

Capital Outlay Monitoring and Reform

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Capital Outlay is a program which allows the New Mexico State Legislature and the New Mexico Governor's office to provide grant funding for infrastructure improvements, equipment purchases, and other projects for municipalities, schools, acequias, tribes, mutual domestics, and other governmental entities.

The demand for funding far exceeds funds available from all federal and state funding sources. It is imperative that all funds are tracked to ensure that they are going to be used in a timely manner, or reverted back so they can be used for a ready project.

2009 – 2017 Outstanding Capital Outlay Projects

(in millions)

2009-2017 Capital Outlay All Fund Sources "Outstanding" Projects Only (in millions)

Note: Data includes projects for water, colonias and tribal earmarked funds; 2009 balances are for Indian water rights matching funds.

Source: Capital Projects Monitoring System

Year	Number of Projects	Amount Appropriated	Amount Expended	Amount Unexpended	Percent Expended for Year
2009	1	\$10.0	\$9.5	\$0.5	94.5%
2014	240	\$137.2	\$114.8	\$22.4	83.7%
2015	446	\$199.6	\$97.6	\$102.0	48.9%
2016	587	\$397.4	\$117.1	\$280.3	29.5%
2017	132	\$35.2	\$7.1	\$28.1	20.2%
Total	1,406	\$779.4	\$346.0	\$433.4	44%

2014 Water Initiative Status

- As of June, 2018, \$12.5 million, or 15% was unspent
- Percentage of unspent appropriated funds for water projects ranged from 3% to 46%
- 23 projects totaling \$1.7 million was deauthorized due to inactivity

2014 – 2016 Water Projects

- Projects still active at the end of FY 2018 had a total unspent balances of \$22 million, or 46.6% of appropriated amounts
- Individual projects had unspent balances ranging from 3% to 100% of appropriated amounts

Why have funds not been spent?

- Project completed without expending all funds
- Project not ready at time of appropriation
- Insufficient funds appropriated to fully fund the project
- Entity is non-compliant
- Local governance has changed and does not have the same level of interest in the project

Points of Consideration

- Is the project planned out and “shovel ready”
- Is the requesting entity eligible for funding, ie: are audits and budget reporting current, etc.
- Will the requested amount of funding be adequate to complete the project
- Can the project be done in functional phases
- Is the project reasonable for the applying entity

Points of Consideration Cont'd

- Is the project reasonable for the applying entity
- What will be the operating cost of of the proposed project
- Is the need for the project an issue of public health
- If the request is from a non-governmental entity (nonprofit or private), has the requestor obtained prior written confirmation from an eligible political subdivision agreeing they will own the capital asset and are willing and able to enter into a lease or operating agreement to comply with the Anti-Donation Clause of the New Mexico Constitution

Recommendation to Determine Status of Unexpended Funds

- Contract for a study that includes:
 - Inventory unexpended projects and organize by legislative district
 - Determine projects' intent, scope and status
 - Documentation of existing barriers, deficiencies and other reasons why the appropriated funds have not been expended

Recommendation to Determine Status of Unexpended Funds Cont'd

Report results to the Legislative Finance
Committee and the Department of Finance
and Administration

- There are many things that can be done to improve the efficiency and effectiveness of the Capital Outlay program. By working together, and utilizing funding sources effectively, we will see more projects funded and successfully completed in a timely manner, which will best serve all communities throughout New Mexico.