balances of all subaccounts to conform the ending totals to the 2015 total to the dollar. In prior years, beginning and ending balances had been rounded to the nearest \$100,000.
 *A balance of \$101.7 million has been held in reserve for cash reconciliation purposes. The State Treasurer reported that the latest reconciliation efforts suggest nearly 100 percent of these restricted funds will be reversed and \$0 will be needed for SIA/RE reconciliation.
 **\$36 million of restricted General Fund reserves to address potential Special Education Funding Maintenance of Effort noted in the FY14 audit have been swept in BR311.

Post Session Review and Fiscal Outlook

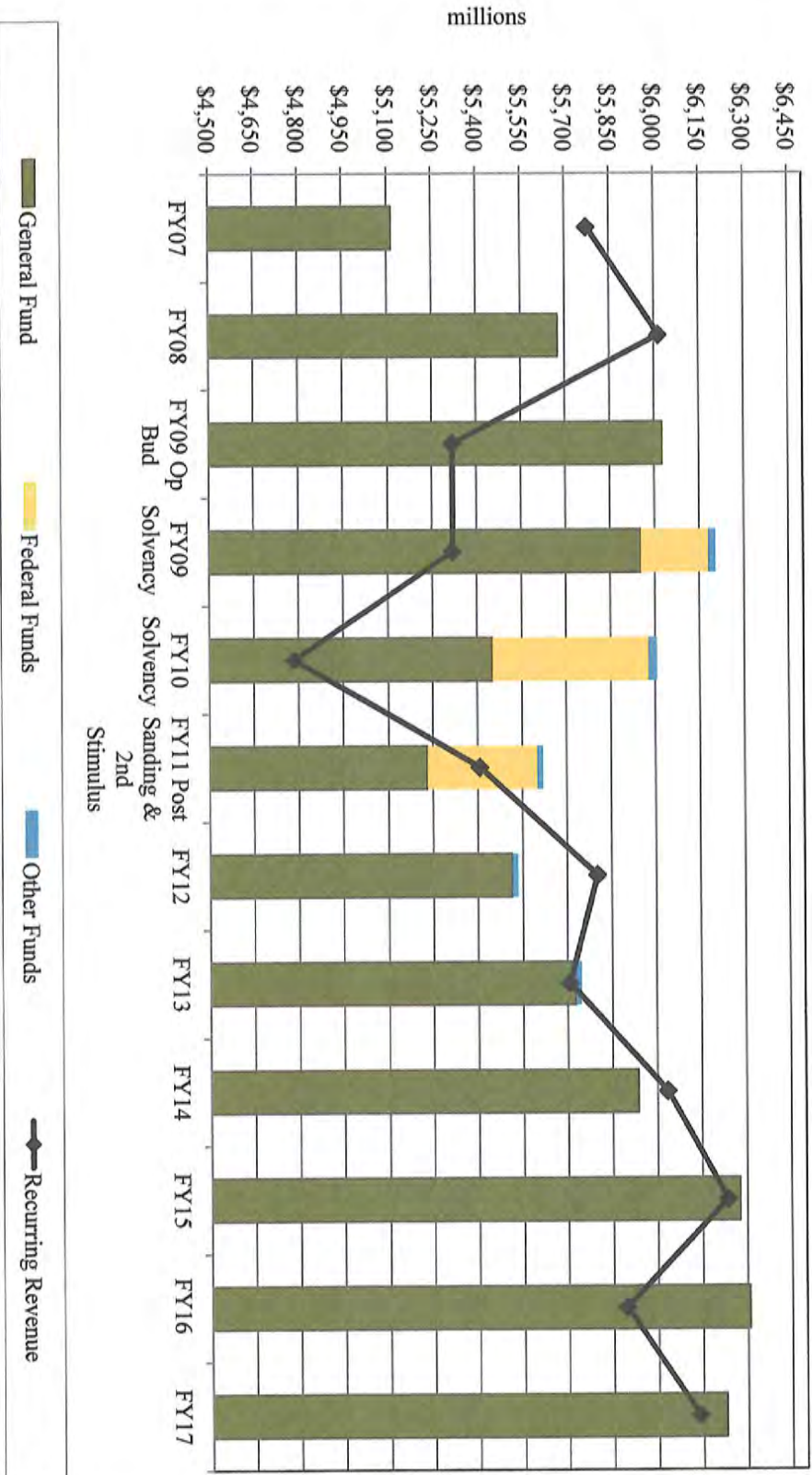
General Fund Financial Summary: General Appropriation Act of 2016
and Other Enacted Legislation
RESERVE DETAIL
(in millions of dollars)

	Actual FY2015	Estimated FY2016	Estimated FY2017
OPERATING RESERVE			
Beginning Balance	\$ 274.6	\$ 319.8	\$ 79.0
BOF Emergency Appropriation Reversions	\$ (0.5)	\$ (2.0)	\$ (2.0)
Transfers from to Appropriation Account	\$ (39.3)	\$ (406.9)	\$ (14.0)
Transfer to ACE/Other Appropriations	\$ (15.0)	\$ (20.0)	\$ -
Reversal of Contingency for Unrecorded Accounts	\$ 100.0	\$ -	\$ -
2016 Revenue Legislation (HB 311)*	\$ -	\$ 40.6	\$ -
Transfer from Tax Stabilization Reserve	\$ -	\$ 147.5	\$ -
Ending Balance	\$ 319.8	\$ 79.0	\$ 63.1
APPROPRIATION CONTINGENCY FUND			
Beginning Balance	\$ 18.3	\$ 28.4	\$ 39.6
Disaster Allotments	\$ (12.5)	\$ (16.0)	\$ (16.0)
Other Appropriations	\$ (0.1)	\$ (0.5)	\$ -
Transfers In	\$ 15.0	\$ 20.0	\$ -
Revenue and Reversions	\$ 7.7	\$ 7.7	\$ 7.7
Ending Balance	\$ 28.4	\$ 39.6	\$ 31.3
Education Lock Box			
Beginning Balance	\$ 3.0	\$ -	\$ -
Appropriations	\$ (3.0)	\$ -	\$ -
Transfers In	\$ -	\$ -	\$ -
Ending Balance	\$ -	\$ -	\$ -
STATE SUPPORT FUND			
Beginning Balance	\$ 1.0	\$ 1.0	\$ 1.0
Reversions**	\$ -	\$ -	\$ 1.4
Appropriations	\$ -	\$ -	\$ -
Ending Balance	\$ 1.0	\$ 1.0	\$ 2.4
TOBACCO PERMANENT FUND			
Beginning Balance	\$ 193.5	\$ 216.4	\$ 229.6
Transfers In	\$ 35.0	\$ 37.0	\$ 37.0
Appropriation to Tobacco Settlement Program Fund	\$ (19.3)	\$ (18.5)	\$ (18.5)
Gain/Losses	\$ 7.2	\$ 16.2	\$ 17.2
Additional Transfers from TSPF	\$ -	\$ (21.5)	\$ (18.5)
Ending Balance	\$ 216.4	\$ 229.6	\$ 246.9
TAX STABILIZATION RESERVE			
Beginning Balance	\$ 147.5	\$ 147.5	\$ -
Transfers In	\$ -	\$ -	\$ -
Transfer Out to Operating Reserve (Contingent on Solvency Bill)	\$ -	\$ (147.5)	\$ -
Ending Balance	\$ 147.5	\$ -	\$ -
GENERAL FUND ENDING BALANCES			
Percent of Recurring Appropriations	\$ 71.1	\$ 349.3	\$ 343.6
	11.6%	5.6%	5.3%

Notes:
* HB 311 - \$22.2 in 012 tax fund savings and \$10m unavailability of A100B.
** Reversion to HB11 from Debris Cleanup Fee.

Post Session Review and Fiscal Outlook

Appropriations: General Fund and Temporary Funds



Source: LFC Files

Post Session Review and Fiscal Outlook

FY16-FY20 General Fund Recurring Appropriation Outlook
(in millions of dollars)

	GAA FY16	GAA FY17	Outlook FY18	Outlook FY19	Outlook FY20
January 2016 Recurring Revenue Estimate	\$ 6,020.2	\$ 6,264.6	\$ 6,612.4	\$ 6,901.5	\$ 7,214.8
Revised February Guidance - LFC/DFA	\$(125.0)	\$(125.0)	\$(125.0)	\$(125.0)	\$(125.0)
Total Recurring Revenue	\$ 5,895.2	\$ 6,139.6	\$ 6,487.4	\$ 6,776.5	\$ 7,089.8
Year-to-Year Percent Change	-4.8%	4.1%	5.7%	4.5%	4.6%
Recurring Appropriations					
Legislative	\$ 26.0	\$ 19.5	\$ 26.3	\$ 20.6	\$ 27.0
Judicial	\$ 275.6	\$ 276.0	\$ 281.5	\$ 287.1	\$ 292.8
General Control	\$ 136.1	\$ 130.6	\$ 133.2	\$ 135.9	\$ 138.6
Commerce, Industry	\$ 53.7	\$ 51.0	\$ 52.0	\$ 53.0	\$ 54.1
Agriculture, Energy and Natural Resources	\$ 71.6	\$ 68.5	\$ 69.9	\$ 71.3	\$ 72.7
Medicaid	\$ 907.7	\$ 928.6	\$ 1,022.0	\$ 1,084.7	\$ 1,168.6
Medicaid Base Expenditures	\$ 907.7	\$ 887.8	\$ 927.7	\$ 959.5	\$ 1,013.1
Medicaid Expansion Expenditures	\$ -	\$ 40.8	\$ 94.3	\$ 115.2	\$ 155.4
Other Health, Hospitals and Human Services	\$ 751.3	\$ 735.2	\$ 757.5	\$ 780.3	\$ 803.7
Public Safety	\$ 418.2	\$ 431.6	\$ 440.2	\$ 449.0	\$ 458.0
Other Education	\$ 113.0	\$ 110.8	\$ 113.1	\$ 115.3	\$ 117.6
Higher Education	\$ 848.5	\$ 828.5	\$ 853.3	\$ 878.9	\$ 905.3
Public School Support	\$ 2,639.1	\$ 2,649.0	\$ 2,727.5	\$ 2,809.3	\$ 2,893.6
Subtotal - Recurring Appropriations	\$ 6,240.7	\$ 6,228.3	\$ 6,476.6	\$ 6,685.4	\$ 6,932.0
Adjustment Scenario					
- Replace Tobacco Settlement Diversion	\$ -	\$ -	\$ 18.5	\$ 18.5	\$ 18.5
- Replace TANF Early Childhood with General Fund	\$ -	\$ -	\$ 5.0	\$ 10.0	\$ 15.0
- Medicaid Supplemental - Recurring	\$ -	\$ 25.0	\$ 25.0	\$ 25.0	\$ 25.0
- Fund Public Defender Contracts	\$ -	\$ -	\$ 2.0	\$ 4.0	\$ 4.0
- Replace Irrigation Works Const. Fund Balance	\$ -	\$ -	\$ 5.0	\$ 5.0	\$ 5.0
- Replace Other Fund Balances Budgeted FY17	\$ -	\$ -	\$ 5.8	\$ 5.8	\$ 5.8
- Fund RMD Rate Increases Annually	\$ -	\$ -	\$ 2.5	\$ 5.0	\$ 7.5
- Compensation Increases Annually	\$ -	\$ -	\$ 85.6	\$ 132.5	\$ 201.4
Subtotal - Adjustment Scenario	\$ -	\$ 25.0	\$ 129.4	\$ 205.8	\$ 282.2
Total Recurring Appropriations + Adj Scenario	\$ 6,240.7	\$ 6,253.3	\$ 6,606.0	\$ 6,891.3	\$ 7,214.2
Year-to-Year Percent Change	1.7%	0.2%	5.6%	4.3%	4.7%
Surplus/(Deficit)	\$ (345.5)	\$ (113.7)	\$ (118.6)	\$ (114.7)	\$ (124.4)
Notes:	1) Recurring General Fund revenue if Consensus Revenue Estimate January 2016 (FY16-FY20) 2) Fund Balance replaced in DCA (\$0.8), DWS (\$2.0), and DOH (\$3.0) 3) Annual appropriation growth FY18-FY20 (with FY17 as base) calculated as follows: 4) Medicaid spending is based on OptBud plus 4.5% growth factor plus HSD Legislative: 2.0% Agriculture, Energy, NR: 2.0% Public Safety: 2.0% Judicial: 2.0% Health, Hosp. & Hum. S: 3.8% Other Education: 3.0% General Control: 2.0% Medicaid Base: 4.5% Higher Education: 3.0% Commerce, Industry: 2.0% Other HHHS: 3.0% Public School Support: 3.0% ACA expansion estimate				

Post Session Review and Fiscal Outlook

- ▶ FY 16 revenue tracking shows continued weakness despite the recent increases in oil and gas prices. Fiscal year-to-date revenues were down 10 percent in March compared with the same period a year ago.
- ▶ Revenues appear to be tracking below the February guidance provided by LFC and DFA for a 2 percent revenue reduction from the January consensus revenue estimate.
- ▶ Oil and natural gas prices are recovering and are tracking above the February guidance.

U.S. and New Mexico Economic Indicators

	FY15	FY16			FY17		
	Actuals	Dec 15 Forecast	Jan 16 Forecast	Feb Guidance	Dec 15 Forecast	Jan 16 Forecast	Feb Guidance
National Economic Indicators							
GI US Real GDP Growth (annual avg., % YOY)*	2.7	2.6	2.3	0.9	2.9	3.1	1.3
Moody's US Real GDP Growth (annual avg., % YOY)**	2.7	2.5	2.4		3.1	3.0	
GI US Inflation Rate (CPI-U, annual avg., % YOY)**	0.3	0.8	0.8	0.8	2.9	2.9	2.9
Moody's US Inflation Rate (CPI-U, annual avg., % YOY)**	0.7	1.1	0.9		2.4	2.4	
GI Federal Funds Rate (%)	0.11	0.39	0.12	0.12	1.41	0.10	0.10
Moody's Federal Funds Rate (%)	0.11	0.33	0.33		1.25	1.25	
New Mexico Labor Market and Income Data							
BBER NM Non-Agricultural Employment Growth	1.2	0.9	0.6	0.6	1.4	1.1	0.4
Moody's NM Non-Agricultural Employment Growth	1.4	1.2	0.9		2.3	2.2	
BBER NM Nominal Personal Income Growth (%)***	5.5	4.3	3.2	2.9	5.2	4.0	2.0
Moody's NM Nominal Personal Income Growth (%)***	5.1	3.2	3.6		3.1	2.7	
BBER NM Total Wages & Salaries Growth (%)	3.8	3.0	2.6	2.3	4.5	3.7	2.1
Moody's NM Total Wages & Salaries Growth (%)	3.8	2.0	2.3		3.6	3.4	
BBER NM Private Wages & Salaries Growth (%)	4.3	3.3	2.9	2.5	5.2	4.2	2.3
BBER NM Real Gross State Product (% YOY)	2.1	1.8	1.8	1.7	2.8	2.5	0.1
Moody's NM Real Gross State Product (% YOY)	1.7	1.7	1.6		2.7	2.5	
CREG NM Oil Price (\$/barrel)	\$61.68	\$44.00	\$37.00	\$38.00	\$49.00	\$38.00	\$37.00
BBER Oil Volumes (million barrels)		155.9			154.6		
CREG NM Taxable Oil Volumes (million barrels)	141.4	150.0	150.0	147.0	155.0	155.0	132.0
CREG NM Taxable Oil Volumes (%YOY growth)		6.1%	6.1%		3.1%	3.1%	
CREG NM Gas Price (\$ per thousand cubic feet)****	\$3.78	\$2.90	\$2.55	\$2.22	\$3.20	\$2.90	\$2.80
BBER Gas Volumes (million barrels)	1,180	1,168		1,240	1,134		
CREG NM Taxable Gas Volumes (billion cubic feet)		1,200	1,200		1,170		
CREG NM Taxable Gas Volumes (%YOY growth)	1,180	1,200	1,200	1,240	1,170	1,170	1,265
		1.7%	1.7%		-2.5%	-2.5%	

LFC, TRD Notes

* Real GDP is BEA chained 2009 dollars, billions, annual rate

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

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

Sources: BBER - January 2016 FOR-UNM baseline. Global Insight - November 2015 baseline.

DFA Notes

****The gas prices are estimated using a formula of NYMEX, EIA, Moody's Analytics and I.H.S. Global Insight futures and forecast prices as well as a premium for natural gas based on the oil price forecast.

Sources: Moody's Analytics baseline Dec. 2015 forecast; July 2015 and November 2015 for national and New Mexico data. Feb. 2016 forecast uses Jan. 2016 data.

FISCAL YEAR 2016 GENERAL FUND MONTHLY REVENUE TRACKING - FEBRUARY GUIDANCE
 (dollars in millions; italics indicate preliminary actual revenue; bold indicates actual revenue)

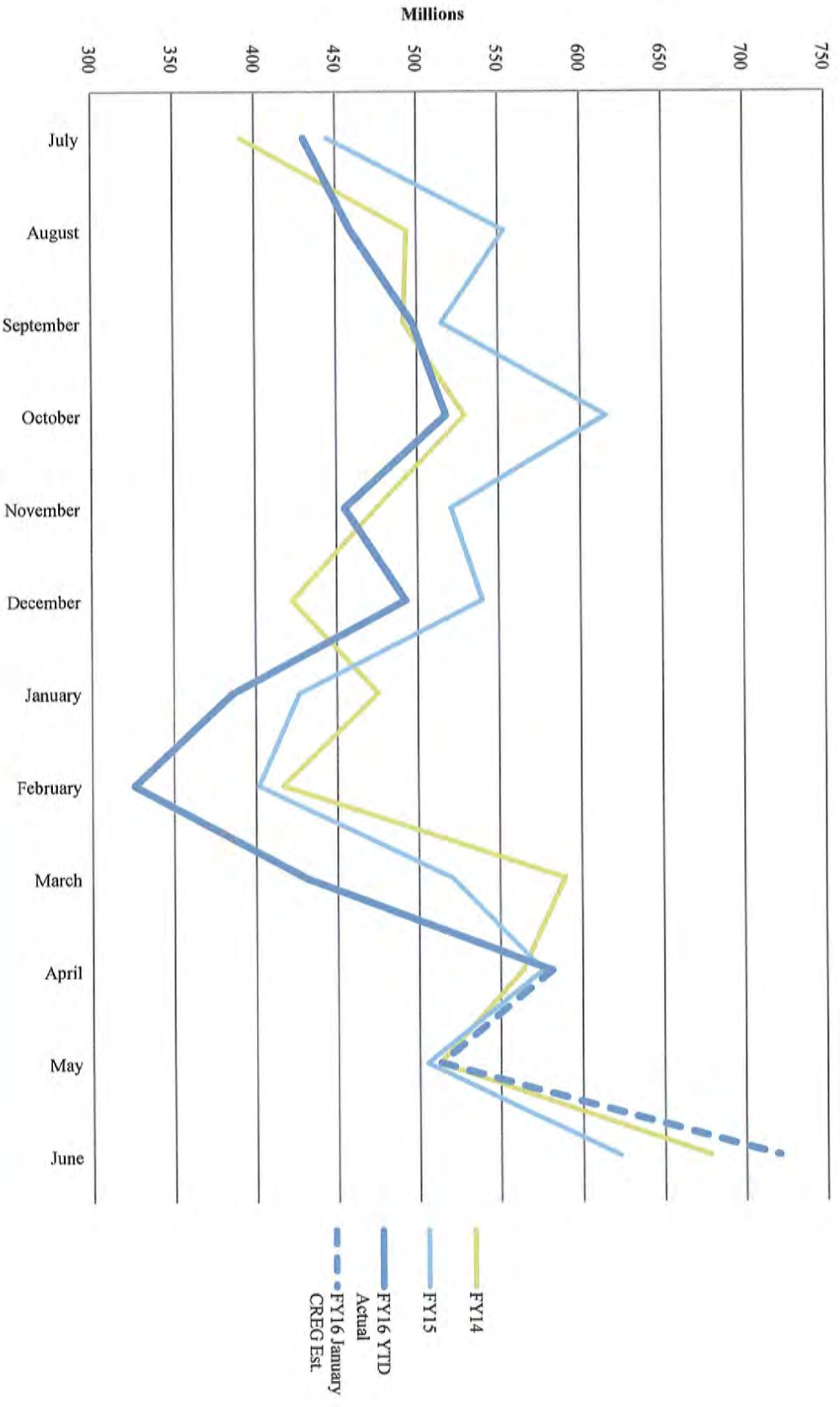
	ESTIMATED REVENUE ACCRUALS												FY16 Actual + Estimate	TRACKING CHANGE (A)		
	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June		FY 16 Guidance	YTD %Δ	YTD \$Δ
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual				
Gross Receipts Tax	167.2	167.0	143.3	141.9	171.4	207.3	143.5	153.1	173.6	166.1	176.3	211.0	2,016.8	2,047.2	-1.5%	(30.4)
Compensating Tax	2.5	3.3	5.0	3.6	2.3	5.7	7.2	4.0	4.5	0.8	6.5	6.7	52.1	53.3	-2.3%	(1.2)
TOTAL GENERAL SALES TAXES	169.8	170.3	148.4	145.5	173.7	208.0	150.7	157.1	178.1	166.8	182.8	217.8	2,068.9	2,100.5	-1.5%	(31.6)
Tobacco Products & Cigarette Taxes	6.0	7.2	7.8	6.9	5.4	6.7	5.6	5.6	5.1	6.9	6.6	8.9	78.6	80.7	-2.6%	(2.1)
Liquor Excise Tax	0.5	0.5	0.7	0.6	0.6	0.7	0.4	0.5	0.6	0.5	0.5	0.7	6.8	6.6	3.0%	0.2
Insurance Premiums Tax	0.5	45.7	1.0	1.2	45.1	0.8	1.1	54.4	1.2	1.5	43.1	1.4	197.1	183.8	7.2%	13.3
Fire Protection Fund Reversion	-	-	-	-	-	-	-	-	-	-	-	-	13.7	13.4	2.2%	0.3
Motor Vehicle Excise Tax	16.3	13.5	12.7	11.7	12.7	11.1	11.3	10.8	13.4	12.8	13.0	12.4	151.9	147.8	2.8%	4.1
Gaming Excise Tax	5.7	5.3	5.0	5.5	4.6	4.8	5.4	5.4	5.6	6.2	6.5	5.9	65.8	68.7	-4.2%	(2.9)
Leased Vehicle Surcharge	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.5	5.4	5.1	5.6%	0.3
Other	0.0	0.4	0.4	(0.3)	(0.0)	0.4	0.6	(0.1)	0.2	0.3	0.3	0.4	2.6	3.2	-16.9%	(0.5)
TOTAL SELECTIVE SALES TAXES	29.6	73.2	28.2	26.2	68.8	24.9	24.7	76.9	26.4	28.6	70.5	43.8	521.9	509.2	2.5%	12.7
Withholding	102.4	86.4	128.0	98.1	84.0	141.0	85.7	86.3	106.8	93.1	106.6	117.1	1,235.5	1,267.6	-2.5%	(32.1)
Final Settlements	0.0	13.4	45.3	23.6	12.0	33.1	41.2	13.2	29.6	149.2	27.4	67.9	455.8	456.4	-0.1%	(0.7)
Oil and Gas Withholding Tax	0.0	2.2	6.8	7.7	5.4	4.5	11.3	4.6	6.1	13.9	6.9	20.9	90.3	91.2	-1.0%	(0.9)
Fiduciary Tax	(0.1)	1.0	(0.7)	0.2	0.3	0.6	0.6	0.3	2.9	1.4	4.8	(1.1)	10.1	20.8	-51.3%	(10.7)
Gross Personal Income Tax	102.3	103.0	179.4	129.6	101.6	179.2	138.8	104.4	145.3	257.6	145.7	204.8	1,791.7	1,836.0	-2.4%	(44.3)
Refunds	6.6	8.6	9.2	11.7	4.7	70.7	99.2	52.4	60.6	16.2	13.6	9.0	362.4	436.1	-16.9%	(73.7)
Retiree Health Care	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.6	29.4	28.6	2.8%	0.8
Less: Refunds, distributions to other funds	9.0	11.0	11.6	14.2	7.1	73.2	101.6	54.8	63.0	18.6	16.0	11.7	391.8	464.7	-15.7%	(72.9)
NET PERSONAL INCOME TAX	93.3	92.0	167.8	115.4	94.5	106.1	37.2	49.6	83.3	239.0	129.7	193.1	1,399.9	1,371.3	2.1%	28.6
Gross Corporate Payments	0.0	(5.4)	3.6	43.4	(9.1)	(3.6)	46.4	(28.6)	36.1	17.5	18.9	56.7	175.9	219.3	-19.8%	(43.4)
Less: Refunds, Credits & Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A	-
NET CORPORATE INCOME TAX	0.0	(5.4)	3.6	43.4	(9.1)	(3.6)	46.4	(28.6)	36.1	17.5	18.9	56.7	175.9	219.3	-19.8%	(43.4)
TOTAL INCOME TAXES	93.3	86.6	171.4	158.8	85.4	102.4	83.6	21.0	118.4	256.5	148.6	249.9	1,575.9	1,590.6	-0.9%	(14.7)
Oil and Gas School Tax	24.6	22.9	23.2	23.8	19.5	16.9	15.2	13.1	20.6	19.8	18.7	19.0	237.4	243.5	-2.5%	(6.0)
Oil Conservation Tax	1.2	1.1	1.1	1.1	0.9	0.9	0.7	0.6	0.7	1.1	1.3	1.0	11.1	13.1	-14.9%	(1.9)
Resources Excise Tax	1.1	1.0	0.4	1.5	0.8	1.1	0.8	0.5	1.3	1.0	1.2	1.2	11.9	12.7	-6.7%	(0.9)
Natural Gas Processors Tax	1.6	1.7	1.8	1.8	1.7	1.5	1.6	1.6	1.8	1.6	1.6	1.6	20.0	19.3	3.8%	0.7
TOTAL MINERAL PROD. TAXES	28.6	26.7	26.5	28.3	23.0	20.4	18.4	15.8	23.7	23.5	22.9	22.7	280.4	288.5	-2.8%	(8.1)
LICENSE FEES	2.2	2.0	2.4	2.0	2.0	8.6	2.6	4.6	9.5	15.7	3.1	2.5	57.2	53.3	7.4%	3.9
Land Grant Perm. Fund Distributions	46.2	46.2	46.2	46.2	46.2	46.3	46.3	46.3	46.3	46.0	46.0	46.0	554.2	541.5	2.4%	12.8
State Treasurer's Earnings	2.1	0.0	5.4	(1.9)	(3.3)	(1.5)	10.7	1.9	2.3	0.2	0.6	1.8	18.4	14.6	25.6%	3.7
Severance Tax Perm. Fund Distributions	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	193.5	189.4	2.2%	4.1
TOTAL INVESTMENT EARNINGS	64.4	62.3	67.7	60.5	59.1	60.8	73.1	64.3	64.7	62.3	62.8	64.0	766.1	745.5	2.8%	20.6
Federal Mineral Leasing Royalties	30.9	35.0	29.5	88.7	33.2	29.7	27.6	25.3	15.8	20.1	19.6	28.0	383.4	391.9	-2.2%	(8.5)
State Land Office Bonuses, Rents	9.9	2.2	6.6	6.0	8.6	3.8	2.1	5.5	2.0	1.9	3.1	3.0	54.7	48.8	11.9%	5.8
TOTAL RENTS & ROYALTIES	40.8	37.2	36.1	94.7	41.9	33.5	29.7	30.7	17.7	22.0	22.7	31.0	438.0	440.7	-0.6%	(2.7)
TRIBAL REVENUE SHARING	0.8	0.0	15.6	0.7	0.0	14.9	0.7	0.3	12.3	0.2	0.1	15.8	61.5	63.0	-2.4%	(1.5)
MISCELLANEOUS RECEIPTS	0.8	1.0	1.2	1.0	0.9	17.9	1.2	0.9	0.7	5.5	5.7	22.2	59.1	55.2	7.0%	3.8
REVERSIONS	0.0	0.0	0.0	0.1	0.1	1.2	1.1	21.9	1.3	0.5	2.5	31.9	60.6	48.7	24.3%	11.9
TOTAL RECURRING REVENUE	430.3	459.4	497.4	517.9	454.9	492.7	385.9	393.4	452.8	581.6	521.6	701.5	5,889.5	5,895.2	-0.1%	(5.7)
Non-Recurring	0.0	(0.1)	(0.1)	0.0	0.2	(0.1)	0.0	0.3	(0.2)	-	5.5	-	5.5	5.5	0.7%	0.0
TOTAL NON-RECURRING REVENUE	0.0	(0.1)	(0.1)	0.0	0.2	(0.1)	0.0	0.3	(0.2)	-	5.5	-	5.5	5.5	0.7%	0.0
GRAND TOTAL REVENUE	430.3	459.3	497.2	517.9	455.1	492.6	385.9	393.8	452.6	581.6	527.1	701.5	5,895.1	5,900.7	-0.1%	(5.7)

General Fund Consensus Revenue Estimate February 2016 Guidance

	FY15		FY16		FY17				
	Audited Actual	Jan 2016 Est.	Current Chg	Feb. Guidance	% Change from FY15	Jan 2016 Est. Current Chg	Feb. Guidance	% Change from FY16	
Gross Receipts Tax	2,095.2	2,090.0	(51.9)	2,038.1	-2.7%	2,216.0	(55.0)	2,161.0	6%
Compensating Tax	71.8	54.4	(5.4)	49.0	-31.8%	64.1	(6.4)	57.7	17.8%
TOTAL GENERAL SALES	2,167.0	2,144.4	(57.3)	2,087.1	-3.7%	2,280.1	(61.4)	2,218.7	6.3%
Tobacco Taxes	82.3	82.4	0.1	81.4	-1.2%	81.4	0.0	81.4	0.0%
Liquor Excise	26.3	6.7	(19.6)	6.9	-73.4%	6.9	0.0	6.9	0.0%
Insurance Taxes	149.9	188.0	38.1	(12.0)	-8.0%	219.1	(14.0)	205.1	-6.4%
Fire Protection Fund Reversion	15.2	13.7	(1.5)	12.4	-18.4%	12.4	0.0	12.4	0.0%
Motor Vehicle Excise	138.7	151.0	12.3	152.0	9.0%	152.0	0.0	152.0	0.0%
Gaming Excise	70.4	70.1	(0.3)	(2.0)	-2.8%	70.1	(0.8)	69.3	-1.1%
Leased Vehicle Surcharge	5.2	5.2	0.0	5.2	0.0%	5.2	0.0	5.2	0.0%
Other	0.5	3.2	2.7	2.1	-21.9%	2.1	0.0	2.1	0.0%
TOTAL SELECTIVE SALES	488.5	520.3	(14.0)	506.3	-3.7%	549.2	(14.8)	534.4	-5.5%
Personal Income Tax	1,339.7	1,401.0	5.0	1,406.0	4.9%	1,455.0	36.2	1,491.2	6.1%
Corporate Income Tax	254.5	223.0	(25.0)	198.0	-22.2%	220.0	(24.7)	195.3	-1.4%
TOTAL INCOME TAXES	1,594.2	1,624.0	(20.0)	1,604.0	0.6%	1,675.0	11.5	1,686.5	5.1%
Oil and Gas School Tax	375.4	248.5	(28.2)	220.3	-41.3%	268.0	(36.2)	231.8	5.2%
Oil Conservation Tax	20.1	13.3	(1.5)	11.8	-41.3%	14.2	(1.6)	12.6	6.8%
Resources Excise Tax	13.3	13.0	(0.3)	13.0	0.0%	13.0	0.0	13.0	0.0%
Natural Gas Processors Tax	18.6	19.7	1.1	12.8	-31.5%	12.8	0.0	12.8	0.0%
TOTAL SEVERANCE TAXES	427.5	294.5	(29.7)	264.8	-38.1%	308.0	(37.8)	270.2	-2.0%
LICENSE FEES	55.9	54.5	(1.4)	54.5	-2.5%	55.5	1.0	55.5	0.0%
LGP Interest	502.8	553.2	50.4	538.3	6.3%	538.3	0.0	538.3	0.0%
STO Interest	17.0	15.0	(2.0)	11.0	-35.3%	46.8	(12.5)	34.3	21.2%
STPF Interest	182.7	193.5	10.8	200.4	11.0%	200.4	0.0	200.4	0.0%
TOTAL INTEREST	702.5	761.7	(4.0)	757.7	7.9%	785.5	(12.5)	773.0	2.0%
Federal Mineral Leasing	542.2	400.0	(5.0)	395.0	-27.1%	385.0	(5.0)	380.0	-1.3%
State Land Office	42.2	50.0	(5.0)	45.0	6.5%	51.2	(5.0)	46.2	-8.8%
TOTAL RENTS & ROYALTIES	584.4	450.0	(10.0)	440.0	-24.7%	436.2	(10.0)	426.2	-2.3%
TRIBAL REVENUE SHARING	67.2	64.3	(2.9)	64.3	-4.3%	65.8	1.5	65.8	0.0%
MISCELLANEOUS RECEIPTS	56.2	56.5	0.3	56.5	0.6%	59.4	2.9	59.4	0.0%
REVERSIONS	51.5	50.0	(1.5)	50.0	-2.8%	50.0	0.0	50.0	0.0%
TOTAL RECURRING	6,194.7	6,020.2	(125.0)	5,885.2	-5.0%	6,264.6	(125.0)	6,139.7	4.3%
TOTAL NON-RECURRING	41.2	5.5	(35.7)	5.5	-86.7%	-	-	5.5	0.0%
GRAND TOTAL	6,235.9	6,025.7	(125.0)	5,890.7	-5.5%	6,264.6	(125.0)	6,145.2	4.3%

General Fund Revenue Tracking

FY14-FY16



Post Session Review and Fiscal Outlook

General Fund Revenue Accruals: FY16 vs. FY15						
Revenue Category	March/April Revenue (Prelim.)	Fiscal Year-to-Date Through March/April (Preliminary data for April in italics)		Year-over-Year Amount Change	Year-over-Year Growth	Projected Full-Year Growth: January 2016 Forecast
	FY16	FY15	FY16			
Gross Receipts	\$ 166.1	\$1,760.8	\$1,629.5	(\$131.3)	-7.5%	-0.2%
Compensating Tax	\$ 0.8	\$77.0	\$38.9	(\$38.1)	-49.5%	-24.3%
Selective Sales *	\$ 26.4	\$357.7	\$323.4	(\$34.3)	-9.6%	6.5%
Personal Income Tax	\$ 74.5	\$1,041.9	\$912.6	(\$129.3)	-12.4%	4.6%
Corporate Income Tax	\$ 36.1	\$204.1	\$82.9	(\$121.3)	-59.4%	-12.4%
Oil & Gas Revenues *	\$ 41.4	\$821.9	\$539.3	(\$282.6)	-34.4%	-26.4%
License Fees	\$ 9.5	\$31.7	\$36.0	\$4.3	13.7%	-2.5%
Investment Income	\$ 64.7	\$529.7	\$577.0	\$47.3	8.9%	8.4%
Tribal Revenue Sharing	\$ 12.3	\$49.6	\$45.3	(\$4.3)	-8.6%	-4.3%
Miscellaneous Receipts	\$ 0.7	\$28.9	\$25.7	(\$3.2)	-11.1%	0.6%
Reversions	\$ 1.3	\$12.2	\$25.7	\$13.5	111.3%	-2.9%
Subtotal Recurring Revenue	\$ 433.7	\$4,514.0	\$3,994.9	(\$519.0)	-11.5%	-2.8%
Nonrecurring Revenue	\$ (0.2)	\$25.1	\$0.0	(\$25.0)	-99.9%	-86.3%
Total Recurring Excluding Oil & Gas	\$ 392.3	\$3,241.1	\$3,045.4	(\$195.7)	-6.0%	1.8%
Total Revenue	\$ 433.5	\$4,539.0	\$4,084.8	(\$454.2)	-10.0%	-3.4%

Includes March estimated revenues for Insurance, Oil School Tax and Oil Conservation Tax.

February Guidance: -5%

Gross Receipts by County

July 2015 through March 2016

Jurisdiction	Matched Taxable Gross Receipts	Year-over-Year Change
Bernalillo County	\$12,590,535,334	3.7%
Catron County	\$34,357,456	40.9%
Chaves County	\$867,643,860	-6.0%
Cibola County	\$274,473,194	8.2%
Colfax County	\$206,920,194	-5.8%
Curry County	\$727,509,715	4.2%
De Baca County	\$20,946,175	44.2%
Dona Ana County	\$2,565,176,983	6.7%
Eddy County	\$2,513,114,470	-25.2%
Grant County	\$338,330,634	1.1%
Guadalupe County	\$62,562,951	-22.3%
Harding County	\$13,362,975	-66.3%
Hidalgo County	\$54,803,766	16.7%
Lea County	\$2,901,713,183	-38.2%
Lincoln County	\$377,664,141	3.7%
Los Alamos	\$939,806,252	31.3%
Luna County	\$237,864,611	4.0%
McKinley County	\$875,939,744	-0.5%
Mora County	\$24,103,490	11.9%
Otero County	\$722,814,486	18.5%
Quay County	\$97,527,730	-0.2%
Rio Arriba County	\$351,126,190	0.7%
Roosevelt County	\$232,634,878	3.0%
San Juan County	\$2,572,295,556	-5.9%
San Miguel County	\$264,119,017	3.7%
Sandoval County	\$1,091,392,708	-2.4%
Santa Fe County	\$2,767,085,075	2.5%
Sierra County	\$141,815,576	2.0%
Socorro County	\$137,339,628	-13.4%
Taos County	\$574,891,011	16.4%
Torrance County	\$139,803,570	0.7%
Union County	\$74,827,397	-0.8%
Valencia County	\$556,690,386	-1.3%

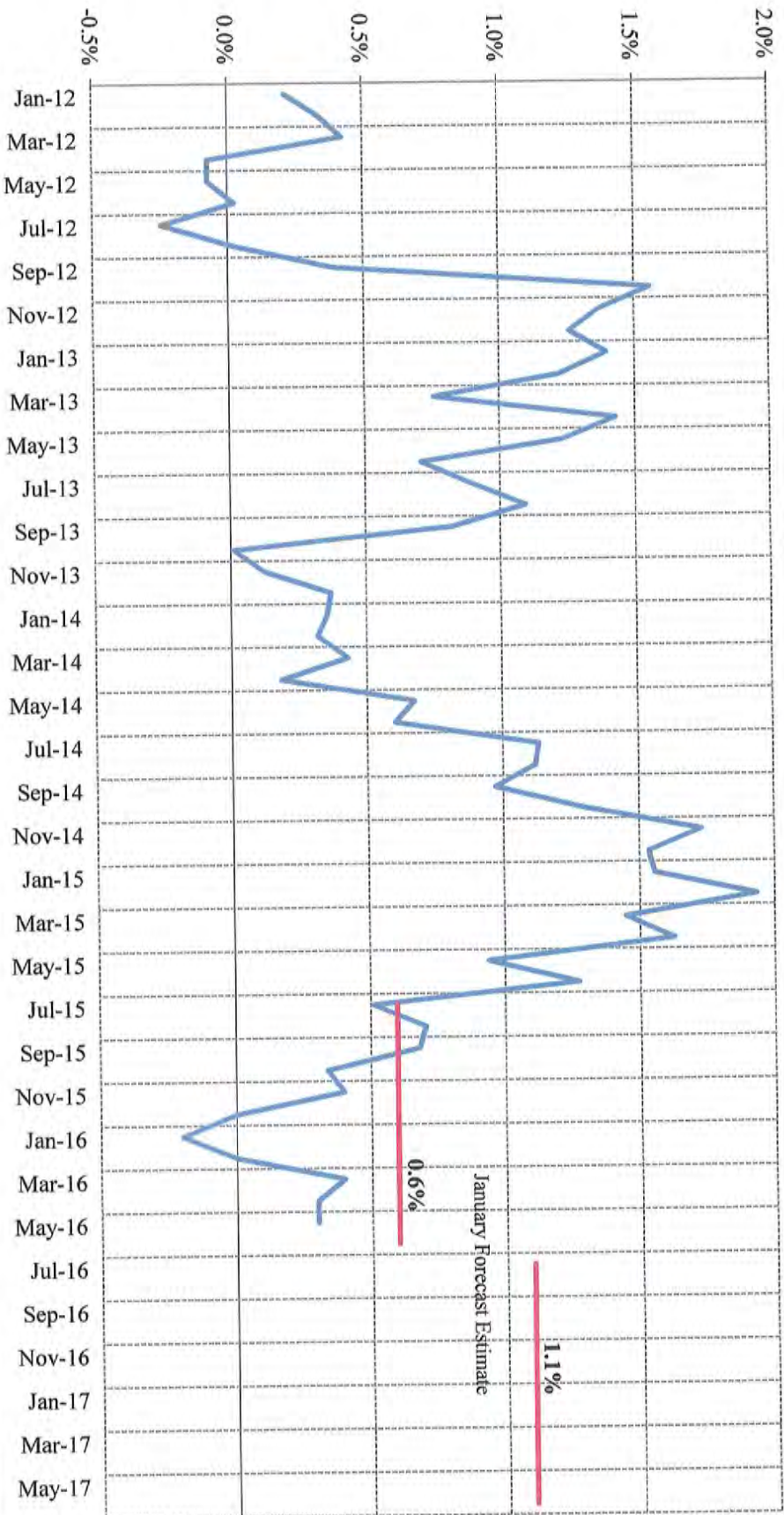
Gross Receipts by Industry

July 2015 through March 2016

Industry	Matched Taxable Gross Receipts	Year-over-Year Change
Agriculture, Forestry, Fishing and Hunting	\$68,925,330	3.1%
Mining, Quarrying, and Oil and Gas Extraction	\$1,860,337,835	-45.9%
Utilities	\$1,758,576,873	-2.8%
Construction	\$4,732,453,160	2.5%
Manufacturing	\$1,259,703,477	-28.4%
Wholesale Trade	\$1,603,806,155	-16.6%
Retail Trade	\$9,107,772,965	-4.1%
Transportation and Warehousing	\$484,312,739	-28.1%
Information	\$1,914,123,861	-0.1%
Finance and Insurance	\$226,299,352	6.5%
Real Estate and Rental and Leasing	\$933,773,545	3.4%
Professional, Scientific, and Technical Services	\$4,784,939,180	17.0%
Management of Companies and Enterprises	\$27,257,670	-15.2%
Administrative/Support & Waste Management/Remediation Services	\$977,097,367	-20.5%
Educational Services	\$144,401,433	-1.8%
Health Care and Social Assistance	\$1,952,638,835	8.3%
Arts, Entertainment, and Recreation	\$191,347,603	4.5%
Accommodation and Food Services	\$3,015,125,007	5.3%
Other Services (except Public Administration)	\$3,393,221,688	-4.0%
Public Administration	\$146,977,995	-8.6%
Unclassified Establishments	\$264,249,379	-57.3%
Total	\$38,847,341,449	-5.4%

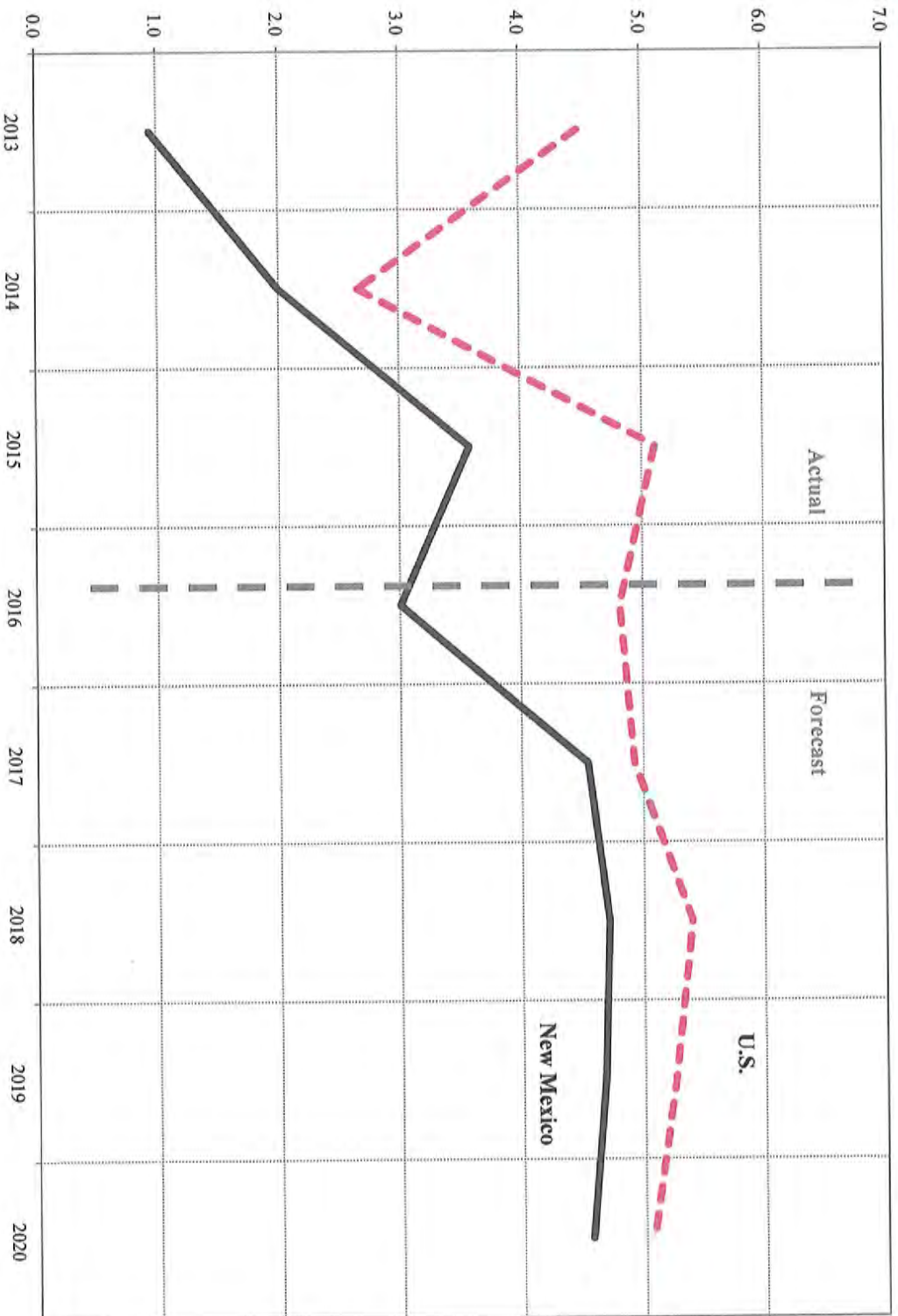
Post Session Review and Fiscal Outlook

NM Employment Growth, Seasonally-Adjusted



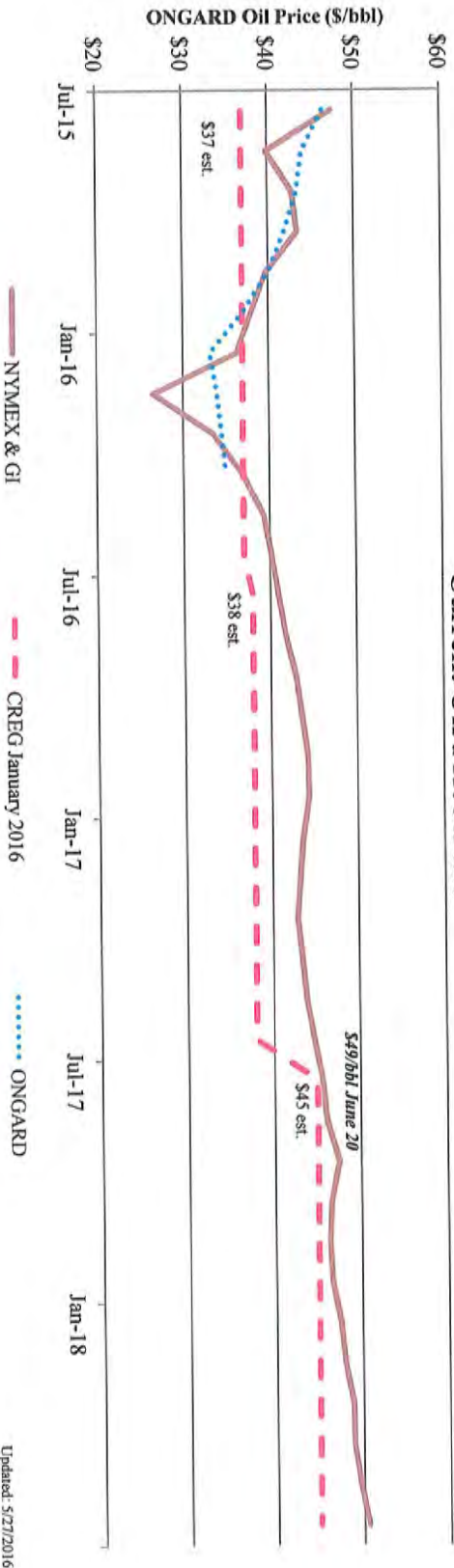
Source: WSD 6/20/2016

New Mexico vs. U.S. Wages & Salary Growth (% FY)

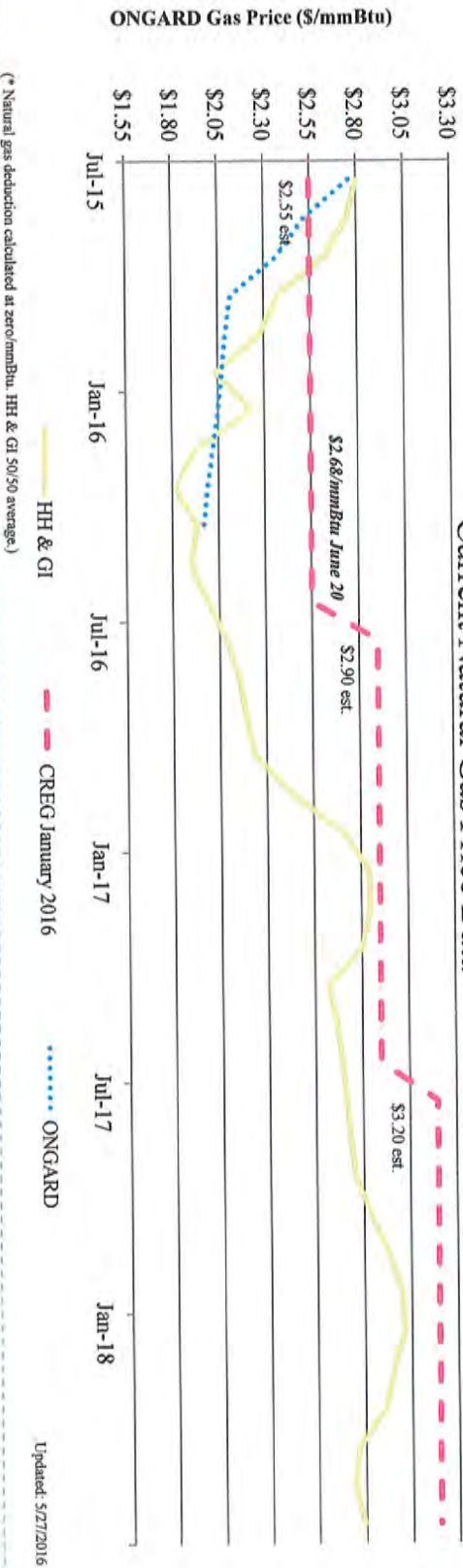


Post Session Review and Fiscal Outlook

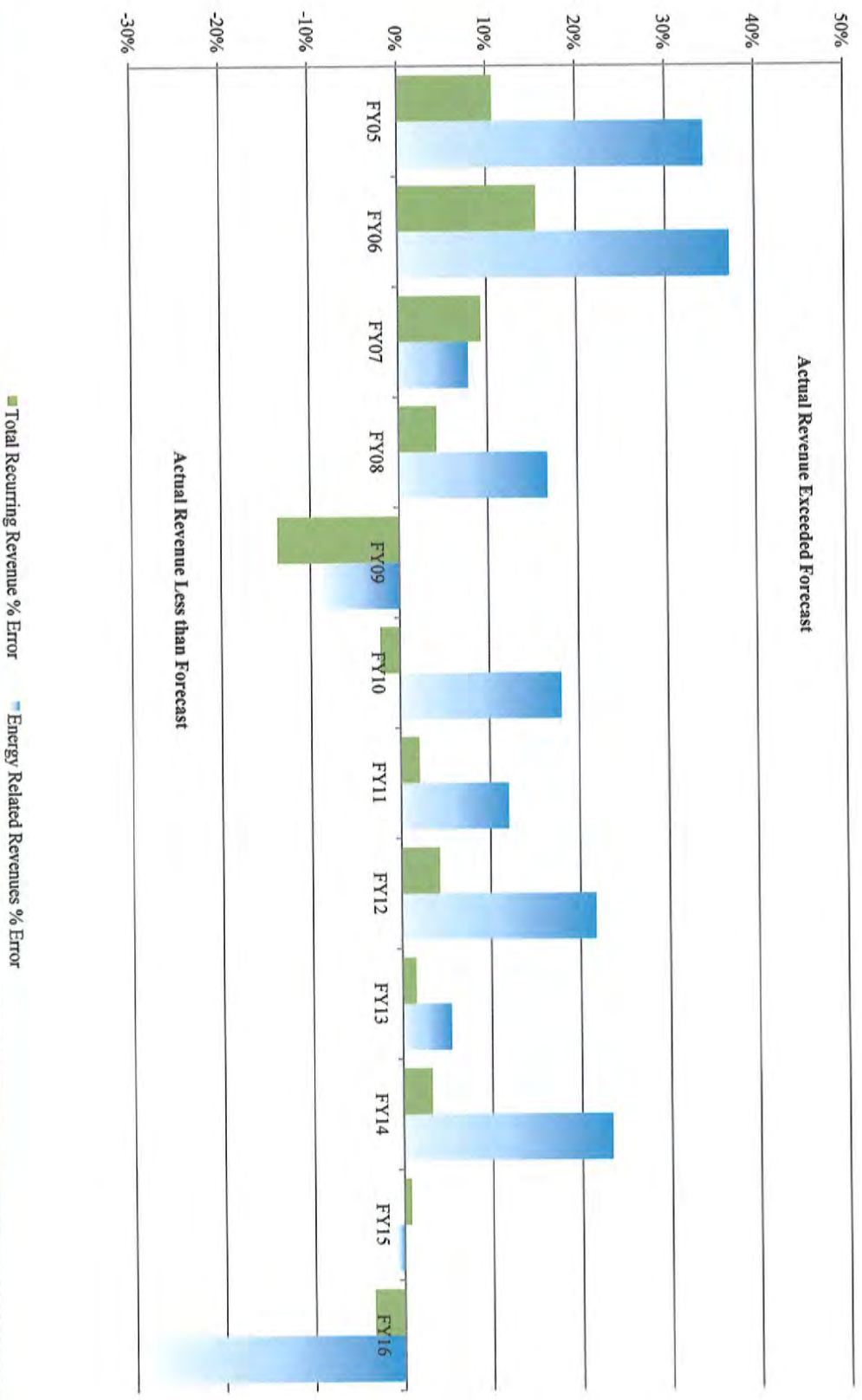
Current Oil Price Data



Current Natural Gas Price Data



Consensus Revenue Estimate 18-Month Forecast Difference/Error



Public School Support and Related Appropriations for FY17

(in thousands of dollars)

School Year 2015-2016 Final Unit Value = \$4,037.75	FY16 OpBud	FY17 Exec Rec	FY17 LFC Rec	Laws 2016, Chapter 11
PROGRAM COST	\$2,544,811.0	\$2,569,331.1	\$2,569,331.1	\$2,569,331.1
UNIT CHANGES				
Enrollment Growth Units	\$5,171.7	\$11,011.0		\$2,756.2
Eliminate Enrollment Growth Units for New Programs	(\$2,924.2)			
Other Projected Net Unit Changes			\$1,960.3	\$1,960.3
At-Risk Unit Increase: FY16 Laws 2014, Chapter 55	\$12,561.0			
UNIT VALUE CHANGES				
Insurance	\$4,351.0	\$5,742.0	\$5,742.0	\$3,500.0
Fixed Costs	\$5,000.0	\$7,379.9	\$7,379.9	\$5,000.0
College and Career Readiness (ACT, SAT, PSAT, Explore, Plan)	(\$309.4)			
Compensation Increase for Teachers, School Administrators, and Mentors Meeting Competencies				\$5,444.8
Increase Level Two and Level Three Minimum Salaries \$2 Thousand	\$6,670.0	\$14,129.0	\$6,400.0	
Increase Level One Minimum Teacher Salaries (FY16 \$34K; PED FY17 \$36K; LFC FY17 \$35K)				
PARCC Standards-Based Assessments (English Language Arts and Math)	(\$5,000.0)			
SUBTOTAL PROGRAM COST	\$2,569,331.1	\$2,607,593.0	\$2,590,813.3	\$2,587,992.4
Dollar Increase/Decrease Over Prior Year Appropriation	\$24,520.1	\$38,261.9	\$21,482.2	\$18,661.3
Percentage Increase	1.0%	1.5%	0.8%	0.7%
LESS PROJECTED CREDITS (FY15 Actuals \$72.2 Million)	(\$56,000.0)	(\$60,000.0)	(\$60,000.0)	(\$64,000.0)
LESS OTHER STATE FUNDS (From Driver's License Fees)	(\$5,000.0)	(\$1,000.0)	(\$1,000.0)	(\$5,000.0)
STATE EQUALIZATION GUARANTEE	\$2,508,331.1	\$2,546,693.0	\$2,529,813.3	\$2,518,992.4
Dollar Increase/Decrease Over Prior Year Appropriation	\$27,020.1	\$38,261.9	\$21,482.2	\$10,661.3
Percentage Increase	1.1%	1.5%	0.9%	0.4%
CATEGORICAL PUBLIC SCHOOL SUPPORT				
TRANSPORTATION - School District (PED Request Includes District and Charter)				
Maintenance and Operations	\$77,113.5	\$80,195.6	\$79,050.8	\$76,726.1
Fuel	\$11,786.2	\$12,893.9	\$11,786.2	\$11,052.9
Rental Fees (Contractor-Owned Buses)	\$8,865.8	\$9,001.4	\$9,001.4	\$8,771.4
TRANSPORTATION - State-Chartered-Charter School (with language)			\$1,105.0	\$965.1
Rental Fees (Contractor-Owned Buses) - State-Chartered-Charter School				\$210.0
SUBTOTAL TRANSPORTATION	\$97,765.5	\$102,090.9	\$100,943.4	\$97,765.5
SUPPLEMENTAL DISTRIBUTIONS				
Out-of-State Tuition	\$300.0	\$300.0	\$300.0	\$300.0
Emergency Supplemental	\$2,000.0	\$2,000.0	\$2,000.0	\$1,500.0 ²
INSTRUCTIONAL MATERIAL FUND	\$21,900.0 ³	\$30,000.0	\$25,000.0 ³	\$20,650.0 ³
Dual Credit Instructional Materials	\$1,000.0	\$1,250.0	\$1,000.0	\$1,000.0
PARCC Standards-Based Assessments (English Language Arts and Math)	\$6,000.0	\$6,000.0	\$6,000.0	\$6,000.0
INDIAN EDUCATION FUND	\$1,824.6 ⁴	\$2,500.0	\$2,000.0 ⁴	\$1,824.6 ⁴
Pre-kindergarten Classrooms				
School Bus Replacements				
TOTAL CATEGORICAL	\$130,790.1	\$144,130.9	\$137,243.4	\$129,040.1
TOTAL PUBLIC SCHOOL SUPPORT	\$2,639,121.2	\$2,690,723.9	\$2,667,056.7	\$2,648,032.6
Dollar Increase/Decrease Over Prior Year Appropriation	\$30,743.6	\$51,602.7	\$27,935.5	\$8,911.3
Percentage Increase	1.2%	2.0%	1.1%	0.3%
RELATED REQUESTS: RECURRING⁵				
Regional Education Cooperatives Operations	\$935.6	\$935.6	\$935.6	\$935.6
K-3 Plus Fund	\$23,700.0	\$27,200.0	\$32,247.2 ⁶	\$23,700.0 ⁶
Public Pre-Kindergarten Fund	\$21,000.0 ⁷	\$28,000.0	\$24,500.0 ⁷	\$21,000.0 ⁷
Early Reading Initiative	\$15,000.0	\$25,000.0 ⁸	\$21,000.0 ⁸	\$15,000.0
Breakfast for Elementary Students	\$1,924.6 ⁹	\$2,900.0 ⁹	\$1,924.6 ⁹	\$1,924.6 ⁹
After School and Summer Enrichment Programs	\$350.0 ¹⁰	\$2,250.0	\$1,350.0	\$350.0
Teacher and School Leader Programs and Supports for Training, Preparation, Recruitment, and Retention	\$7,250.0 ¹¹	\$15,000.0		\$6,000.0
Top 100 Teachers in New Mexico (Stipend)		\$500.0		
Exemplary Teacher Residency (Scholarship)		\$1,000.0		
Teacher Advisory Training and Support		\$1,000.0		\$500.0
Sustaining Improvement at Most Improved Schools (Top 50 Schools)		\$1,000.0		
Teaching Support in Schools with a High Proportion of Low-Income Students	\$500.0	\$500.0	\$500.0	\$500.0
NMTEACH Evaluation System	\$5,000.0	\$5,500.0	\$5,000.0	\$4,600.0 ⁵
STEM Initiative (Science, Technology, Engineering, and Math Teachers)	\$2,400.0	\$3,000.0	\$3,000.0	\$2,400.0 ⁵
Next Generation School Teacher and School Leader Preparation Programs	\$4,145.5 ¹²	\$6,000.0	\$4,645.5 ¹²	\$4,145.5 ^{6,12}
New Mexico Cyber Academy (IDEAL-NM)	\$250.0 ¹³	\$1,250.0	\$500.0	\$250.0
College Preparation, Career Readiness, and Dropout Prevention	\$2,901.0	\$4,000.0	\$3,500.0	\$2,901.0 ⁵
Advanced Placement	\$875.0	\$2,000.0	\$1,000.0	\$875.0
Interventions and Support for Students, Struggling Schools, and Parents including Truancy and	\$10,500.0 ¹⁴	\$13,000.0	\$13,250.0	\$10,500.0 ³
Parent Portal	\$1,196.7	\$1,196.7	\$1,196.7	\$1,100.0 ⁵
New Mexico Grown Fruits and Vegetables	\$364.3		\$400.0	\$250.0
Black Student Union	\$30.0			
GRADS - Teen Pregnancy Prevention	\$200.0	\$200.0	\$200.0	\$200.0
Teacher Mentorship - Teachers Pursuing Excellence	\$1,000.0 ¹⁵	\$3,000.0	\$2,000.0	\$1,000.0 ⁵
Stipends for Teachers in Hard to Staff Areas (Special Education, Bilingual, STEM, etc.)	\$1,500.0	\$1,500.0	\$1,500.0	\$1,500.0 ⁵
Innovative Approaches to Education		\$2,000.0		

	FY16 OpBud	FY17 Exec Rec	FY17 LFC Rec	Laws 2016, Chapter 11
School Year 2016-2016 Final Unit Value = \$4,037.75				
Teacher Supplies		\$2,500.0	\$2,000.0	¹⁶
TOTAL RELATED APPROPRIATIONS: RECURRING	\$101,022.7	\$150,432.3	\$120,649.6	\$99,131.7
Dollar Increase/Decrease Over Prior Year Appropriation	\$5,899.9	\$49,409.6	\$19,626.9	(\$1,891.0)
Percentage Increase	6.2%	48.9%	19.4%	-1.9%
SUBTOTAL PUBLIC EDUCATION FUNDING	\$2,740,143.9	\$2,841,166.2	\$2,787,706.3	\$2,747,164.2
Dollar Increase/Decrease Over Prior Year Appropriation	\$36,643.6	\$101,012.3	\$47,562.4	\$7,020.3
Percentage Increase	1.4%	3.7%	1.7%	0.3%
PUBLIC EDUCATION DEPARTMENT	\$11,961.3	\$12,551.3	\$12,101.3	\$11,709.3
Dollar Increase/Decrease Over Prior Year Appropriation	\$0.0	\$600.0	\$150.0	(\$242.0)
Percentage Increase	0.0%	5.0%	1.3%	-2.0%
GRAND TOTAL	\$2,762,095.2	\$2,853,707.5	\$2,799,807.6	\$2,766,873.6
Dollar Increase/Decrease Over Prior Year Appropriation	\$36,643.6	\$101,612.3	\$47,712.4	\$6,778.3
LFC Compensation Recommendation		¹³	\$54,228.6 ¹³	
GRAND TOTAL w/ Compensation Recommendation	\$2,762,095.2	\$2,853,707.5	\$2,854,036.2	\$2,758,873.6
Dollar Increase/Decrease Over Prior Year Appropriation		\$101,612.3	\$101,941.0	\$6,778.3
Percentage Increase	1.3%	3.7%	3.7%	0.2%

Categorical Public School Support

¹The LFC recommended \$54.2 million for a targeted salary increase for teachers and administrators meeting annual competencies, including teachers serving as mentors to beginning teachers, the teacher and school leader programs and supports for training, preparation, recruitment and retention initiative, and a cost of living increase for all public school employees. However, the appropriation was to the Department of Finance and Administration for disbursement contingent on achievement of December consensus revenue estimates and adequate general fund reserves at the end of FY16.

²Any remaining balances of the \$2 million appropriated in Section 4 and the \$2 million appropriated in Section 5 of the GAA of 2015 were reauthorized for use in FY17.

³The GAA of 2015 included \$3.1 million in nonrecurring general fund revenue to supplement the recurring instructional materials appropriation, including \$1 million from the education lock box. The LFC recommendation for FY17 replaced the nonrecurring revenue appropriated in FY16. For FY17, PED shall calculate enrollments and distributions from the instructional materials appropriation excluding private school students consistent with the decision in *Moses v. Skandera*, 2015-NMSC-036.

⁴The GAA of 2015 included \$675.4 thousand in Indian education fund balance and earmarked \$400 thousand in general fund revenues for teaching support for Native American students. The LFC recommendation included \$500 thousand in Indian education fund balance and continued the earmark for teaching support for Native American students while the FY17 appropriation includes \$675.4 thousand in Indian education fund balance and earmarks \$400 thousand in general fund revenues for teaching support for Native American students.

Related Recurring "Below-the-Line"

⁵ Up to \$1.5 million of the general fund appropriations made in FY16 was re-appropriated for distribution to classroom teachers to purchase classroom supplies and to support PED's teacher advisory and training support initiative in fiscal year 2017. The remaining balances of FY16 appropriations were reauthorized for use in FY17 for the same purpose.

⁶ The LFC recommended establishing a pilot program to extend K-3 Plus to fourth and fifth grades in schools that voluntarily implement a school-wide "K-5 Plus" program. The FY17 appropriation includes the K-5 Plus pilot.

⁷ The GAA of 2015 included \$3.5 million in TANF funds and continued the extended-day pilot. The LFC recommendation included \$3.5 million in TANF funds and continued the extended-day pilot. The FY17 appropriation includes \$3.5 million in TANF funds and continues the extended-day pilot.

⁸ The executive and LFC recommended earmarking any increase in funding over the FY16 appropriation for high-poverty, low-performing elementary schools.

⁹ The GAA of 2015 allows breakfast to be served before the start of the instructional day. The executive requested an increase to expand the program to middle and high school students. The LFC recommendation continued 2015 language and funds breakfast for elementary students only. The FY17 appropriation is for elementary students and includes language to allow schools to serve breakfast to elementary students prior to the start of the instructional day provided that breakfast is also served after the instructional day begins.

¹⁰ The FY16 appropriations for after school and summer enrichment programs included \$750.8 thousand in other state funds.

¹¹ The FY16 appropriations for performance pay included almost \$1.8 million in other state funds.

¹² The GAA of 2015 earmarked \$1 million of the FY16 appropriation for creation of a program like the University of Virginia's School Turnaround Specialist Program and reauthorized the FY15 appropriation for school leader preparation in FY16. The LFC recommended continuing the earmark in FY17. The GAA of 2016 continues the earmark.

¹³ The FY16 appropriations included \$250 thousand in other state funds.

¹⁴ The FY16 appropriations included \$2 million in other state funds.

¹⁵ The FY16 appropriations included \$1 million in other state funds.

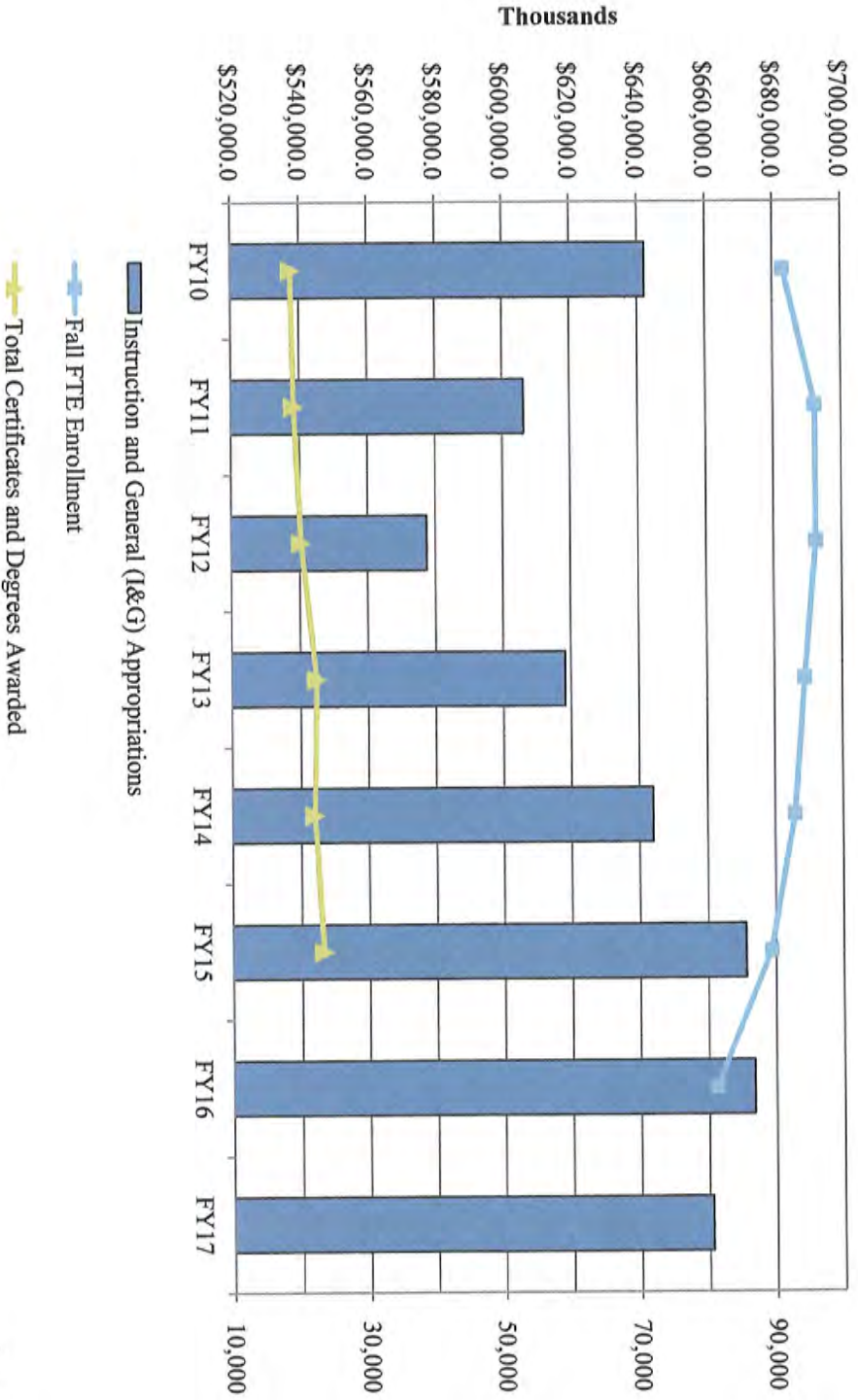
¹⁶ Up to \$1 million of the remaining balance of the \$2 million FY16 Section 5 appropriation for teacher supplies was reauthorized for the same purpose in FY17.

Higher Education

- ▶ General fund support for higher education totals \$828.5 million in FY17, a reduction of \$15.0 million, or 1.8 percent, compared with adjusted FY16 funding levels.
- ▶ Public safety programs hosted at higher education institutions and the state's three special schools received priority during the session, with six programs receiving increases in general fund support over the adjusted FY16 levels.
- ▶ With the inability to add new money to the instruction and general (I&G) funding formula, the prior year base adjustment used to incentivize performance was reduced to 2.0 percent in FY17 from 6.5 percent in FY17. Total performance funding for FY17 is \$12.3 million compared to 39.9 million in FY16.
- ▶ Several reductions in research and public service projects were made because:
 - ▶ The institution did not request continued funding; or
 - ▶ Targeted program reductions were made to reduce duplication of effort.

Higher Education

College and University I&G Appropriations and FTE Enrollment



Source: LPC Files

Medicaid

- ▶ Following the session, despite numerous cost containment assumptions during budget development, HSD reported a \$38.9 million reduction in general fund need for FY17.
- ▶ Projected FY17 shortfall reduced to \$24.5 million (from \$85 million projected during the session), in line with what the legislature appropriated.
- ▶ For FY17, the federal government will allow a moratorium on a health insurer fee, saving the state about \$18 million in general fund.
- ▶ The FY17 projection also includes \$32 million in general fund savings anticipated from recently-proposed provider rate reductions.
- ▶ The department estimates \$60 million to \$80 million in new general fund need for FY18 for enrollment, utilization, and reduced federal support for the expansion population.

Post Session Review and Fiscal Outlook

Health Care Tax Expenditures

Name of Expenditure	Statute	Enactment Date	Amount (in thousands)
Medical Insurance Pool Credit against Premium Tax Payments	59A-54-10C	1987	\$53,722.1
Prescription Drugs and Oxygen Deduction from GRT and GGRT	7-9-73.2	1998	\$68,000.0
Medical and Health Care Services Deduction from GRT	7-9-77.1	1998	\$55,000.0
Health Care Practitioner Services Deduction from GRT	7-9-93	2004	\$38,664.9
DOH-Licensed Hospitals Fifty Percent Deduction from GRT	7-9-73.1	1991	\$37,150.0
Health Care Hold Harmless Distribution	7-1-6-46 & 47	2004	\$31,430.7
DOH-Licensed Hospitals Credit against GRT	7-9-96.1	2005	\$13,700.4
Rural Health Care Practitioner Credit against PIT	7-2-18.22	2007	\$6,376.8
Tax Stamps Rate Differential in Cigarette Tax	7-12-7D	1943	\$260.7
Construction Equipment and Materials Used in the Construction of Sole Community Provider Hospitals Deduction from GRT	7-9-100	2004	\$0.0
Construction of Sole Community Provider Hospitals Deduction from GRT	7-9-99	2006	\$0.0
Hearing and Vision Aids Deduction from GRT	7-9-111	2007	\$0.0
Physician Participating in Cancer Treatment Clinical Trials Credit against PIT	7-2-18.27	2011	\$0.0
Total Health Care Expenditures:			\$304,305.6

Sources: Taxation and Revenue Department - 2015 Tax Expenditure Report, Office of Superintendent of Insurance

Capital Outlay

Severance Tax Bonds (STB)

- ▶ In 2016 net senior STB capacity was \$123.1 million.
- ▶ The bill authorized approximately \$41 million for state agency projects, nearly \$73.8 million for local projects, and \$43 million authorized from “other state funds” for additional state agency infrastructure needs.
- ▶ 154 projects totaling approximately \$8.1 million were vetoed.
- ▶ The majority of vetoes were for local projects in Bernalillo, Dona Ana, McKinley, San Miguel and Santa Fe counties.
- ▶ Vetoes were most prevalent for projects in Native American communities.
- ▶ Major state agency projects include:
 - ▶ \$12 million from the public school capital outlay fund to the Public Education Department for school buses and pre-kindergarten classroom construction
 - ▶ \$7 million to the Corrections Department for infrastructure improvements statewide
 - ▶ \$7 million from the game protection fund to the Department of Game and Fish to construct area offices in Albuquerque and Roswell
 - ▶ \$6 million to the Economic Development Department for LEDA projects statewide
 - ▶ \$5.5 million from the game protection fund to the Department of Game and Fish for dam safety statewide
 - ▶ \$5 million to the Department of Health to complete Meadows phase 3 at the New Mexico Behavioral Health Institute
 - ▶ \$3 million to the Department of Public Safety to purchase law enforcement vehicles

Capital Outlay

General Obligation Bonds (GOB)

- ▶ In 2016 GOB capacity was \$185.1 million, maintains a flat mill levy.
- ▶ The bill contains 4 bond issues totaling approximately \$174.3 million and requires voter approval in the November 2016 General Election.
- ▶ The bond issues are for senior projects (\$15.2 million); libraries (\$10 million); higher education facilities, special and tribal schools (\$131.1 million); and public safety (\$18 million).
- ▶ For the first time the governor vetoed GOB projects totaling \$10.9 million, including the Health Sciences Center (\$8 million), Magdalena Observatory (\$2 million), and the Santa Fe Indian School (\$900 thousand); all three projects were vetted during the interim.
- ▶ Major projects include:
 - \$27 million to the University of New Mexico to construct a new physics and astronomy building
 - \$22.5 million to New Mexico State University for classroom renovations
 - \$13.5 million to Central New Mexico Community College for classroom renovations
 - \$11 million to Eastern New Mexico University to rebuild the library and student success center
 - \$7 million to construct a new evidence center and crime lab in Santa Fe
 - \$5.3 million for tribal colleges
 - \$5 million to the Department of Information Technology for first responder radio communications
 - \$4 million to the Department of Military Affairs for a readiness center in Las Cruces
 - \$3.4 million for a new senior center in Rio Rancho



NEW MEXICO

G Represents good current status. Performance is ahead of the performance of other states, industry, or agency benchmarks.

Y Represents okay current status. Performance is near to meeting public expectations or the performance of other states, industry, or agency benchmarks.

R Represents poor current status. Performance is well behind public expectations or the performance of other states, industry, or agency benchmarks.

CHILDREN, YOUTH AND FAMILIES	EDUCATION	HEALTH	PUBLIC SAFETY
R 9% of babies born in New Mexico have low birth weight ^{1,2}	G 94% of children in state-funded prekindergarten progress to kindergarten readiness ²	G 88% of New Mexicans are insured ²	R 4 th in the nation for violent crime rate ¹
R 43 of every 1,000 births are to teenage mothers ²	R 24% of fourth graders are proficient in reading; 19% are proficient in math ²	G 4,624 people are receiving services through the developmental disabilities waiver ³	G 244 traffic fatalities to date in 2016 ³
G 7% of Medicaid children ages 2 to 17 are readmitted into hospitals after 30 days ³	R 23% of eighth graders are proficient in reading; 9% are proficient in math ²	Y 89% of Medicaid children whose asthma is well-managed ³	R 154 traffic fatalities in 2016 were alcohol-related ³
R 11% of New Mexico's children experience incidents of repeated maltreatment. ³	R 69% of students graduate from high school in four years ¹	R 58% of Medicaid adults whose diabetes is well-managed ³	Y 337 out of 100 thousand New Mexicans were incarcerated in 2014 ³
G 76% of children received their full required immunization in 2015 ²	R 42% of college students completed a bachelor's degree within six years ¹	R 46 th in the nation for diabetes deaths per 100 thousand people ¹	R 47% adult recidivism rate within 3 years of release ²
G 43% of home visits demonstrating progress in positive parent-child interactions ³	Y 35% of New Mexicans have an Associate's degree or higher ¹	R 49 th in the nation for drug overdose deaths per 100 thousand people ¹	R 14% of committed juvenile justice clients entering adult facility ² within 2 years of discharge ²
ECONOMY	NATURAL RESOURCES	INFRASTRUCTURE	GOVERNMENT
R 6.2% of New Mexicans are unemployed ³	G 89% of monitored days had a good air quality rating ³	G 98% of capital projects are on schedule and within budget ³	R -10% change in general fund revenue collections, 2015 to 2016 ³
R 0.4% job growth from 2015 to 2016 ³	Y 97% of New Mexicans drink water from systems that meet all health standards ³	R 1.3 million people used the Rail Runner and Park and Ride services in 2015 ²	Y 75% of the state's pension liability is funded ²
G 4,800 new jobs were created in the leisure and hospitality industry ³	G 9% of electricity is generated from renewable energy sources ¹	Y 68% of non-interstate miles are rated in good condition ¹	Y AA+ New Mexico bond rating ³
G 79 film and media projects principally made in New Mexico ²	Y 26 million metric tons of annual greenhouse gas emissions ¹	G 92% of state facilities are in fair to good condition ²	G 92% of income tax and combined reporting system returns are electronically-filed ²

Some measures are collected quarterly, some are collected annually. The most recent data was used wherever possible. Date key: ¹ = 2014; ² = 2015; ³ = 2016