

State of New Mexico  
**Legislative Finance Committee**  
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January 4, 2012

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## **LFC Releases Budget Recommendation**

*Editors: Volume I and Volume II of the LFC budget recommendation will be posted at the end of this week or early next week on the committee's website, [lfc.nmlegis.gov](http://lfc.nmlegis.gov).*

The Legislative Finance Committee today released a budget recommendation for the 2012-2013 fiscal year that calls for spending \$5.68 billion from the state's general fund, a \$250 million increase from FY12 spending levels.

Although the economy continues to improve, the committee took a cautious approach, recommending no increases for any but the highest-priority programs.

"Any temptation to restore services or to grow spending was tempered by the reality that the recovery has been unusually slow so far and is threatened by continuing troubles in Europe," Sen. John Arthur Smith, committee chairman said.

The committee's recommendation continues to emphasize education, public health, public safety and care for the state's most vulnerable citizens. The committee recommends increases of at least 3 percent for public schools, higher education, the Children, Youth and Families Department, Medicaid, the Corrections Department, and the Department of Public Safety.

Because a temporary cost-saving provision that increased the employee share of pension contributions is expected to expire, the recommendation covers the shift of those costs back to agencies, which means public employees, including teachers, would see an increase in take-home pay for the first time in four years.

The committee's general fund recommendation of \$2.5 billion for public schools is an increase of 3.2 percent, or \$89.2 million, from the FY12 appropriation. The recommendation includes an additional \$10.4 million for early childhood programs and \$7.5 million for a new reading initiative. Another \$5 million for early childhood programs is part of the recommendation for the Children, Youth and Families Department. Funding for that department would increase \$13 million, or 6.7 percent over FY12, to \$385 million. The \$755.5 million general fund recommendation for higher education represents a 5.4 percent increase over the FY12 appropriation. The recommendation assumes the implementation of a new funding formula that emphasizes course and degree completion over enrollment. Unlike most years, the recommendation does not take credit for any revenue raised through tuition.

The committee recommends a \$900.9 million general fund appropriation for Medicaid, a \$33.9 million increase, or 3.9 percent over FY12. The recommendation reflects the department's projections on slower enrollment growth and limited increases in managed-care utilization but also assumes some savings from department changes to the program. Finally, the committee recommendation includes a 3.3 percent increase for the Corrections Department and 5.5 percent increase for the Department of Public Safety.

The committee also provides for general fund reserves of 10 percent of total spending, although estimates of FY13 revenue are in flux and that figure could change. The December revenue estimate of \$254 million in "new money" – the amount of FY13 revenue over FY12 spending – was down about \$117 million from the July estimate and volatile energy markets continue to contribute to fluctuations.

January 4, 2012

## **Highlights of Legislative Finance Committee Appropriation Recommendations to the 2012 Legislature**

**Revenue and Economic Outlook.** Projected FY13 recurring revenue is \$5.69 billion, 2.4 percent over projected revenue in the current fiscal year. The forecast assumes the slow recovery continues with 1.8 percent growth in real US gross domestic product and 3 percent growth in New Mexico personal income in FY13. The energy outlook for FY13 is approximately flat with oil at \$87.75 per barrel (bbl) and natural gas at \$5.60 per thousand cubic feet (mcf). Significant downside risks to the forecast are weak natural gas prices and cuts to federal spending in New Mexico

**Recurring Appropriation.** The LFC recommends FY13 appropriations of \$5.68 billion. This spending level is \$250 million, or 4.6 percent, above the FY12 operating budget. The agency recommendations include \$49.7 million to reverse the 1.75 percent shift from employer-to-employee retirement contributions that was triggered because general fund reserves exceeded 5 percent. Separate from the agency recommendations, the LFC recommendation accelerates two spending commitments required in FY14: \$17 million for a 0.75 percent contribution increase for education retirement (ERB) and \$19 million to reduce the use of tobacco settlement revenue from 100 percent to 50 percent. Also, the LFC recommends a 0.5 percent compensation increase for agency employees.

As shown in the attached figure, the LFC recommendation for FY13 represents the first increase since FY09 (including temporary federal funds). Appropriations declined 11 percent from FY09 to FY12 and 2.9 percent from FY11 to FY12.

The LFC recommendation avoids further reductions, increases compensation modestly and prioritizes increases to core government functions -- public and higher education, healthcare, public safety and the judiciary.

**Assumptions and Approach.** As detailed in budget guidelines adopted in August 2011, the LFC recommendation reflects the following:

- It does not fund inflation which is expected to remain low.
- It does not reduce the use of nonrecurring funds for operations.
- It accelerates future spending commitments.
- It does not include any across-the-board cuts.
- It sets enterprise rates at or near FY12 levels.
- It reduces agency vacancy rates in critical positions.
- It generally avoids untested new programs and initiatives.

**Public Education.** The LFC recommends \$2.455 billion in funding for public education, and increase of \$89 million or 3.2 percent (excluding the 0.75 percent ERB increase). The recommendation for program cost and categorical funding closely mirrors the request of the

Public Education Department with \$11 million for employee insurance, \$10 million for enrollment growth, \$2.5 million for fixed costs and a \$4 million increase for transportation. To address the persistent problems of sub-par reading and math proficiency in early grades, the LFC recommends a \$10 million increase to serve more students in prekindergarten and the kindergarten-three-plus extended school year and \$7.5 million for an early reading initiative.

**Higher Education.** The LFC recommendation for higher education is \$755.5 million, including the Higher Education Department and special schools, an increase of \$39 million, or 5.4 percent, from the FY12 appropriation. The recommendation implements a new funding formula with incremental funding tied to outcomes. The recommendation includes \$13.5 million for the 1.75 percent retirement swap, \$15.8 million in formula funding for increased workload based on student course completion, and \$13.6 million for statewide outcome measures: the total number of certificates and degrees awarded in the past academic year, the certificates and degrees awarded in workforce priority areas, and the certificates and degrees awarded to financially at-risk students. The recommendation takes no credit for tuition increases.

**Medicaid.** FY13 is shaping up to be the transition year for the Human Services Department (HSD) before the implementation of expanded Medicaid health coverage in 2014 through federal healthcare reform. The LFC general fund recommendation for Medicaid totals \$901 million, a \$34 million, or 3.9 percent increase. The recommendation adopts the HSD's projection of slower enrollment growth and limited increase in medical managed care utilization and assumes additional savings from the agency Medicaid modernization effort. LFC recommends a \$19.7 million special appropriation for the possible repayment of prior year personal care expenditures that are subject to federal disallowance.

**Health.** The LFC general fund recommendation for the Department of Health is \$291 million, an increase of \$2.5 million over FY12. The recommendation includes an additional \$1 million for rural primary health care centers and \$2.7 million to reduce the waiting list for services to people with developmental disabilities.

**Early Childhood Services.** The LFC recommendation for the Children, Youth and Families Department is \$208 million, a \$13 million, or 6.7 percent increase from FY12. The recommendation addresses the department request to increase staffing for the juvenile justice and protective services programs and includes an additional \$5 million to reduce the child care waiting list and expand pre-kindergarten and home visiting programs.

**Public Safety.** The LFC general fund recommendation for the New Mexico Corrections Department (NMCD) is \$265.5 million, a 3.3 percent increase from the agency's FY12 operating level. The potential increase in inmate medical, dental and mental healthcare costs raises concerns about the department's ability to implement cost-saving measures to reduce costs.

The general fund recommendation for the Department of Public Safety (DPS) is \$90.9 million, a 5.5 percent increase from the agency's adjusted FY12 general fund appropriation. Attrition outpacing recruitment and retention continues to be a concern for the DPS as does the impact of the U.S. Supreme Court decision in *Bullcoming v. New Mexico* on travel costs and timely forensic analysis.

**Judiciary.** The LFC recommends \$140.9 million from the general fund, a 4 percent increase from FY12. The recommendation includes \$800 thousand from liquor excise tax revenues for statewide drug-court programs. The recommendation for the Administrative Office of the Courts includes an increase of \$885 thousand from the general fund for the magistrate courts to maintain current service levels.

The general fund budget recommendation for the district attorney offices is \$55.2 million, a 3.3 percent, increase from the FY12 operating budget. FY11 performance data related to caseload and cost per case was used in the development of the recommendation.

**Department of Transportation.** The LFC recommends total expenditures of \$842.6 million for the Department of Transportation, an increase of \$21 million, or 2.6 percent, from the FY12 operating budget. For FY13, approximately \$155.8 million in debt service and debt service principal was requested. Approximately \$23 million of this request is related to the Rail Runner. State road fund revenues – used by the department to create the FY13 budget submission – are projected to increase 1.8 percent over FY12 operating levels. Even with this increase in revenues, the department is projecting a maintenance gap of \$203.2 million and a construction gap of \$314 million. Large investment projects and interchange needs critical to the economic future of the state were not addressed by the NMDOT.

**Special and Supplemental Appropriations.** The LFC recommends \$38 million from the general fund for special, supplemental, and deficiency special appropriations, including \$19.7 million in contingency funding for the Human Services Department to pay a potential claim to the federal government for provider overcharges in the Personal Care Option program, \$5 million for the Job Training Incentive Program, and \$2 million for emergency supplemental funding for school districts and charter schools experiencing operating budget shortfalls.

Supplemental and deficiency appropriations include \$1 million for the Children, Youth and Families Department to offset the loss of federal funds for the Protective Services Program, \$600 thousand for the Corrections Department's personal services and employee benefits, \$513 thousand for the Secretary of State to fund election-related expenses and a \$742 thousand deficiency associated with the transfer of the Coordination of Long-Term Services (CoLTS) program from the Aging and Long-Term Services Department to the Human Services Department.

**Reserves.** The LFC recommendation leaves projected FY13 general fund balances of \$570 million, or 10 percent of FY13 recurring appropriation. The LFC recommends a transfer of \$65 million in FY12 from the appropriation account to the appropriation contingency fund to address potential federal liabilities.



GENERAL FUND AGENCY RECOMMENDATION SUMMARY

TABLE 1

| Business Unit            | Description                                      | FY12 Operating Budget | FY13 Agency Request | FY13 LFC Recomm. | \$ Over Adj. FY12 Oper. | Percent Change |
|--------------------------|--------------------------------------------------|-----------------------|---------------------|------------------|-------------------------|----------------|
| <b>Legislative</b>       |                                                  |                       |                     |                  |                         |                |
| 111                      | LEGISLATIVE COUNCIL SERVICE                      | 5,368.2               | 5,482.1             | 5,419.0          | 50.8                    | 0.9%           |
| 112                      | LEGISLATIVE FINANCE COMMITTEE                    | 3,842.3               | 3,879.0             | 3,922.8          | 80.5                    | 2.1%           |
| 114                      | SENATE CHIEF CLERK                               | 1,101.1               | 1,117.0             | 1,111.9          | 10.8                    | 1.0%           |
| 115                      | HOUSE CHIEF CLERK                                | 1,054.5               | 1,065.3             | 1,065.1          | 10.6                    | 1.0%           |
| 117                      | LEGISLATIVE EDUCATION STUDY COMMITTEE            | 1,181.7               | 1,181.7             | 1,194.0          | 12.3                    | 1.0%           |
| 119                      | LEGISLATIVE BUILDING SERVICES                    | 3,853.2               | 3,853.2             | 3,881.6          | 28.4                    | 0.7%           |
| 131                      | LEGISLATURE                                      | 1,916.0               | 0.0                 | 1,920.2          | 4.2                     | 0.2%           |
| <b>Total Legislative</b> |                                                  | <b>18,317.0</b>       | <b>16,578.3</b>     | <b>18,514.6</b>  | <b>197.6</b>            | <b>1.1%</b>    |
| <b>Judicial</b>          |                                                  |                       |                     |                  |                         |                |
| 205                      | SUPREME COURT LAW LIBRARY                        | 1,483.8               | 1,511.7             | 1,505.6          | 21.8                    | 1.5%           |
| 208                      | NEW MEXICO COMPILATION COMMISSION                | 0.0                   | 0.0                 | 0.0              | 0.0                     | 0.0%           |
| 210                      | JUDICIAL STANDARDS COMMISSION                    | 706.9                 | 737.7               | 742.9            | 36.0                    | 5.1%           |
| 215                      | COURT OF APPEALS                                 | 5,339.4               | 5,446.2             | 5,514.3          | 174.9                   | 3.3%           |
| 216                      | SUPREME COURT                                    | 2,783.9               | 2,842.6             | 2,879.3          | 95.4                    | 3.4%           |
| 218                      | ADMINISTRATIVE OFFICE OF THE COURTS              | 38,252.7              | 40,341.0            | 39,878.5         | 1,625.8                 | 4.3%           |
| 219                      | SUPREME COURT BUILDING COMMISSION                | 777.5                 | 848.9               | 833.4            | 55.9                    | 7.2%           |
| 231                      | FIRST JUDICIAL DISTRICT COURT                    | 5,890.9               | 6,068.7             | 6,115.7          | 224.8                   | 3.8%           |
| 232                      | SECOND JUDICIAL DISTRICT COURT                   | 20,103.8              | 21,072.2            | 21,051.5         | 947.7                   | 4.7%           |
| 233                      | THIRD JUDICIAL DISTRICT COURT                    | 5,827.4               | 5,943.9             | 6,064.4          | 237.0                   | 4.1%           |
| 234                      | FOURTH JUDICIAL DISTRICT COURT                   | 1,943.3               | 2,069.2             | 2,027.0          | 83.7                    | 4.3%           |
| 235                      | FIFTH JUDICIAL DISTRICT COURT                    | 5,651.3               | 5,764.3             | 5,839.8          | 188.5                   | 3.3%           |
| 236                      | SIXTH JUDICIAL DISTRICT COURT                    | 2,893.4               | 2,941.5             | 3,010.3          | 116.9                   | 4.0%           |
| 237                      | SEVENTH JUDICIAL DISTRICT COURT                  | 2,055.4               | 2,096.5             | 2,124.9          | 69.5                    | 3.4%           |
| 238                      | EIGHTH JUDICIAL DISTRICT COURT                   | 2,562.3               | 2,613.5             | 2,613.6          | 51.3                    | 2.0%           |
| 239                      | NINTH JUDICIAL DISTRICT COURT                    | 2,973.1               | 3,034.0             | 3,078.8          | 105.7                   | 3.6%           |
| 240                      | TENTH JUDICIAL DISTRICT COURT                    | 718.6                 | 743.6               | 751.6            | 33.0                    | 4.6%           |
| 241                      | ELEVENTH JUDICIAL DISTRICT COURT                 | 5,538.5               | 5,649.2             | 5,730.4          | 191.9                   | 3.5%           |
| 242                      | TWELFTH JUDICIAL DISTRICT COURT                  | 2,826.8               | 2,883.3             | 2,926.8          | 100.0                   | 3.5%           |
| 243                      | THIRTEENTH JUDICIAL DISTRICT COURT               | 6,007.6               | 6,395.9             | 6,274.8          | 267.2                   | 4.4%           |
| 244                      | BERNALILLO COUNTY METROPOLITAN COURT             | 21,087.9              | 21,831.5            | 21,937.8         | 849.9                   | 4.0%           |
| 251                      | FIRST JUDICIAL DISTRICT ATTORNEY                 | 4,455.4               | 4,616.9             | 4,639.8          | 184.4                   | 4.1%           |
| 252                      | SECOND JUDICIAL DISTRICT ATTORNEY                | 15,866.3              | 16,193.3            | 16,414.2         | 547.9                   | 3.5%           |
| 253                      | THIRD JUDICIAL DISTRICT ATTORNEY                 | 4,185.0               | 4,611.5             | 4,300.7          | 115.7                   | 2.8%           |
| 254                      | FOURTH JUDICIAL DISTRICT ATTORNEY                | 2,852.8               | 3,180.1             | 2,906.4          | 53.6                    | 1.9%           |
| 255                      | FIFTH JUDICIAL DISTRICT ATTORNEY                 | 4,074.0               | 4,226.5             | 4,209.9          | 135.9                   | 3.3%           |
| 256                      | SIXTH JUDICIAL DISTRICT ATTORNEY                 | 2,358.8               | 2,618.5             | 2,477.2          | 118.4                   | 5.0%           |
| 257                      | SEVENTH JUDICIAL DISTRICT ATTORNEY               | 2,190.6               | 2,283.4             | 2,231.8          | 41.2                    | 1.9%           |
| 258                      | EIGHTH JUDICIAL DISTRICT ATTORNEY                | 2,346.2               | 2,714.8             | 2,397.7          | 51.5                    | 2.2%           |
| 259                      | NINTH JUDICIAL DISTRICT ATTORNEY                 | 2,537.6               | 2,755.9             | 2,594.8          | 57.2                    | 2.3%           |
| 260                      | TENTH JUDICIAL DISTRICT ATTORNEY                 | 931.4                 | 966.1               | 957.3            | 25.9                    | 2.8%           |
| 261                      | ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I  | 2,995.3               | 3,645.6             | 3,106.8          | 111.5                   | 3.7%           |
| 262                      | TWELFTH JUDICIAL DISTRICT ATTORNEY               | 2,389.7               | 2,695.7             | 2,506.9          | 117.2                   | 4.9%           |
| 263                      | THIRTEENTH JUDICIAL DISTRICT ATTORNEY            | 4,278.3               | 5,237.3             | 4,398.6          | 120.3                   | 2.8%           |
| 264                      | ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS  | 1,793.9               | 1,994.9             | 1,840.0          | 46.1                    | 2.6%           |
| 265                      | ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION II | 1,910.7               | 2,060.2             | 2,012.8          | 102.1                   | 5.3%           |
| <b>Total Judicial</b>    |                                                  | <b>190,590.5</b>      | <b>200,636.1</b>    | <b>197,896.3</b> | <b>7,305.8</b>          | <b>3.8%</b>    |

GENERAL FUND AGENCY RECOMMENDATION SUMMARY

TABLE 1

| Business                                         |                                                   | FY12             | FY13             | FY13             | \$                   | Percent     |
|--------------------------------------------------|---------------------------------------------------|------------------|------------------|------------------|----------------------|-------------|
| Unit                                             | Description                                       | Operating Budget | Agency Request   | LFC Recomm.      | Over Adj. FY12 Oper. | Change      |
| <b>General Control</b>                           |                                                   |                  |                  |                  |                      |             |
| 305                                              | ATTORNEY GENERAL                                  | 8,157.3          | 11,157.3         | 9,758.7          | 1,601.4              | 19.6%       |
| 308                                              | STATE AUDITOR                                     | 2,212.2          | 2,823.7          | 2,416.6          | 204.4                | 9.2%        |
| 333                                              | TAXATION AND REVENUE DEPARTMENT                   | 52,927.5         | 52,993.1         | 53,407.7         | 480.2                | 0.9%        |
| 337                                              | STATE INVESTMENT COUNCIL                          | 0.0              | 0.0              | 0.0              | 0.0                  | 0.0%        |
| 341                                              | DEPARTMENT OF FINANCE AND ADMINISTRATION          | 21,984.0         | 22,080.7         | 22,661.9         | 677.9                | 3.1%        |
| 342                                              | PUBLIC SCHOOL INSURANCE AUTHORITY                 | 0.0              | 0.0              | 0.0              | 0.0                  | 0.0%        |
| 343                                              | RETIREE HEALTH CARE AUTHORITY                     | 0.0              | 0.0              | 0.0              | 0.0                  | 0.0%        |
| 350                                              | GENERAL SERVICES DEPARTMENT                       | 12,803.9         | 13,304.0         | 13,690.7         | 886.8                | 6.9%        |
| 352                                              | EDUCATIONAL RETIREMENT BOARD                      | 0.0              | 0.0              | 0.0              | 0.0                  | 0.0%        |
| 354                                              | NEW MEXICO SENTENCING COMMISSION                  | 529.8            | 529.8            | 529.8            | 0.0                  | 0.0%        |
| 355                                              | PUBLIC DEFENDER DEPARTMENT                        | 38,898.4         | 38,898.4         | 40,145.3         | 1,246.9              | 3.2%        |
| 356                                              | GOVERNOR                                          | 3,357.6          | 3,357.6          | 3,391.6          | 34.0                 | 1.0%        |
| 360                                              | LIEUTENANT GOVERNOR                               | 671.0            | 575.8            | 579.9            | -91.1                | -13.6%      |
| 361                                              | DEPARTMENT OF INFORMATION TECHNOLOGY              | 472.0            | 868.7            | 741.6            | 269.6                | 57.1%       |
| 366                                              | PUBLIC EMPLOYEES RETIREMENT ASSOCIATION           | 0.0              | 0.0              | 0.0              | 0.0                  | 0.0%        |
| 369                                              | STATE COMMISSION OF PUBLIC RECORDS                | 2,405.3          | 2,838.2          | 2,601.5          | 196.2                | 8.2%        |
| 370                                              | SECRETARY OF STATE                                | 4,351.3          | 6,610.9          | 4,686.2          | 334.9                | 7.7%        |
| 378                                              | PERSONNEL BOARD                                   | 3,852.4          | 3,852.4          | 3,896.1          | 43.7                 | 1.1%        |
| 379                                              | PUBLIC EMPLOYEE LABOR RELATIONS BOARD             | 212.6            | 212.6            | 214.0            | 1.4                  | 0.7%        |
| 394                                              | STATE TREASURER                                   | 3,550.8          | 3,537.7          | 3,572.3          | 21.5                 | 0.6%        |
| <b>Total General Control</b>                     |                                                   | <b>156,386.1</b> | <b>163,640.9</b> | <b>162,293.9</b> | <b>5,907.8</b>       | <b>3.8%</b> |
| <b>Commerce and Industry</b>                     |                                                   |                  |                  |                  |                      |             |
| 404                                              | BOARD OF EXAMINERS FOR ARCHITECTS                 | 0.0              | 0.0              | 0.0              | 0.0                  | 0.0%        |
| 417                                              | BORDER AUTHORITY                                  | 331.4            | 391.4            | 333.4            | 2.0                  | 0.6%        |
| 418                                              | TOURISM DEPARTMENT                                | 8,268.5          | 8,268.5          | 8,300.7          | 32.2                 | 0.4%        |
| 419                                              | ECONOMIC DEVELOPMENT DEPARTMENT                   | 6,455.0          | 6,455.0          | 6,497.2          | 42.2                 | 0.7%        |
| 420                                              | REGULATION AND LICENSING DEPARTMENT               | 12,590.1         | 12,740.1         | 12,726.8         | 136.7                | 1.1%        |
| 430                                              | PUBLIC REGULATION COMMISSION                      | 7,771.2          | 8,091.1          | 7,836.8          | 65.6                 | 0.8%        |
| 446                                              | MEDICAL BOARD                                     | 0.0              | 0.0              | 0.0              | 0.0                  | 0.0%        |
| 449                                              | BOARD OF NURSING                                  | 0.0              | 0.0              | 0.0              | 0.0                  | 0.0%        |
| 460                                              | NEW MEXICO STATE FAIR                             | 0.0              | 0.0              | 0.0              | 0.0                  | 0.0%        |
| 464                                              | STATE BOARD OF LICENSURE FOR ENGINEERS & LAND SUR | 0.0              | 0.0              | 0.0              | 0.0                  | 0.0%        |
| 465                                              | GAMING CONTROL BOARD                              | 5,180.2          | 5,694.6          | 5,498.4          | 318.2                | 6.1%        |
| 469                                              | STATE RACING COMMISSION                           | 1,849.3          | 2,000.1          | 2,013.4          | 164.1                | 8.9%        |
| 479                                              | BOARD OF VETERINARY MEDICINE                      | 0.0              | 0.0              | 0.0              | 0.0                  | 0.0%        |
| 490                                              | CUMBRES AND TOLTEC SCENIC RAILROAD COMMISSION     | 87.0             | 87.0             | 87.0             | 0.0                  | 0.0%        |
| 491                                              | OFFICE OF MILITARY BASE PLANNING AND SUPPORT      | 119.3            | 119.3            | 120.8            | 1.5                  | 1.3%        |
| 495                                              | SPACEPORT AUTHORITY                               | 489.6            | 489.6            | 456.2            | -33.4                | -6.8%       |
| <b>Total Commerce and Industry</b>               |                                                   | <b>43,141.6</b>  | <b>44,336.7</b>  | <b>43,870.7</b>  | <b>729.1</b>         | <b>1.7%</b> |
| <b>Agriculture, Energy and Natural Resources</b> |                                                   |                  |                  |                  |                      |             |
| 505                                              | CULTURAL AFFAIRS DEPARTMENT                       | 26,933.0         | 26,933.0         | 27,163.1         | 230.1                | 0.9%        |
| 508                                              | NEW MEXICO LIVESTOCK BOARD                        | 454.4            | 454.4            | 459.4            | 5.0                  | 1.1%        |
| 516                                              | DEPARTMENT OF GAME AND FISH                       | 0.0              | 0.0              | 0.0              | 0.0                  | 0.0%        |
| 521                                              | ENERGY, MINERALS AND NATURAL RESOURCES DEPARTM    | 19,535.1         | 19,935.1         | 20,134.7         | 599.6                | 3.1%        |
| 522                                              | YOUTH CONSERVATION CORPS                          | 0.0              | 0.0              | 0.0              | 0.0                  | 0.0%        |

GENERAL FUND AGENCY RECOMMENDATION SUMMARY

TABLE 1

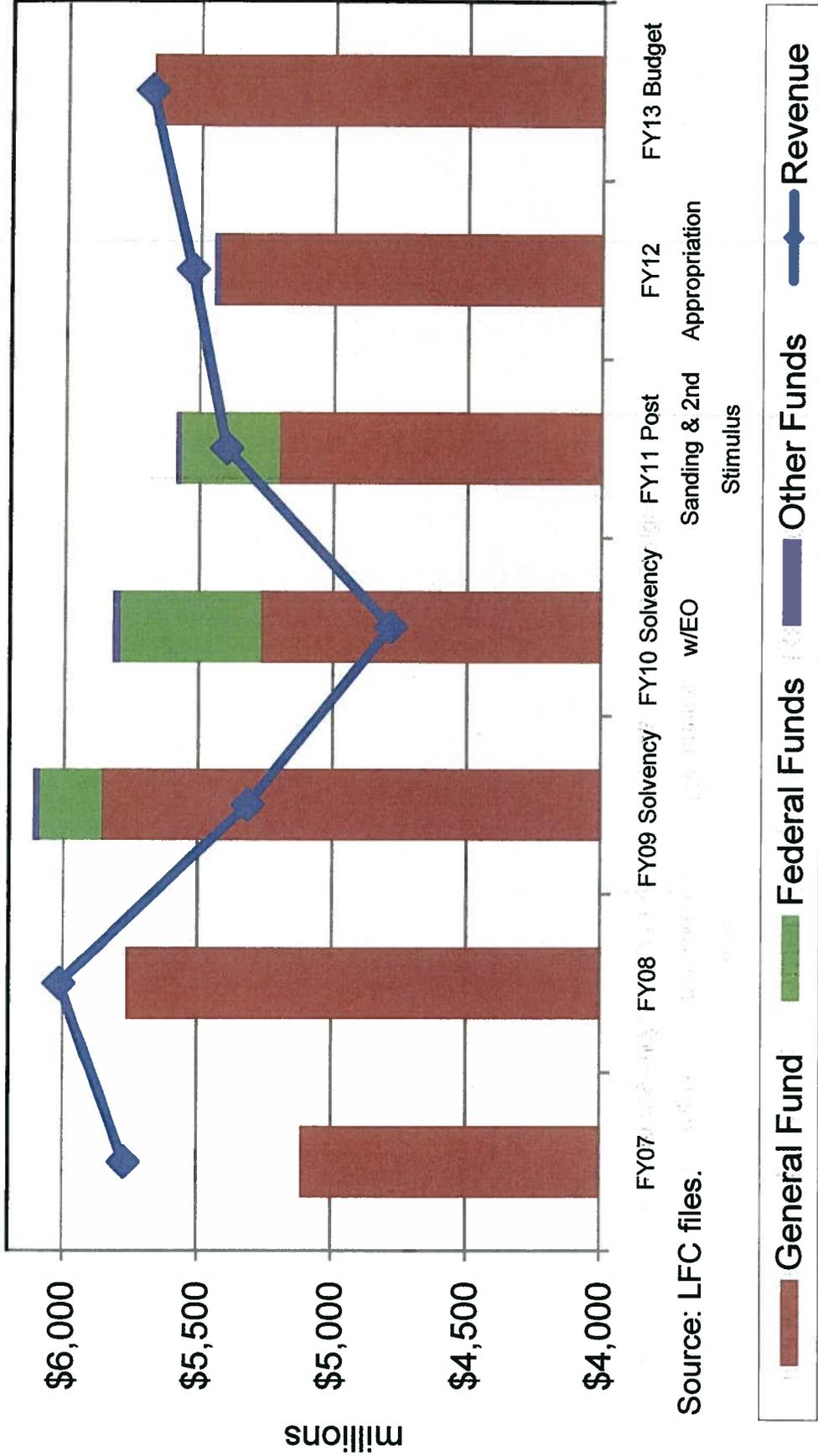
| Business                                               |                                                  | FY12               | FY13               | FY13               | \$                   |                |
|--------------------------------------------------------|--------------------------------------------------|--------------------|--------------------|--------------------|----------------------|----------------|
| Unit                                                   | Description                                      | Operating Budget   | Agency Request     | LFC Recomm.        | Over Adj. FY12 Oper. | Percent Change |
| 538                                                    | INTERTRIBAL CEREMONIAL OFFICE                    | 30.0               | 30.0               | 30.0               | 0.0                  | 0.0%           |
| 539                                                    | COMMISSIONER OF PUBLIC LANDS                     | 0.0                | 0.0                | 0.0                | 0.0                  | 0.0%           |
| 550                                                    | STATE ENGINEER                                   | 14,598.5           | 14,598.5           | 14,776.9           | 178.4                | 1.2%           |
| 569                                                    | ORGANIC COMMODITY COMMISSION                     | 0.0                | 0.0                | 0.0                | 0.0                  | 0.0%           |
| <b>Total Agriculture, Energy and Natural Resources</b> |                                                  | <b>61,551.0</b>    | <b>61,951.0</b>    | <b>62,564.1</b>    | <b>1,013.1</b>       | <b>1.6%</b>    |
| <b>Health, Hospitals and Human Services</b>            |                                                  |                    |                    |                    |                      |                |
| 601                                                    | COMMISSION ON STATUS OF WOMEN                    | 0.0                | 0.0                | 0.0                | 0.0                  | 0.0%           |
| 603                                                    | OFFICE OF AFRICAN AMERICAN AFFAIRS               | 695.4              | 695.4              | 681.0              | -14.4                | -2.1%          |
| 604                                                    | COMMISSION FOR DEAF AND HARD-OF-HEARING PERSONS  | 300.0              | 300.0              | 0.0                | -300.0               | -100.0%        |
| 605                                                    | MARTIN LUTHER KING, JR. COMMISSION               | 172.7              | 209.1              | 198.8              | 26.1                 | 15.1%          |
| 606                                                    | COMMISSION FOR THE BLIND                         | 1,889.4            | 1,889.4            | 1,900.3            | 10.9                 | 0.6%           |
| 609                                                    | INDIAN AFFAIRS DEPARTMENT                        | 2,400.1            | 2,400.1            | 2,355.9            | -44.2                | -1.8%          |
| 624                                                    | AGING AND LONG-TERM SERVICES DEPARTMENT          | 40,663.9           | 42,910.9           | 41,980.9           | 1,317.0              | 3.2%           |
| 630                                                    | HUMAN SERVICES DEPARTMENT                        | 967,295.8          | 1,017,445.0        | 1,002,725.8        | 35,430.0             | 3.7%           |
| 631                                                    | WORKFORCE SOLUTIONS DEPARTMENT                   | 3,217.4            | 4,217.4            | 3,760.1            | 542.7                | 16.9%          |
| 632                                                    | WORKERS' COMPENSATION ADMINISTRATION             | 0.0                | 0.0                | 0.0                | 0.0                  | 0.0%           |
| 644                                                    | DIVISION OF VOCATIONAL REHABILITATION            | 5,348.7            | 5,673.6            | 5,619.3            | 270.6                | 5.1%           |
| 645                                                    | GOVERNOR'S COMMISSION ON DISABILITY              | 645.7              | 954.0              | 816.4              | 170.7                | 26.4%          |
| 647                                                    | DEVELOPMENTAL DISABILITIES PLANNING COUNCIL      | 4,135.3            | 4,570.5            | 4,522.3            | 387.0                | 9.4%           |
| 662                                                    | MINERS' HOSPITAL OF NEW MEXICO                   | 0.0                | 0.0                | 0.0                | 0.0                  | 0.0%           |
| 665                                                    | DEPARTMENT OF HEALTH                             | 288,707.1          | 288,707.1          | 291,247.5          | 2,540.4              | 0.9%           |
| 667                                                    | DEPARTMENT OF ENVIRONMENT                        | 11,354.9           | 11,354.9           | 11,045.8           | -309.1               | -2.7%          |
| 668                                                    | OFFICE OF THE NATURAL RESOURCES TRUSTEE          | 86.4               | 86.4               | 87.0               | 0.6                  | 0.7%           |
| 669                                                    | NEW MEXICO HEALTH POLICY COMMISSION              | 4.7                | 0.0                | 0.0                | -4.7                 | -100.0%        |
| 670                                                    | VETERANS' SERVICES DEPARTMENT                    | 2,634.4            | 3,070.0            | 2,723.8            | 89.4                 | 3.4%           |
| 690                                                    | CHILDREN, YOUTH AND FAMILIES DEPARTMENT          | 195,171.9          | 203,171.9          | 208,182.6          | 13,010.7             | 6.7%           |
| <b>Total Health, Hospitals and Human Services</b>      |                                                  | <b>1,524,723.8</b> | <b>1,587,655.7</b> | <b>1,577,847.5</b> | <b>53,123.7</b>      | <b>3.5%</b>    |
| <b>Public Safety</b>                                   |                                                  |                    |                    |                    |                      |                |
| 705                                                    | DEPARTMENT OF MILITARY AFFAIRS                   | 6,297.6            | 6,297.6            | 6,322.7            | 25.1                 | 0.4%           |
| 760                                                    | PAROLE BOARD                                     | 442.7              | 469.1              | 463.7              | 21.0                 | 4.7%           |
| 765                                                    | JUVENILE PUBLIC SAFETY ADVISORY BOARD            | 24.1               | 24.1               | 24.1               | 0.0                  | 0.0%           |
| 770                                                    | CORRECTIONS DEPARTMENT                           | 256,976.5          | 264,928.3          | 265,494.0          | 8,517.5              | 3.3%           |
| 780                                                    | CRIME VICTIMS REPARATION COMMISSION              | 1,674.0            | 1,713.6            | 1,710.0            | 36.0                 | 2.2%           |
| 790                                                    | DEPARTMENT OF PUBLIC SAFETY                      | 86,218.8           | 89,803.6           | 90,949.0           | 4,730.2              | 5.5%           |
| 795                                                    | HOMELAND SECURITY AND EMERGENCY MANAGEMENT       | 2,467.6            | 2,467.6            | 2,393.2            | -74.4                | -3.0%          |
| <b>Total Public Safety</b>                             |                                                  | <b>354,101.3</b>   | <b>365,703.9</b>   | <b>367,356.7</b>   | <b>13,255.4</b>      | <b>3.7%</b>    |
| <b>Transportation</b>                                  |                                                  |                    |                    |                    |                      |                |
| 805                                                    | DEPARTMENT OF TRANSPORTATION                     | 0.0                | 0.0                | 0.0                | 0.0                  | 0.0%           |
| <b>Total Transportation</b>                            |                                                  | <b>0.0</b>         | <b>0.0</b>         | <b>0.0</b>         | <b>0.0</b>           | <b>0.0%</b>    |
| <b>Other Education</b>                                 |                                                  |                    |                    |                    |                      |                |
| 924                                                    | PUBLIC EDUCATION DEPARTMENT                      | 10,534.2           | 10,634.2           | 10,739.6           | 205.4                | 1.9%           |
| 925                                                    | PUBLIC EDUCATION DEPARTMENT-SPECIAL APPROPRIATIO | 17,055.8           | 47,784.2           | 35,419.9           | 18,364.1             | 107.7%         |
| 930                                                    | REGIONAL EDUCATION COOPERATIVES                  | 0.0                | 0.0                | 0.0                | 0.0                  | 0.0%           |
| 940                                                    | PUBLIC SCHOOL FACILITIES AUTHORITY               | 0.0                | 0.0                | 0.0                | 0.0                  | 0.0%           |

GENERAL FUND AGENCY RECOMMENDATION SUMMARY

TABLE 1

| Business                           |                                                  | FY12             | FY13           | FY13        | \$                   |                |
|------------------------------------|--------------------------------------------------|------------------|----------------|-------------|----------------------|----------------|
| Unit                               | Description                                      | Operating Budget | Agency Request | LFC Recomm. | Over Adj. FY12 Oper. | Percent Change |
| <b>Total Other Education</b>       |                                                  | 27,590.0         | 58,418.4       | 46,159.5    | 18,569.5             | 67.3%          |
| <b>Higher Education</b>            |                                                  |                  |                |             |                      |                |
| 950                                | HIGHER EDUCATION DEPARTMENT                      | 35,819.1         | 35,819.1       | 31,866.6    | -3,952.5             | -11.0%         |
| 952                                | UNIVERSITY OF NEW MEXICO                         | 268,562.3        | 267,572.3      | 284,696.5   | 16,134.2             | 6.0%           |
| 954                                | NEW MEXICO STATE UNIVERSITY                      | 175,341.5        | 175,984.0      | 185,034.3   | 9,692.8              | 5.5%           |
| 956                                | NEW MEXICO HIGHLANDS UNIVERSITY                  | 27,433.7         | 27,194.8       | 29,049.6    | 1,615.9              | 5.9%           |
| 958                                | WESTERN NEW MEXICO UNIVERSITY                    | 16,532.5         | 16,791.7       | 17,587.5    | 1,055.0              | 6.4%           |
| 960                                | EASTERN NEW MEXICO UNIVERSITY                    | 39,373.1         | 39,223.8       | 42,115.3    | 2,742.2              | 7.0%           |
| 962                                | NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY    | 34,596.6         | 34,948.3       | 36,272.0    | 1,675.4              | 4.8%           |
| 964                                | NORTHERN NEW MEXICO COLLEGE                      | 10,091.2         | 10,042.8       | 10,545.8    | 454.6                | 4.5%           |
| 966                                | SANTA FE COMMUNITY COLLEGE                       | 12,166.1         | 12,002.9       | 12,527.7    | 361.6                | 3.0%           |
| 968                                | CENTRAL NEW MEXICO COMMUNITY COLLEGE             | 43,086.0         | 43,686.8       | 47,935.7    | 4,849.7              | 11.3%          |
| 970                                | LUNA COMMUNITY COLLEGE                           | 7,448.1          | 7,375.1        | 7,725.5     | 277.4                | 3.7%           |
| 972                                | MESALANDS COMMUNITY COLLEGE                      | 4,179.4          | 4,098.4        | 4,295.9     | 116.5                | 2.8%           |
| 974                                | NEW MEXICO JUNIOR COLLEGE                        | 5,829.3          | 5,935.6        | 6,196.0     | 366.7                | 6.3%           |
| 976                                | SAN JUAN COLLEGE                                 | 21,801.0         | 21,575.4       | 23,243.8    | 1,442.8              | 6.6%           |
| 977                                | CLOVIS COMMUNITY COLLEGE                         | 8,428.8          | 8,350.5        | 8,769.4     | 340.6                | 4.0%           |
| 978                                | NEW MEXICO MILITARY INSTITUTE                    | 1,816.1          | 1,816.1        | 2,642.4     | 826.3                | 45.5%          |
| 979                                | NEW MEXICO SCHOOL FOR THE BLIND AND VISUALLY IMP | 675.2            | 675.2          | 1,099.9     | 424.7                | 62.9%          |
| 980                                | NEW MEXICO SCHOOL FOR THE DEAF                   | 3,385.3          | 3,385.3        | 3,938.4     | 553.1                | 16.3%          |
| <b>Total Higher Education</b>      |                                                  | 716,565.3        | 716,478.1      | 755,542.3   | 38,977.0             | 5.4%           |
| <b>Public School Support</b>       |                                                  |                  |                |             |                      |                |
| 993                                | PUBLIC SCHOOL SUPPORT                            | 2,338,422.0      | 2,377,780.8    | 2,409,013.7 | 70,591.7             | 3.0%           |
| <b>Total Public School Support</b> |                                                  | 2,338,422.0      | 2,377,780.8    | 2,409,013.7 | 70,591.7             | 3.0%           |
| <b>Other</b>                       |                                                  |                  |                |             |                      |                |
| 992                                | ERB 0.75 PERCENT INCREASE                        | 0.0              | 0.0            | 17,079.6    | 17,079.6             | 0.0%           |
| 992                                | REPLACE TOBACCO SETTLEMENT - 50 PERCENT          | 0.0              | 0.0            | 19,282.7    | 19,282.7             | 0.0%           |
| 996                                | STATE EMP COMP - 0.50 PERCENT                    | 0.0              | 0.0            | 3,400.0     | 3,400.0              | 0.0%           |
| 997                                | DISTRICT COURT JUDGESHIPS (2)                    | 0.0              | 0.0            | 460.0       | 460.0                | 0.0%           |
| <b>Total Other</b>                 |                                                  | 0.0              | 0.0            | 40,222.3    | 40,222.3             | 0.0%           |
| <b>Grand Total</b>                 |                                                  | 5,431,388.6      | 5,593,179.9    | 5,681,281.6 | 249,893.0            | 4.6%           |

# Appropriations: General Fund and Temporary Funds





**General Fund Financial Summary - LFC Recommendation**  
(Millions)

|                                                          | <u>Preliminary<br/>FY2011</u> | <u>Estimated<br/>FY2012</u> | <u>Estimated<br/>FY2013</u> |
|----------------------------------------------------------|-------------------------------|-----------------------------|-----------------------------|
| <b>APPROPRIATION ACCOUNT</b>                             |                               |                             |                             |
| <b>REVENUE</b>                                           |                               |                             |                             |
| Recurring Revenue                                        |                               |                             |                             |
| December 2011 Consensus Forecast                         | \$ 5,402.4                    | \$ 5,532.8                  | \$ 5,688.2                  |
| Total Recurring Revenue                                  | \$ 5,402.4                    | \$ 5,532.8                  | \$ 5,688.2                  |
| Nonrecurring Revenue                                     |                               |                             |                             |
| Total Non-Recurring Revenue (1)                          | \$ 66.8                       | \$ 18.3                     | \$ (3.3)                    |
| <b>TOTAL REVENUE</b>                                     | <b>\$ 5,469.2</b>             | <b>\$ 5,551.1</b>           | <b>\$ 5,684.9</b>           |
| <b>APPROPRIATIONS</b>                                    |                               |                             |                             |
| Recurring Appropriations                                 |                               |                             |                             |
| General Appropriation                                    | \$ 5,212.9                    | \$ 5,431.3                  | \$ 5,681.3                  |
| Total Recurring Appropriations (2)                       | \$ 5,212.9                    | \$ 5,431.3                  | \$ 5,681.3                  |
| Nonrecurring Appropriations                              |                               |                             |                             |
| 2011 Regular & Special Sessions (3)                      | \$ 18.3                       | \$ 5.8                      | \$ -                        |
| 2012 Deficiencies, Supplementals, and Specials (4)       | \$ -                          | \$ 47.1                     | \$ -                        |
| Total Nonrecurring Appropriations                        | \$ 18.3                       | \$ 52.9                     | \$ -                        |
| <b>TOTAL APPROPRIATIONS</b>                              | <b>\$ 5,231.2</b>             | <b>\$ 5,484.2</b>           | <b>\$ 5,681.3</b>           |
| Transfer to(from) Reserves                               | \$ 238.0                      | \$ 66.9                     | \$ 3.6                      |
| <b>GENERAL FUND RESERVES</b>                             |                               |                             |                             |
| Beginning Balances                                       | \$ 278.0                      | \$ 501.9                    | \$ 552.3                    |
| Transfers from (to) Appropriations Account               | \$ 238.0                      | \$ 1.9                      | \$ 3.6                      |
| Revenue and Reversions                                   | \$ 58.9                       | \$ 40.1                     | \$ 49.8                     |
| Appropriations, expenditures and transfers out           | \$ (73.0)                     | \$ 8.4                      | \$ (35.3)                   |
| <b>Ending Balances</b>                                   | <b>\$ 501.9</b>               | <b>\$ 552.3</b>             | <b>\$ 570.4</b>             |
| <i>Reserves as a Percent of Recurring Appropriations</i> | <i>9.6%</i>                   | <i>10.2%</i>                | <i>10.0%</i>                |

(1) FY11 includes \$36 million in one-time fiduciary tax revenue, \$2.1 million for tax amnesty, \$1.9 million in IT and Telecom overcharges to be refunded to the General Fund by DOIT, \$26 million fund transfer for solvency, and \$800 thousand for homeland security deficiency reversions. FY12 includes \$11.4 million fund transfer for solvency, and \$6.9 million for tax amnesty.

(2) FY 13 includes \$460 thousand of recurring appropriations found in Section 5.

(3) 2011 Special Session FY12 appropriations include \$1.3 million for feed bill, \$0.5 million for Medicaid and SNAP, and \$4 million for police vehicles.

(4) FY12 includes \$11.6 million for IT requests and \$4.9 million for the legislative feed bill. FY12 excludes \$460 thousand shown in the FY13 recurring appropriation subtotal and \$2 million appropriated from the Education Lock Box.

