

Consensus General Fund Revenue Outlook

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Presented to the

Revenue Stabilization and Tax Policy Committee

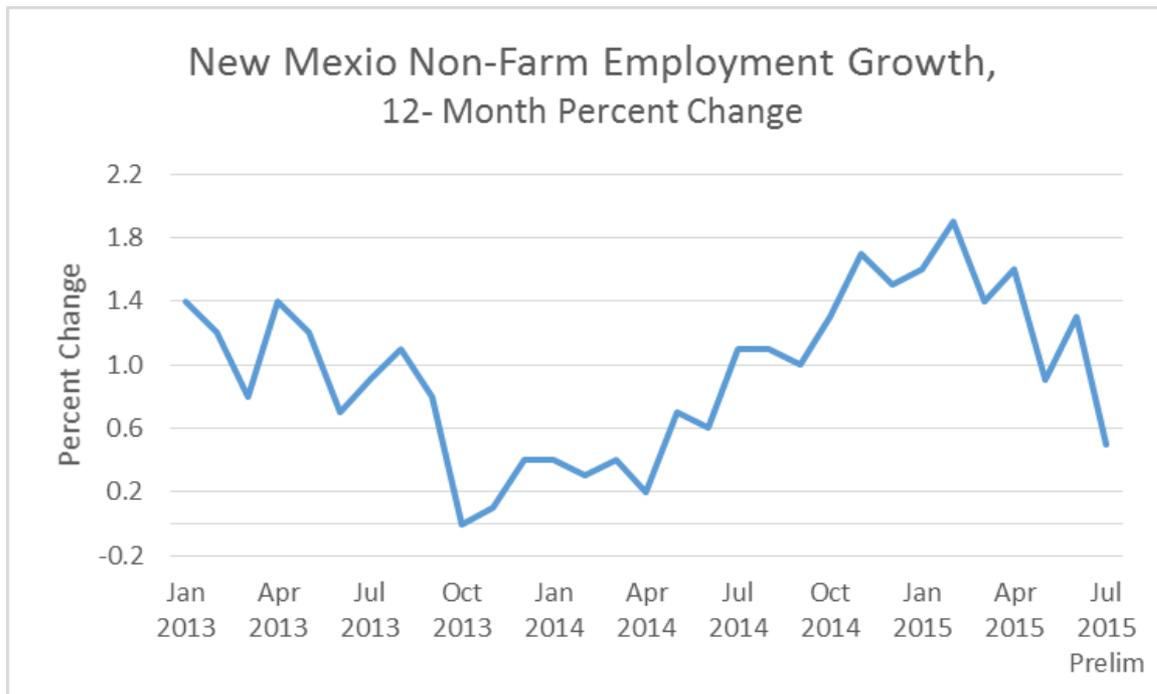
September 8, 2015

*U.S. Economic Outlook**

- US economy shrugged off the Greek threat
- Job growth strong and broad-based, full employment by end of fiscal year
- Vehicle, Home sales increasing
- Household debt burdens lowest ever
- Trade will be a drag, but will not eliminate growth
- Low inflation gives Fed flexibility in raising rates

**Source: Moody's Analytics, U.S. Macro Outlook, July 2015*

New Mexico Employment

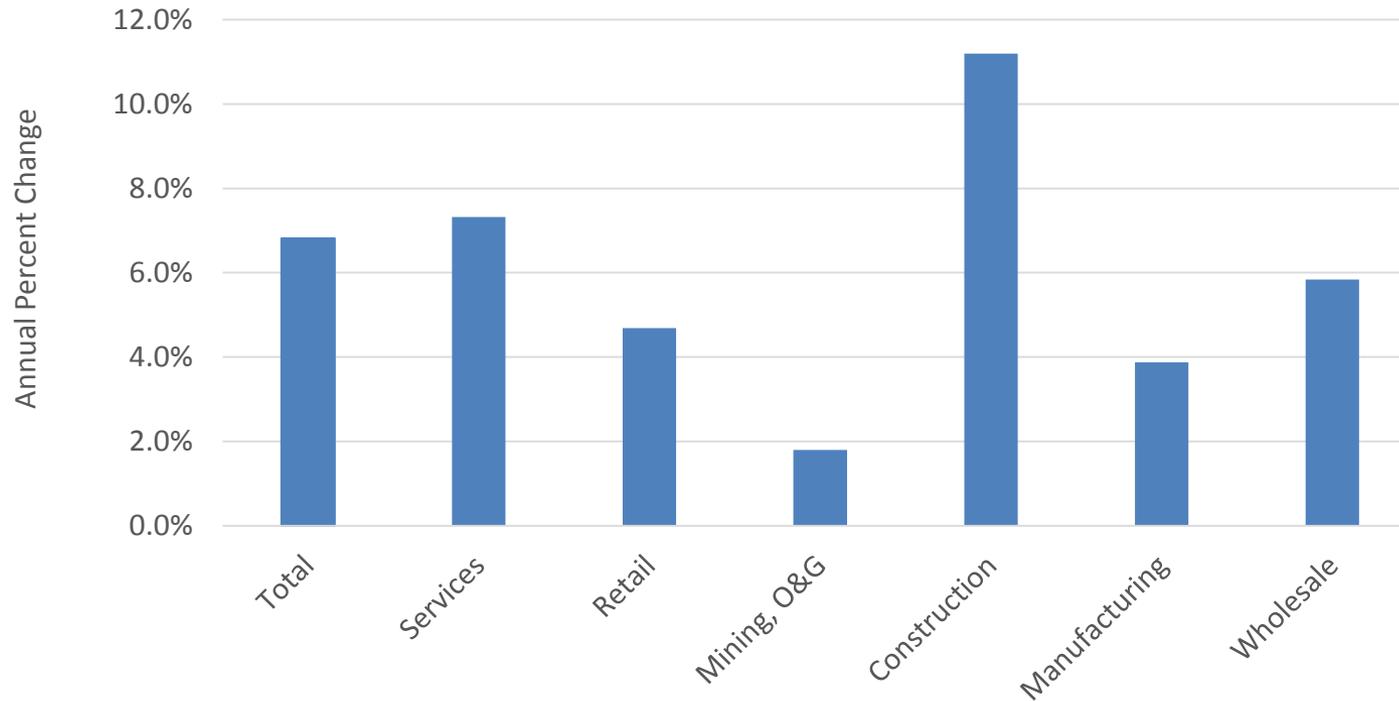


Source: Bureau of Labor Statistics, seasonally-adjusted

- Wide-spread job growth -- Education & Health Care, Professional Services, Leisure & Hospitality
- Private sector growth 1.2%
- Mining lost 1,500 jobs since peak in November 2014

Gross Receipts Base Growing Strongly

TGR Growth by Sector, FY15



Source: NM Taxation and Revenue Department, RP 500.

- Construction, Services have strongest growth rates
- Retail rebounding from weak growth in FY14
- Mining, Manufacturing growth slowed

Energy Market Outlook

- Growing US, OPEC and Canada supply + Slowing Chinese Demand = Falling oil prices
- Market forces will lead to increased prices:
 - Low oil prices have slowed drilling, production;
 - US rig count cut in half; Drilling permits fell 18% in FY15
 - Low prices are increasing demand, e.g. SUV, truck sales
- Lower energy prices will boost consumer, business spending
- Risks: Slower growth from China; Increased supply from Iran

New Mexico Oil & Gas Outlook

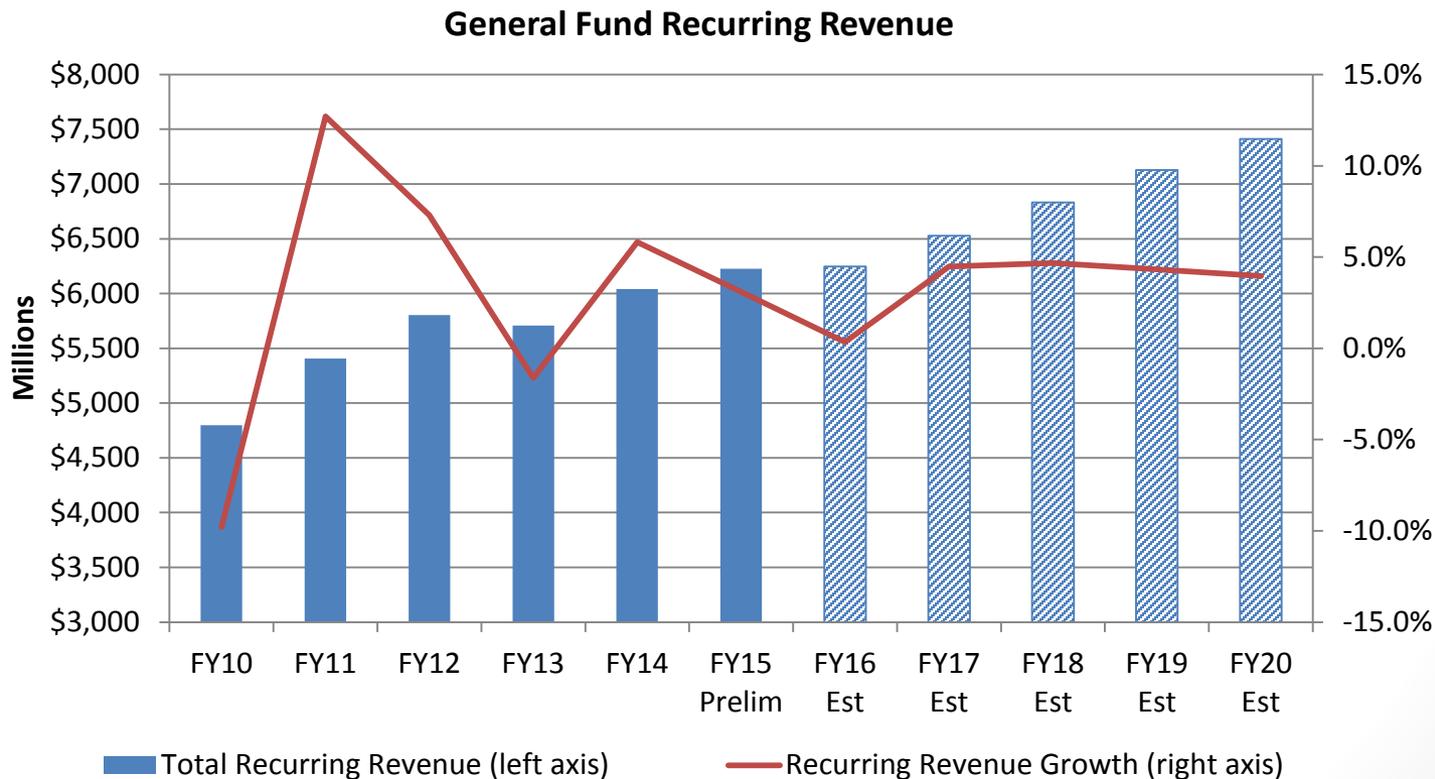
	FY15	FY16	FY17
Crude Oil:			
Price (\$/barrel)	\$61.75	\$51.50	\$56.50
Production (mill. barrels)	137.2	145.0	149.5
Natural Gas:			
Price (\$/1,000 cu. ft.)	\$3.80	\$3.60	\$3.90
Production (Bill. cu. ft.)	1,174	1,139	1,105

Source: ONGARD; Consensus Revenue Estimating Group.

- *Oil production increased 100% since 2009; FY15 set new record*
- *\$0.10 change in gas price causes a \$10 million change in GF*
- *\$1.00 change oil price causes a \$9 million change in GF*

General Fund Revenue Outlook

- Recurring revenue reached record high in FY15
- FY15 growth 3.1%, 7.3% excluding oil and gas
- FY16 0.3%, Long term growth 4.5%



General Fund Forecast Summary

August 2015 Consensus General Fund Forecast						
	FY15		FY16		FY17	
	\$ Millions	% Change	\$ Millions	% Change	\$ Millions	% Change
General Sales	\$2,211	6.8%	\$2,303	4.1%	\$2,400	4.2%
Selective Sales	\$484	9.0%	\$509	5.2%	\$539	5.9%
Income Taxes	\$1,595	9.9%	\$1,604	0.5%	\$1,675	4.4%
O&G Revenue	\$1,006	-14.3%	\$840	-16.5%	\$883	5.1%
Investment Income	\$702	9.9%	\$777	10.6%	\$811	4.5%
Other	\$228	-12.3%	\$216	-5.4%	\$220	2.0%
Total Recurring Revenue	\$6,227	3.1%	\$6,248	0.3%	\$6,528	4.5%
Recurring Less O&G	\$5,221	7.3%	\$5,407	3.6%	\$5,645	4.4%

- Sales and Income taxes grew strongly in FY15, conservative growth in forecast
- Investment income boosted by contributions, stock market
- 2-year growth of 4.8% reflects abundance of caution

General Fund Financial Summary

Million Dollars

	FY15	FY16	FY17
Beginning Balance	\$638	\$633	\$611
Revenue	\$6,251	\$6,253	\$6,528
Spending	(\$6,276)	(\$6,266)	“New Money” \$293
Reserve Transfers, etc.	\$20	(\$7)	
Ending Balance	\$633	\$614	
Percent of Appropriations	10.3%	9.9%	

- FY15 balances at 10% target level
- FY17 “new money” \$293 million, 4.7% over FY16 budget

New Mexico's Budget – Healthy and Stable

- Important for economic development and business recruitment
- Stability in the face of incredible headwinds
 - Largest structural budget deficit in state history
 - Sequestration/federal budget cuts
 - Oil and gas price crash
- Moody's Investors Service recognizes NM as one of most successful oil-producing states in managing budget
 - NM on firmer footing than LA and OK, despite greater dependence on O&G revenues
 - Moody's rates NM's bonds at Aaa, highest-possible rating

New Mexico's Budget – Healthy and Stable

- A focus on the fundamentals:
 - Restrain government growth (recurring expenditures)

Fiscal Year	Budget Growth
FY12	4.3%
FY13	4.1%
FY14	4.2%
FY15	4.4%
FY16	1.2%

Fiscal Year	Budget Growth
FY05	6.6%
FY06	7.4%
FY07	8.6%
FY08	11.0%
FY09	6.3%

- Invest in key priority areas
- Spend no more than what is projected to be available

New Mexico's Budget – Healthy and Stable

A focus on the fundamentals:

- Maintain a healthy reserve (target 10%)
 - Reserves:
 - FY12 - 13.1%
 - FY13 – 11.9%
 - FY14 - 10.8%
 - FY15 - 10.3%
- Manage agency budgets well, limit overspending, revert
 - Total reversions:
 - FY12 - \$66M, 1.2% of recurring approp
 - FY13 - \$66M, 1.2% of recurring approp
 - FY14 - \$97M, 1.6% of recurring approp
- No tax increases

Uncertainty in the Revenue Forecast (in BOTH directions)

- Broad-based, non O&G revenues cautiously projected (7% '15, 3% '16)
- Oil price projected above current level (\$51/barrel)

	<i>Non O&G Revenues underforecast</i>	<i>Non O&G Revenues hit forecast</i>	<i>Non O&G Revenues overforecast</i>
<i>Oil Prices remain low</i>			
<i>Oil Prices hit forecast</i>		293 Million	
<i>Oil Prices big rebound</i>			

Tight Budget Expected

- Public Education
 - Comprises roughly 44% of the budget
- Medicaid
 - Reduction in federal match for expansion population
 - Woodwork effect
- Large Requests from Courts, Public Defender
- Administration Focus: Economic Development, Education Reform, Public Safety

Public Employee Compensation – Middle of the Pack

TOTAL Compensation Ranking (8-State Comparison Region)	
Wyoming	\$89,563
Utah	\$82,951
Colorado	\$79,457
New Mexico	\$73,227
Nevada	\$73,021
Arizona	\$71,051
Kansas	\$63,250
Oklahoma	\$62,643
Texas	\$60,871

BASE Compensation Ranking (8-State Comparison Region)	
Colorado	\$53,772
Wyoming	\$49,213
Nevada	\$47,216
Utah	\$46,592
Arizona	\$43,832
New Mexico	\$43,576
Texas	\$40,398
Oklahoma	\$37,700
Kansas	\$37,336

Source: 2014 Classified Service Compensation Report, State Personnel Board

NOTE: In addition, since 2005, average base pay for NM public employees has risen by nearly \$8K annually, the fourth highest increase in the region.

Tax Policy Priorities

- Improving access to capital
- Expanding the skilled workforce
- Helping small businesses grow
- Recruiting new businesses
- Promoting balanced energy development
- Improving highway funding

Capital Outlay

- Estimated \$149 million available for legislatively-allocated capital projects (projected \$205M in other carve-outs, \$187M GO Bond)
- Reform badly needed
 - Focus on infrastructure (roads, water, buildings, etc.)
 - Large-scale, cover projects locals cannot afford themselves
 - Pool resources to complete projects quicker
- Audit Act compliance has improved dramatically over the last year: At-Risk entities down from 51 to 16
- Supreme Court ruling on prevailing wage will increase costs, reduce funding adequacy:
 - Potential cost increase of 6% to 12% for public school construction
 - Public school costs already rising more than 10% per year – every 4 years losing 50% of purchasing power

Financial Reporting Update

- Cash reconciliation Phase II under way, brings third party payment system into full reconciliation
- FY14 CAFR shows progress, identified cash reconciliation as the key issue of concern
- Cash balances are tracking closely
- SHARE system has been stabilized; Upgrade will increase bandwidth and strengthen financial and human capital systems

U.S. and New Mexico Economic Indicators	FY15		FY16		FY17		FY18		FY19		FY20
	Feb 2015 Forecast	Jul 2015 Forecast	Jul 2015 Forecast								
National Economic Indicators											
US Real GDP Growth (annual avg. ,% YOY)*	3.2	2.6	3.7	2.6	3.2	3.0	2.7	2.8	2.1	2.5	1.9
US Inflation Rate (CPI-U, annual avg., % YOY)**	1.2	0.7	1.9	1.7	2.7	2.7	2.9	2.8	2.8	2.8	2.5
Federal Funds Rate (%)	0.11	0.11	1.05	0.81	2.96	2.58	3.84	3.61	3.93	3.82	3.64
New Mexico Labor Market and Income Data											
NM Non-Agricultural Employment Growth	1.8	1.4	1.7	1.6	1.4	2.4	1.0	2.0	0.9	1.3	0.6
NM Nominal Personal Income Growth (%)***	3.6	4.8	3.0	3.5	3.9	3.5	4.1	4.1	4.2	4.3	3.9
NM Total Wages & Salaries Growth (%)	3.3	4.5	4.7	3.1	4.9	3.8	4.7	4.4	5.0	4.6	3.7
NM Real Gross State Product (% YOY)	1.3	1.5	2.5	2.2	2.2	2.7	1.7	2.3	1.6	2.2	1.9
New Mexico Energy Prices & Volumes											
NM Oil Price (\$/barrel)	\$61.00	\$61.75	\$56.00	\$51.50	\$65.00	\$56.50	\$70.00	\$61.25	\$75.00	\$66.00	\$68.00
NM Taxable Oil Volumes (million barrels)	125.0	137.2	128.0	145.0	131.0	149.5	133.0	153.0	135.0	155.0	156.0
NM Gas Price (\$ per thousand cubic feet)****	\$4.30	\$3.80	\$4.10	\$3.60	\$4.30	\$3.90	\$4.50	\$4.15	\$4.70	\$4.25	\$4.45
NM Taxable Gas Volumes (billion cubic feet)	1,181	1,174	1,150	1,139	1,118	1,105	1,088	1,071	1,052	1,039	1,008

*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.

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

Sources: Moody's Analytics baseline forecast, January 2015 & July 2015

General Fund Revenue Estimate
August 2015

	FY15				FY16				FY17			
	A	B	C	D	E	F	G	H	I	J	K	L
\$Millions	Feb. 2015 Adj for Legis	Aug. 2015	Change from Prior	% Change from FY14	Feb. 2015 Adj for Legis	Aug. 2015	Change from Prior	% Change from FY15	Feb. 2015 Adj for Legis	Aug. 2015	Change from Prior	% Change from FY16
1 Gross Receipts Tax	2,129.0	2,129.0	-	6.9%	2,234.0	2,234.0	-	4.9%	2,331.7	2,331.7	-	4.4%
2 Compensating Tax	75.0	82.0	7.0	4.6%	68.9	68.6	(0.3)	-16.4%	74.4	68.0	(6.4)	-0.8%
3 TOTAL GENERAL SALES	2,204.0	2,211.0	7.0	6.8%	2,302.8	2,302.5	(0.3)	4.1%	2,406.1	2,399.7	(6.4)	4.2%
4 Tobacco Taxes	79.0	81.9	2.9	4.4%	78.1	82.0	3.9	0.1%	77.4	81.0	3.6	-1.2%
5 Liquor Excise	26.7	26.7	-	1.1%	6.7	6.7	-	-74.9%	6.9	6.9	-	3.0%
6 Insurance Taxes	140.0	140.0	-	21.6%	183.0	183.0	-	30.7%	213.0	213.0	-	16.4%
7 Fire Protection Fund Reversion	14.9	15.7	0.8	-2.5%	13.8	14.0	0.2	-10.8%	12.8	12.8	-	-8.6%
8 Motor Vehicle Excise	143.3	143.0	(0.3)	7.3%	146.6	146.0	(0.6)	2.1%	149.9	150.0	0.1	2.7%
9 Gaming Excise	67.9	70.1	2.2	5.4%	68.1	68.9	0.8	-1.7%	68.3	67.7	(0.6)	-1.7%
10 Leased Vehicle Surcharge	5.2	5.2	-	0.0%	5.2	5.2	-	0.0%	5.2	5.2	-	0.0%
11 Other	1.1	1.1	-	-62.6%	2.4	3.0	0.6	172.7%	2.4	2.2	(0.2)	-26.7%
12 TOTAL SELECTIVE SALES	478.1	483.7	5.6	9.0%	503.9	508.8	4.9	5.2%	535.9	538.8	2.9	5.9%
13 Personal Income Tax	1,315.0	1,340.0	25.0	6.8%	1,359.6	1,379.0	19.5	2.9%	1,404.2	1,440.0	35.8	4.4%
14 Corporate Income Tax	230.0	255.0	25.0	29.6%	224.7	224.7	0.0	-11.9%	234.7	234.7	0.0	4.5%
15 TOTAL INCOME TAXES	1,545.0	1,595.0	50.0	9.9%	1,584.2	1,603.7	19.5	0.5%	1,638.8	1,674.7	35.9	4.4%
16 Oil and Gas School Tax	370.0	370.7	0.7	-26.0%	347.0	331.8	(15.2)	-10.5%	387.0	365.1	(21.9)	10.0%
17 Oil Conservation Tax	20.0	19.6	(0.4)	-27.9%	19.0	17.6	(1.4)	-10.2%	21.0	19.4	(1.6)	10.2%
18 Resources Excise Tax	12.7	13.0	0.3	0.0%	12.7	13.0	0.3	0.0%	12.7	13.0	0.3	0.0%
19 Natural Gas Processors Tax	19.0	19.0	-	17.3%	20.0	18.7	(1.3)	-1.6%	16.0	14.2	(1.8)	-24.1%
20 TOTAL SEVERANCE TAXES	421.7	422.3	0.6	-24.2%	398.7	381.1	(17.6)	-9.8%	436.7	411.7	(25.0)	8.0%
21 LICENSE FEES	51.6	55.0	3.4	6.4%	51.8	53.5	1.7	-2.8%	51.9	54.6	2.7	2.2%
22 LGPF Interest	496.2	502.8	6.6	11.9%	553.2	553.2	-	10.0%	547.2	547.0	(0.2)	-1.1%
23 STO Interest	15.0	16.8	1.8	-11.6%	35.0	29.9	(5.1)	78.0%	65.0	60.8	(4.2)	103.3%
24 STPF Interest	182.7	182.7	-	7.2%	193.6	193.6	-	6.0%	203.5	203.5	-	5.1%
25 TOTAL INTEREST	693.9	702.3	8.4	9.9%	781.8	776.7	(5.1)	10.6%	815.7	811.3	(4.4)	4.5%
26 Federal Mineral Leasing	510.0	541.9	31.9	-4.9%	420.0	420.0	-	-22.5%	445.0	430.0	(15.0)	2.4%
27 State Land Office	40.9	42.2	1.3	-11.1%	39.7	39.3	(0.4)	-6.9%	39.7	41.4	1.7	5.3%
28 TOTAL RENTS & ROYALTIES	550.9	584.1	33.2	-5.4%	459.7	459.3	(0.4)	-21.4%	484.7	471.4	(13.3)	2.6%
29 TRIBAL REVENUE SHARING	70.0	65.0	(5.0)	-3.8%	63.3	64.3	1.0	-1.1%	65.6	65.8	0.2	2.3%
30 MISCELLANEOUS RECEIPTS	46.6	52.7	6.1	17.1%	49.9	52.9	3.0	0.4%	52.2	55.0	2.8	4.0%
31 REVERSIONS	53.0	55.7	2.7	-42.3%	45.0	45.0	-	-19.2%	40.0	45.0	5.0	0.0%
32 TOTAL RECURRING	6,114.8	6,226.8	112.0	3.1%	6,241.2	6,247.8	6.6	0.3%	6,527.6	6,528.0	0.4	4.5%
33 TOTAL NON-RECURRING	(0.5)	24.6	25.1	6050.0%	5.5	5.5	-		-	-	-	
34 GRAND TOTAL	6,114.3	6,251.4	137.1	3.5%	6,246.7	6,253.3	6.6	0.0%	6,527.6	6,528.0	0.4	4.4%
35 TOTAL RECURRING W/O O&G	5,142.2	5,220.4	78.2	7.3%	5,382.8	5,407.4	24.6	3.6%	5,606.2	5,644.9	38.7	4.4%

General Fund Revenue Estimate
August 2015

\$Millions	FY18				FY19				FY20	
	M	N	O	P	Q	R	S	T	U	V
	Feb. 2015 Adj for Legis	Aug. 2015	Change from Prior	% Change from FY17	Feb. 2015 Adj for Legis	Aug. 2015	Change from Prior	% Change from FY18	Aug. 2015	% Change from FY18
1 Gross Receipts Tax	2,424.5	2,424.5	-	4.0%	2,525.8	2,525.8	-	4.2%	2,626.9	4.0%
2 <u>Compensating Tax</u>	73.6	69.4	(4.2)	2.1%	72.1	72.2	0.1	4.0%	71.3	-1.2%
3 <u>TOTAL GENERAL SALES</u>	2,498.1	2,493.9	(4.2)	3.9%	2,597.9	2,598.0	0.1	4.2%	2,698.2	3.9%
4 Tobacco Taxes	76.4	80.0	3.6	-1.2%	75.7	79.0	3.3	-1.3%	78.1	-1.1%
5 Liquor Excise	26.1	26.1	-	278.3%	28.9	28.9	-	10.7%	27.7	-4.2%
6 Insurance Taxes	226.0	226.0	-	6.1%	237.0	237.0	-	4.9%	247.2	4.3%
7 Fire Protection Fund Reversion	11.9	11.5	(0.4)	-10.2%	10.7	10.2	(0.5)	-11.3%	8.6	-15.7%
8 Motor Vehicle Excise	152.9	155.0	2.1	3.3%	156.0	158.0	2.0	1.9%	161.0	1.9%
9 Gaming Excise	68.5	66.5	(2.0)	-1.8%	68.8	65.4	(3.4)	-1.7%	65.3	-0.2%
10 Leased Vehicle Surcharge	5.2	5.2	-	0.0%	5.2	5.2	-	0.0%	5.2	0.0%
11 <u>Other</u>	2.4	2.2	(0.2)	0.0%	2.4	2.2	(0.2)	0.0%	2.2	0.0%
12 <u>TOTAL SELECTIVE SALES</u>	569.4	572.5	3.1	6.3%	584.7	585.9	1.2	2.3%	595.3	1.6%
13 Personal Income Tax	1,451.8	1,511.0	59.3	4.9%	1,503.0	1,580.0	77.0	4.6%	1,641.0	3.9%
14 <u>Corporate Income Tax</u>	194.7	194.7	0.0	-17.0%	174.7	174.7	0.0	-10.3%	183.4	5.0%
15 <u>TOTAL INCOME TAXES</u>	1,646.4	1,705.7	59.3	1.9%	1,677.7	1,754.7	77.0	2.9%	1,824.4	4.0%
16 Oil and Gas School Tax	412.0	394.6	(17.4)	8.1%	437.0	418.1	(18.9)	6.0%	430.5	3.0%
17 Oil Conservation Tax	23.0	20.9	(2.1)	7.7%	24.0	22.2	(1.8)	6.2%	22.8	2.7%
18 Resources Excise Tax	12.7	13.0	0.3	0.0%	12.7	13.0	0.3	0.0%	13.0	0.0%
19 <u>Natural Gas Processors Tax</u>	16.0	13.9	(2.1)	-2.1%	15.0	13.5	(1.5)	-2.9%	13.1	-3.0%
20 <u>TOTAL SEVERANCE TAXES</u>	463.7	442.4	(21.3)	7.5%	488.7	466.8	(21.9)	5.5%	479.4	2.7%
21 LICENSE FEES	52.0	55.9	3.9	2.3%	52.0	57.3	5.3	2.5%	58.9	2.8%
22 LGPF Interest	602.0	600.3	(1.7)	9.7%	654.7	650.6	(4.1)	8.4%	693.6	6.6%
23 STO Interest	75.0	67.0	(8.0)	10.2%	80.0	72.3	(7.7)	7.9%	86.1	19.1%
24 <u>STPF Interest</u>	216.7	216.7	-	6.5%	227.7	227.7	-	5.1%	237.2	4.2%
25 <u>TOTAL INTEREST</u>	893.7	884.0	(9.7)	9.0%	962.4	950.6	(11.8)	7.5%	1,016.9	7.0%
26 Federal Mineral Leasing	480.0	466.0	(14.0)	8.4%	505.0	497.0	(8.0)	6.7%	516.0	3.8%
27 <u>State Land Office</u>	40.9	43.6	2.7	5.3%	43.1	45.1	2.0	3.4%	45.9	1.8%
28 <u>TOTAL RENTS & ROYALTIES</u>	520.9	509.6	(11.3)	8.1%	548.1	542.1	(6.0)	6.4%	561.9	3.7%
29 TRIBAL REVENUE SHARING	68.1	67.8	(0.3)	3.0%	76.8	71.0	(5.8)	4.7%	73.1	3.0%
30 MISCELLANEOUS RECEIPTS	53.0	55.9	2.9	1.6%	53.9	56.8	2.9	1.6%	57.8	1.8%
31 REVERSIONS	40.0	45.0	5.0	0.0%	40.0	45.0	5.0	0.0%	45.0	0.0%
32 <u>TOTAL RECURRING</u>	6,805.3	6,832.7	27.4	4.7%	7,082.2	7,128.3	46.0	4.3%	7,410.9	4.0%
33 <u>TOTAL NON-RECURRING</u>			-				-			
34 <u>GRAND TOTAL</u>	6,805.3	6,832.7	27.4	4.7%	7,082.2	7,128.3	46.0	4.3%	7,410.9	4.0%
35 <u>TOTAL RECURRING W/O O&G</u>	5,820.7	5,880.7	60.0	4.2%	6,045.4	6,119.4	73.9	4.1%	6,369.6	4.1%

Department of Finance and Administration
GENERAL FUND FINANCIAL SUMMARY
August 2015 Consensus Revenue Forecast
(Dollars in Millions)

		<u>Prelim</u> <u>FY2015</u>	<u>Estimated</u> <u>FY2016</u>	<u>Estimated</u> <u>FY2017</u>
APPROPRIATION ACCOUNT				
REVENUE				
Recurring Revenue				
1	February 2015 Forecast Adj for Legislation	\$ 6,114.7	\$ 6,241.2	\$ 6,527.6
2	<u>August 2015 Consensus Forecast</u>	<u>\$ 112.0</u>	<u>\$ 6.6</u>	<u>\$ 0.4</u>
3	Total Recurring Revenue	\$ 6,226.7	\$ 6,247.8	\$ 6,528.0
Nonrecurring Revenue				
4	February 2015 Forecast Adj for Legislation	\$ (0.5)	\$ 5.5	\$ -
5	<u>August 2015 Consensus Forecast</u>	<u>\$ 25.1</u>	<u>\$ -</u>	<u>\$ -</u>
6	Total Non-Recurring Revenue	\$ 24.6	\$ 5.5	\$ -
TOTAL REVENUE		<u>\$ 6,251.3</u>	<u>\$ 6,253.3</u>	<u>\$ 6,528.0</u>
APPROPRIATIONS				
Recurring Appropriations				
7	2013 & 2014 General Appropriation	\$ 6,150.6	\$ 6,219.1	"New Money" \$293MM
8	<u>Feedbill - 2015 Regular Session*</u>	<u>\$ 10.1</u>	<u>\$ 15.5</u>	
9	Total Recurring Appropriations	\$ 6,160.7	\$ 6,234.6	
Nonrecurring Appropriations				
10	2013-2015 Regular Sessions**	\$ 110.7	\$ 1.0	
11	<u>2015 Special Session</u>	<u>\$ 4.3</u>	<u>\$ 30.0</u>	
12	Total Nonrecurring Appropriations	\$ 115.0	\$ 31.0	\$ -
TOTAL APPROPRIATIONS		<u>\$ 6,275.7</u>	<u>\$ 6,265.6</u>	<u>\$ -</u>
13	Transfer to (from) Reserves	\$ (24.3)	\$ (12.3)	\$ -
GENERAL FUND RESERVES				
14	Beginning Balances***	\$ 637.9	\$ 633.8	
15	Transfers from (to) Appropriations Account	(24.3)	(12.3)	
16	Revenue and Reversions	72.3	71.8	
17	<u>Appropriations, expenditures and transfers out</u>	<u>(52.1)</u>	<u>(79.0)</u>	
18	Ending Balances	<u>\$ 633.8</u>	<u>\$ 614.2</u>	
19	<i>Reserves as a Percent of Recurring Appropriations</i>	<i>10.3%</i>	<i>9.9%</i>	

*Legislative session expenses treated as recurring appropriation.

**FY15 includes \$16.6 million from Laws 2014, Section 5.

***Beginning balances are reduced by \$101.7 million for cash reconciliation noted in FY12 and FY13 general fund audits; \$20 million for Special Education Funding Maintenance of Effort noted in FY13 audit; \$36 million in restricted fund balances for Special Education Maintenance of Effort noted in the FY14 audit; and a \$73.7 million adjustment for HSD as noted in the FY14 audit.

Department of Finance and Administration
GENERAL FUND FINANCIAL SUMMARY (Continued)
RESERVE DETAIL
(Dollars in Millions)

	Prelim FY2015	Estimated FY2016	Estimated FY2017
OPERATING RESERVE			
20	\$ 274.5	\$ 233.6	\$ 199.3
21	(1.5)	(2.0)	
22	<i>Transfer to ACF*</i>	<i>(20.0)</i>	
23	<u>Transfers from (to) appropriation account</u>	<u>(12.3)</u>	<u>-</u>
24	\$ 233.6	\$ 199.3	\$ 199.3
APPROPRIATION CONTINGENCY FUND			
25	\$ 18.4	\$ 27.9	\$ 25.9
26	(12.6)	(22.0)	(22.0)
27	<i>Transfer from Oper Reserve to ACF (2013 & 2014 GAA)*</i>	<i>20.0</i>	
28	<i>Preservation of US Military Bases (2014 GAA, Sec. 5)**</i>	<i>(0.5)</i>	
29	<u>Revenue and reversions</u>	<u>7.7</u>	<u>-</u>
30	\$ 27.9	\$ 25.9	\$ 3.9
Education Lock Box			
31	\$ 3.0	\$ (0.1)	\$ -
32	(3.1)	-	-
33	<u>Transfers in (out)</u>	<u>-</u>	<u>-</u>
34	\$ (0.1)	\$ (0.1)	\$ -
STATE SUPPORT FUND			
35	\$ 1.0	\$ 1.0	\$ 1.0
36	\$ -	\$ -	\$ -
37	<u>Appropriations</u>	<u>-</u>	<u>-</u>
38	\$ 1.0	\$ 1.0	\$ 1.0
TOBACCO PERMANENT FUND			
39	\$ 193.5	\$ 223.8	\$ 240.6
40	35.0	35.0	35.0
41	(19.3)	(17.5)	(17.5)
42	14.5	16.8	18.0
43	<u>Additional transfers to Program Fund</u>	<u>(17.5)</u>	<u>-</u>
44	\$ 223.8	\$ 240.6	\$ 276.1
TAX STABILIZATION RESERVE			
45	\$ 147.5	\$ 147.5	\$ 147.5
46	-	-	-
47	<u>Ending balance</u>	<u>147.5</u>	<u>147.5</u>
48	\$ 633.8	\$ 614.2	\$ 627.8
49	<i>Percent of Recurring Appropriations</i>	<i>10.3%</i>	<i>9.9%</i>

*The FY14 transfer is earmarked for budget shortfalls resulting from federal sequestration.

**Contingent on federal announcement of base realignment and closure initiative.