



Representative Luciano "Lucky" Varela
Chairman

Representative Donald E. Bratton
Representative Rhonda S. King
Representative Henry Kiki Saavedra
Representative Nick L. Salazar
Representative Edward C. Sandoval
Representative Don L. Tripp
Representative Jeannette O. Wallace

State of New Mexico
Legislative Finance Committee

325 Don Gaspar, Suite 101
Santa Fe, New Mexico 87501
(505) 986-4550 Fax: (505) 986-4545

DAVID ABBEY
DIRECTOR

Senator John Arthur Smith
Vice Chairman

Senator Sue Wilson Beffort
Senator Pete Campos
Senator Carlos R. Cisneros
Senator Stuart Ingle
Senator Carroll H. Leavell
Senator Mary Kay Papen
Senator John M. Sapien

January 4, 2010

Contact: David Abbey, 986-4550

LFC Releases Budget Recommendation

Editors: The two volumes of the LFC budget recommendation will be posted on the committee's website, lfc.nmlegis.gov, next week.

The Legislative Finance Committee today released a budget recommendation for the 2010-2011 fiscal year that calls for spending \$5.34 billion from the state's general fund, a \$151 million drop from the FY10 appropriated levels adopted in the regular session before emergency cuts in October.

Even with the reduction, the spending plan for the budget year that starts July 1, 2010, would exceed expected general fund revenue by \$200 million. Although this gap could be reduced by about \$80 million if the federal government extends Medicaid stimulus funds scheduled to end in December 2010, additional cuts or revenue increases would be necessary to close the gap.

The committee's spending plan prioritizes existing programs in the key areas of education, health and public safety that demonstrate efficiency and effectiveness and avoid duplication. The number of state employee positions is cut by 970, mostly through the elimination of nonessential personnel and positions that have been vacant for a long time.

"After two rounds of emergency action to balance the FY09 and FY10 budgets, the Legislature is short on options to address this recession-driven crisis without cutting important services or raising revenue," said Rep. Luciano "Lucky" Varela, LFC chairman. "The Legislature is hitting this wall at the same time more New Mexicans are more in need of safety-net services and less able to afford higher taxes or fees."

Projected general fund revenue for FY11 is \$149 million less than FY10 appropriations adjusted for both solvency cuts and the executive order and furloughs. In addition, the plan assumes the loss of \$288 million in federal funds for education and Medicaid, meaning the state would have to make up \$437 million to maintain a flat budget.

The committee's general fund recommendation of \$2.4 billion for public schools would be an increase of \$128 million over the post-solvency FY10 appropriation and reflects the need to replace the \$186 million in federal stimulus funds that will no longer be available. Because of the loss of federal funds, the overall money available to schools will be down slightly and the committee continues to recommend the Legislature review possible changes to the funding formula to improve equity and save money. Along with funding for the states' colleges, education would continue to represent 60 percent of the state's general fund spending. The recommendation for higher education is a 3.5 percent reduction from the post-solvency appropriation.

Similar to the recommendation for public schools, the recommendation for the Human Services Department includes an increase in general fund spending mostly to cover the expected loss in federal stimulus funds for the Medicaid program. Overall, spending would also increase but would not keep pace with increasing costs, forcing the department to consider program changes to maintain critical services in Medicaid healthcare coverage, assistance to poor families, and substance abuse and mental health service.

“There is no way to avoid painful cuts this year,” said Rep. Jeannette Wallace, R-Los Alamos, a long-time member of the Legislative Finance Committee. “The people who provide public services and those who receive them are going to be fairly unhappy but we have simply run out of options.”

The spending plan projects general fund reserves would be \$50 million on June 30, 2010, 0.9 percent of appropriations and far below what is considered prudent. This figure could grow to 2.5 percent through savings under the executive order but that figure is also below what is considered safe. Legislative Finance Committee and Department of Finance and Administration staff are working together on a plan to void inactive capital outlay projects to boost reserves.

The legislative session starts Jan. 19.

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January 19, 2010

Honorable Members
Forty-Ninth Legislature, Second Session
State Capitol
Santa Fe, New Mexico 87501



Dear Fellow Legislators:

Pursuant to Section 2-5-4 NMSA 1978, the fiscal year 2011 budget recommendation of the Legislative Finance Committee is provided to you. The committee recommendation for recurring appropriations from the general fund is \$5.34 billion, a \$151 million cut from the FY10 appropriated levels prior to the solvency measures adopted during the special session. Even with the reduction, general fund spending would exceed the expected general fund revenue by \$200 million. This gap could be reduced by about \$80 million if the federal government extends Medicaid stimulus funds scheduled to end December 31, 2009. However, additional cuts or revenue enhancements would still be necessary to close the gap.

The committee's recommendation continues to emphasize public education and access to health care and, this year more than ever, focuses on programs that demonstrate efficiency and effectiveness. The number of state employee positions would be reduced by more than 970, mostly through the elimination of nonessential personnel and positions that have been vacant for long periods.

The committee's general fund recommendation of \$2.4 billion for public schools would be an increase of \$128 million over the post-solvency FY10 appropriation and reflects the need to replace \$180 million in federal stimulus funds that will no longer be available. Because of the loss of federal funds, the overall money available to schools will be down slightly and the committee continues to recommend the Legislature review possible changes to the funding formula to improve equity and save money. Along with funding for the states' colleges, education would continue to represent 60 percent of the state's general fund spending. The recommendation for higher education is a 3.4 percent reduction from the post-solvency appropriation.

Similar to the recommendation for public schools, the recommendation for the Human Services Department includes an increase in general fund spending mostly to cover the expected loss in federal stimulus funds for the Medicaid program. Overall, spending would also increase but would not keep pace with increasing costs, forcing the department to consider program changes to maintain critical services in Medicaid healthcare coverage, assistance to poor families, and substance abuse and mental health services.

After two rounds of emergency action to balance the FY09 and FY10 budgets, the Legislature is short on options to address the recession-driven crisis without cutting important services or raising revenues. The Legislature is hitting this wall at the same time more New Mexicans are in need of safety net services and less able to afford higher taxes or fees.

I would like to thank the membership of the Legislative Finance Committee for their hard work on behalf of the people of New Mexico and the LFC staff for its thoughtfulness and diligence on this very difficult task. Together, we have prepared a responsible budget that protects the most vulnerable New Mexicans.

Sincerely, "

A handwritten signature in cursive that reads "Lucky".
Representative Luciano "Lucky" Varela
Chairman

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Fiscal Outlook and 2010 LFC Recommendation for FY11

Revenue and Economic Outlook

From FY08 to FY10 General Fund recurring revenue declined 20 percent, or \$1.2 billion, to \$4.8 billion. New Mexico lost about 40,000 jobs, or 6 percent of the private workforce, and natural gas prices dropped to about \$4 per thousand cubic feet (mcf). The consensus forecast is for around a 2 percent annual rate growth to begin in the spring but with the previous peak not reached until 2012. For FY11 projected General Fund revenue growth is approximately \$300 million, or 6 percent, with significant risks, including unsustainable federal deficits and excess natural gas supplies.

New Money

FY11 projected general fund revenue (\$5.12 billion) is \$149 million less than FY10 appropriations adjusted for both solvency and the executive order and furloughs (\$5.27 billion). In addition, the LFC recommendation assumes federal funds available to supplement general fund for education and Medicaid decline \$288 million from the FY10 level. So, approximately \$437 million (combination of cuts or revenues) is needed for a "flat budget."

General Fund Reserves and One Time Appropriations

Projected general fund reserves ending June 30, 2010, are approximately \$50 million, or 0.9 percent of appropriations. This could rise to 2.5 percent through approximately \$79 million savings directed by Executive Order 2009-44.

General fund recommendations for special or supplemental appropriations are nil. LFC and DFA staff are collaborating to develop a recommendation for voiding capital projects that are inactive to boost reserves.

Fiscal Year 2011 Appropriation Recommendation

The LFC FY11 budget recommendation of \$5.34 billion cuts spending by \$151.3 million from the pre-solvency FY10 operating budget level of \$5.49 billion. The recommendation also reflects a decline in use of federal stimulus funds for Medicaid and public education of almost \$300 million. The LFC FY11 recommendation is \$200 million greater than projected revenue. While this gap may be reduced by at least \$83 million if the federal government enacts a six-month extension of Medicaid stimulus funding scheduled to end December 31, 2010, the full Legislature must identify additional appropriation cuts or revenue enhancements to balance the budget in FY11.

To achieve the spending reductions and avoid across-the-board cuts to agency budgets, the recommendation prioritizes existing programs that demonstrate efficiency and effectiveness and avoid duplication. State employee positions are reduced by 955 mostly through the elimination of nonessential personnel such as public information officers, exempt administrators, and positions that have been vacant for long periods of time or due to the executive hiring freeze.

The recommendation reduces contractual services spending, defers purchases of computers, vehicles and capital outlay items, and maximizes use of agency cash balances.

The FY11 budget recommendations are summarized below.

Public Schools

The committee recommends \$2.4 billion for public school support and related appropriations, an increase of \$128 million over the FY10 adjusted appropriation. This includes \$198.7 million to replace federal fiscal stabilization funds used in the FY10 appropriation and about half of the federal fiscal stabilization funds used in the FY10 solvency bill. The committee recommends the Legislature adopt changes to the funding formula to advance equity and efficiency. Changes with savings follow: changing eligibility requirements for small-school adjustments (\$29.3 million), changing eligibility requirement for small-district adjustments (\$5.3 million), removing related services staff from the

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training and experience factor in the formula (\$18 million), and reducing the unit multiplier in the funding formula for 12th grade students (\$15.9 million).

For FY11, public school support and related appropriations would account for 45.1 percent of total appropriations from the general fund.

For FY10 and FY11, school districts will receive approximately \$90 million in extra federal Title I funding and \$95 million in extra special education funding from the American Recovery and Reinvestment Act that can be used to make up a large part of the reductions to general fund appropriations.

Higher Education

The committee recommends a total of \$788.4 million recurring general fund appropriations for higher education, including the Higher Education Department and special schools, which represents a decrease of \$64.8 million, or 7.6 percent, from the FY10 original appropriation. The recommendation starts with formula funding for workload at a cost of \$21.2 million. The cost of workload growth is the largest since FY05. The recommendation takes growth credit for a tuition increase of 6 percent for resident students and 15 percent for nonresident students, which reduces general fund appropriations to higher education institutions by \$13.3 million and \$3 million, respectively. In addition, the recommendation includes an additional tuition increase for in-state students at two-year colleges, which reduces general fund appropriations by \$4.2 million. In contrast, student financial aid funding through the Higher Education Department is one of the few areas in the whole budget held flat.

The higher education recommendation reduces building renewal and replacement funding by 50 percent; assumes productivity savings of \$10.4 million, targeted to administrative and overhead operating; assumes a 5 percent reduction in tuition waivers at all of the state's post secondary institutions for general fund savings of \$3 million; and includes a \$10.4 million reduction in budgets for instruction and general costs, pro-rated based on each institution's share of the institution and general budget. This approach treats all students the same, regardless of the enrollment growth or the timing of enrollment growth at the state's colleges and universities. Also, general fund appropriations for instruction and general purposes are supplanted with federal stimulus funds of \$10.9 million. Finally, the recommendation reduces research and public service projects outside the funding formula by \$12.6 million from the FY10 original appropriations.

Human Services Department

The committee recommends total Human Service Department appropriations of \$4.48 billion for FY11, a 4.9 percent increase over FY10. The recommendation from the general fund of \$787.2 million is a 9.9 percent increase from FY10. The increase is necessary to replace lapsing federal funds in Medicaid from the enhanced federal matching (FMAP) rate. The department will have to implement administrative and nonessential program savings in FY11 to continue the most critical functions – Medicaid healthcare coverage, cash assistance and support services for families in the Temporary Assistance for Needy Families (TANF) program, substance abuse and mental health services, and helping parents get child support payments.

Department of Health

The committee recommends total expenditures of \$522 million, with revenues of \$270.7 million from the general fund. This is a decrease of \$15.3 million in appropriations from the general fund, or 5.2 percent. The recommendation eliminated 126 FTE vacant for more than one year and reduces contracts by 7 percent.

Children, Youth and Families Department

The committee recommends \$382.4 million for the Children, Youth and Families Department. The total includes \$189.5 million from the general fund, an \$11.1 million, or 5.5 percent, decrease from the FY10 operating budget and a \$5.1 million, or 2.6 percent, decrease from FY10 executive order budget adjustments. The committee recommends general fund decreases of \$1.5 million in personal

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services and employee benefits, \$8.3 million in contractual services, and \$1.9 million in childcare assistance. The recommendation includes \$1 million from the domestic violence offender treatment and intervention fund for domestic violence programs. Also, the committee recommends TANF funding of \$1.5 million for pre-kindergarten programs, \$2 million for domestic violence programs, and \$7.2 million for childcare assistance.

Public Safety The recommendation for the New Mexico Corrections Department (NMCD) is \$271.7 million from the general fund, a \$12.9 million, or 4.5 percent, decrease from the FY10 operating budget. The reduction is primarily due to a proposed decrease in the cost of the private prison and medical contracts. The NMCD FY11 request estimates an average daily male inmate population of 5,983, an increase of 1 percent over FY10.

The FY11 LFC recommendation from the general fund for the Department of Public Safety (DPS) totals \$91 million, a \$3.7 million, or 4.1 percent, decrease from the FY10 operating budget. The total agency recommendation is 6.9 percent lower than FY10, principally due to lower recommendations from the general fund. DPS has extremely high vacancy rates, particularly for certified law enforcement officers and forensic scientist positions.

Measures To Close Funding Gap The LFC appropriation recommendation requires additional measures to close the gap between appropriations and revenue. Specific measures that provide \$95 million of reductions follow.

Compensation Reduction. A 2 percent salary reduction for all public employees, including those in public schools and higher education, is recommended to save \$76.2 million. The \$41.5 million reduction for public schools would be implemented through a reduction to the state equalization guarantee and distributed through an adjustment to the unit value. Districts should implement this savings by eliminating three professional development days outside the 180-day instructional calendar. For higher education, the 2 percent compensation reduction of \$18 million is applied to instruction and general appropriations as well as all line-item appropriations. The implementation of this salary reduction is at the discretion of the governing board of each institution.

To reduce the appropriation for state employee salaries by 2 percent, a total of \$16.8 million, options include reducing the number of exempt employees, assuming higher agency vacancy rates, implementing furloughs, eliminating paid holidays, reducing the accrual rate for annual leave, reducing salaries perhaps linked to income levels, or swapping between the employee and employer share of retirement contributions.

Eliminate Return to Work. Return-to-work (RTW) programs allow a retiree to return as an employee without suspension of a state pension. House Bill 616 would have phased out the RTW program for state employees but it was vetoed. Laws 2009, Chapter 288, extended the RTW program for educators to 2022. Statutes for both the Public Employee Retirement Association and the Educational Retirement Board require the employer pay the employee's portion of pension contributions for RTW employees. Ending the RTW programs without grandfathering current RTW employees would generate approximately \$7 million general fund savings in FY11.

Adjust Vision and Dental Benefits. The recommendation assumes a 50 percent reduction in the employer contribution toward the dental and vision components benefit for all public employees. For FY11 this would generate \$10 million for the general fund.

Measures to Be Determined. Reflecting significant uncertainty regarding the general fund revenue outlook, the status of executive initiatives to reduce spending, the course of additional federal stimulus initiatives, and executive and legislative tax policy studies, the LFC recommendation leaves \$200 million of budget balancing measures to be determined.

Most promising is the prospect that the enhanced federal Medicaid assistance percentage enacted in the 2009 American Recovery and Reinvestment Act will be extended at least six months. An official of the National Conference of State Legislatures indicates "confidence" of this extension. This would

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allow reversing the \$83 million increase in general fund appropriations to the Human Services and Health Departments.

TABLE 4

GENERAL FUND FINANCIAL SUMMARY
LFC Staff Recommendation
(Dollars in Millions)

| APPROPRIATION ACCOUNT | Preliminary FY2009 | Estimated FY2010 | Estimated FY2011 |
|----------------------------------------------------------|-----------------------|---------------------|---------------------|
| REVENUE | | | |
| Recurring Revenue | | | |
| December 2009 Consensus Update | \$ 5,319.6 | \$ 4,823.3 | \$ 5,120.8 |
| Freeze Fire Protection reversion & TRD Admin. Fee | | | 15.3 |
| Total Recurring Revenue | 5,319.6 | 4,823.3 | 5,136.1 |
| Nonrecurring Revenue | | | |
| October 2009 Revenue Estimate* | 425.5 | - | - |
| SB 29 capital outlay swaps** | - | 130.0 | - |
| Fund transfers | - | 108.3 | - |
| 2009 Special Session Reserve Transfers | 225.0 | 115.0 | - |
| Total Non-Recurring Revenue | 650.5 | 353.3 | - |
| TOTAL REVENUE | \$ 5,970.1 | \$ 5,176.6 | \$ 5,136.1 |
| APPROPRIATIONS | | | |
| Recurring Appropriations | | | |
| Recurring Appropriations - General | \$ 6,035.1 | \$ 5,487.6 | \$ 5,336.4 |
| Recurring Appropriations - 2010 Session Feed Bill | - | 5.1 | - |
| Recurring Solvency Savings | - | (93.6) | - |
| Total Recurring Appropriations | 6,035.1 | 5,399.2 | 5,336.4 |
| Nonrecurring Appropriations | | | |
| 2009 Fund Transfers | (81.5) | 5.7 | - |
| Nonrecurring Solvency Savings | - | 100.0 | - |
| | - | (43.7) | - |
| Total Nonrecurring Appropriations | (81.5) | 62.0 | - |
| TOTAL APPROPRIATIONS | \$ 5,953.6 | \$ 5,461.1 | \$ 5,336.4 |
| Transfer to Reserves | 16.5 | (284.5) | (200.3) |
| Additional measures -- to be determined | - | - | 200.0 |
| GENERAL FUND RESERVES | | | |
| Beginning Balances | \$ 735.0 | \$ 392.5 | \$ 49.3 |
| Transfers in from Appropriations Account | 16.5 | (284.5) | (0.3) |
| Revenue and Reversions | 42.3 | 120.4 | 55.3 |
| Appropriations, expenditures and transfers out | (401.3) | (179.1) | (55.6) |
| Ending Balances* | \$ 392.5 | \$ 49.3 | \$ 48.8 |
| <i>Reserves as a Percent of Recurring Appropriations</i> | <i>6.5%</i> | <i>0.9%</i> | <i>0.9%</i> |

* Excludes potential non-recurring reversions due to Executive Order 2009-044 which directs agencies to reduce expenditures by \$79 million. Also excludes potential \$8.1 million savings from furloughs. If these savings are realized, FY10-ending reserves increase to 2.5% of recurring appropriations after solvency.

**Total voided general fund of \$136.09 million reduced by \$6.09 million per DFA calculation of amounts that can't be voided.

TABLE 4

GENERAL FUND FINANCIAL SUMMARY - RESERVE DETAIL
(Dollars in Millions)

| | Preliminary FY2009 | Estimated FY2010 | Estimated FY2011 |
|-------------------------------------------------------------------|-----------------------|---------------------|---------------------|
| OPERATING RESERVE | | | |
| Beginning balance | \$ 247.2 | \$ 37.4 | \$ (249.5) |
| BOF Emergency Appropriations | (1.4) | (2.3) | - |
| Transfers to appropriation account | 16.5 | (284.5) | (0.3) |
| <i>HB6</i> | (225.0) | - | - |
| Ending balance | 37.4 | (249.5) | (249.7) |
| <i>Percent of previous fiscal year's recurring appropriations</i> | 4.89% | -4.13% | -4.63% |
| APPROPRIATION CONTINGENCY FUND | | | |
| Beginning balance (2) | 27.5 | 11.5 | 24.1 |
| Disaster allotments | (11.2) | (11.0) | (11.0) |
| Other Appropriations | (13.1) | (1.4) | - |
| Transfers in (Laws 2009, Ch. 124 (HB2)) | - | 25.0 | - |
| Revenue and reversions | 8.3 | - | - |
| Ending Balance | 11.5 | 24.1 | 13.1 |
| Education Lock Box | | | |
| Beginning balance | 69.1 | 23.0 | 59.1 |
| Appropriations | (10.3) | (3.9) | - |
| Transfers in | - | 40.0 | - |
| <i>Laws 2009, Ch. 3 (SB79)</i> | (35.8) | - | - |
| Ending balance | 23.0 | 59.1 | 59.1 |
| STATE SUPPORT FUND | | | |
| Ending balance | 1.0 | 1.0 | 1.0 |
| TOBACCO PERMANENT FUND | | | |
| Beginning balance | 135.9 | 121.0 | 130.9 |
| Transfers in | 48.9 | 45.5 | 44.6 |
| Appropriation to tobacco settlement program fund | (24.5) | (22.8) | (22.3) |
| Gains/Losses | (14.9) | 9.9 | 10.7 |
| <i>Laws 2009, Ch. 3 (SB79)</i> | (24.5) | (22.8) | - |
| <i>LFC staff recommendation</i> | - | - | (22.3) |
| Ending balance | 121.0 | 130.9 | 141.6 |
| TAX STABILIZATION RESERVE | | | |
| Beginning balance | 254.4 | 198.7 | 83.7 |
| Transfers in | - | - | - |
| <i>Laws 2009, Ch. 3 (SB79)</i> | (55.7) | - | - |
| <i>HB6</i> | - | (115.0) | - |
| Transfers to Taxpayers Dividend Fund | - | - | - |
| Ending balance | 198.7 | 83.7 | 83.7 |
| <i>Percent of previous fiscal year's recurring appropriations</i> | 5.0% | 1.4% | 1.5% |
| GENERAL FUND ENDING BALANCES | \$ 392.5 | \$ 49.3 | \$ 48.8 |
| <i>Percent of Recurring Appropriations</i> | 6.5% | 0.9% | 0.9% |

TABLE 1

GENERAL FUND RECOMMENDATION SUMMARY

| Agency Name | FY10 Operating Budget | Laws 2009, | * Executive | Adjusted FY10 OPBUD | FY11 Agency Request | FY11 LFC Rec | \$ Change from Adjusted | % Change from Adjusted |
|-------------------------------------------|-----------------------------|-----------------------------------|----------------------|------------------------|------------------------|------------------|-------------------------------|------------------------------|
| | | Chpt.5, 1st Special Session | Order Adjustments | | | | | |
| 354 NEW MEXICO SENTENCING COMM | 724.8 | | (36.2) | 688.6 | 724.8 | 688.6 | - | 0.0% |
| 355 PUBLIC DEFENDER DEPARTMENT | 42,681.0 | | (854.0) | 41,827.0 | 42,681.0 | 40,973.8 | (853.2) | -2.0% |
| 356 GOVERNOR | 4,443.7 | | (244.9) | 4,198.8 | 4,443.7 | 4,198.8 | - | 0.0% |
| 360 LIEUTENANT GOVERNOR | 839.5 | (33.6) | | 805.9 | 839.5 | 784.6 | (21.3) | -2.6% |
| 361 DEPT OF INFO TECHNOLOGY | 926.0 | | (70.4) | 855.6 | 1,388.4 | 831.3 | (24.3) | -2.8% |
| 366 PUBLIC EMP RETIREMENT ASSOC | - | - | - | - | - | - | - | 0.0% |
| 369 STATE COMM OF PUBLIC RECORDS | 2,884.3 | - | - | 2,884.3 | 3,091.0 | 2,680.1 | (204.2) | -7.1% |
| 370 SECRETARY OF STATE | 4,644.4 | (185.8) | | 4,458.6 | 10,017.4 | 4,644.4 | 185.8 | 4.2% |
| 378 PERSONNEL BOARD | 4,462.7 | - | (89.5) | 4,373.2 | 5,154.5 | 4,146.4 | (226.8) | -5.2% |
| 379 PUBLIC EMP LABOR RELATIONS BD | 323.4 | - | (24.6) | 298.8 | 323.4 | 298.8 | - | 0.0% |
| 394 STATE TREASURER | 4,212.1 | (168.8) | | 4,043.3 | 4,334.4 | 3,948.9 | (94.4) | -2.3% |
| TOTAL GENERAL CONTROL | 198,851.3 | (801.2) | (7,553.2) | 190,496.9 | 207,153.5 | 183,865.6 | (6,631.3) | -3.5% |
| 404 BD OF EXAMINERS FOR ARCHITECTS | - | - | - | - | - | - | - | - |
| 417 BORDER AUTHORITY | 513.6 | | (25.7) | 487.9 | 513.6 | 355.4 | (132.5) | -27.2% |
| 418 TOURISM DEPARTMENT | 11,074.3 | | (332.3) | 10,742.0 | 11,098.8 | 9,527.4 | (1,214.6) | -11.3% |
| 419 ECONOMIC DEVELOPMENT DEPT | 9,209.5 | | (466.6) | 8,742.9 | 9,209.5 | 8,183.5 | (559.4) | -6.4% |
| 420 REGULATION AND LICENSING DEPT | 15,861.3 | | (873.1) | 14,988.2 | 15,861.3 | 14,542.1 | (446.1) | -3.0% |
| 430 PUBLIC REGULATION COMMISSION | 11,035.2 | (442.6) | | 10,592.6 | 11,435.9 | 9,959.9 | (632.7) | -6.0% |
| 446 MEDICAL BOARD | - | - | - | - | - | - | - | 0.0% |
| 449 BOARD OF NURSING | - | - | - | - | - | - | - | 0.0% |
| 460 NEW MEXICO STATE FAIR | 435.1 | | (21.8) | 413.3 | 435.1 | 370.0 | (43.3) | -10.5% |
| 464 ST BD OF LIC FOR ENG & LAND SUR | - | - | - | - | - | - | - | 0.0% |
| 465 GAMING CONTROL BOARD | 6,275.7 | | (314.2) | 5,961.5 | 6,409.4 | 5,849.0 | (112.5) | -1.9% |
| 469 STATE RACING COMMISSION | 2,311.3 | | (115.7) | 2,195.6 | 2,311.3 | 2,067.3 | (128.3) | -5.8% |
| 479 BOARD OF VETERINARY MEDICINE | - | - | - | - | - | - | - | 0.0% |
| 490 CUMBRES & TOLTEC | 99.2 | | (5.0) | 94.2 | 100.0 | 94.2 | - | 0.0% |
| 491 OFFICE OF MIL BASE PLNG & SUP | 148.7 | | (11.3) | 137.4 | 148.7 | 137.4 | - | 0.0% |
| 495 SPACEPORT AUTHORITY | 1,245.5 | | (62.3) | 1,183.2 | 2,371.8 | 1,183.0 | (0.2) | 0.0% |
| TOTAL COMMERCE AND INDUSTRY | 58,209.4 | (442.6) | (2,228.0) | 55,538.8 | 59,895.4 | 52,269.2 | (3,269.6) | -5.9% |
| 505 CULTURAL AFFAIRS DEPARTMENT | 33,622.5 | | (1,684.4) | 31,938.1 | 34,478.9 | 30,980.2 | (957.9) | -3.0% |
| 508 NEW MEXICO LIVESTOCK BOARD | 1,171.4 | | (58.7) | 1,112.7 | 1,171.4 | 669.8 | (442.9) | -39.8% |
| 516 DEPARTMENT OF GAME AND FISH | - | - | - | - | - | - | - | 0.0% |
| 521 ENGY, MINERALS AND NAT RES DEPT | 24,850.8 | | (995.4) | 23,855.4 | 26,275.6 | 22,296.7 | (1,558.7) | -6.5% |
| 522 YOUTH CONSERVATION CORPS | - | - | - | - | - | - | - | 0.0% |
| 538 INTERTRIBAL CEREMONIAL OFFICE | 3.7 | | (0.2) | 3.5 | 182.0 | 88.1 | 84.6 | 2417.1% |
| 539 COMMISSIONER OF PUBLIC LANDS | - | - | - | - | - | - | - | 0.0% |
| 550 STATE ENGINEER | 22,141.5 | | (1,218.0) | 20,923.5 | 22,141.5 | 18,373.3 | (2,550.2) | -12.2% |
| 569 ORGANIC COMMODITY COMMISSION | 310.2 | | (9.3) | 300.9 | 325.0 | 197.8 | (103.1) | -34.3% |
| TOTAL AG, ENERGY & NATURAL RES | 82,100.1 | | (3,966.0) | 78,134.1 | 84,574.4 | 72,605.9 | (5,528.2) | -7.1% |
| 601 COMMISSION ON STATUS OF WOMEN | 792.2 | | (39.6) | 752.6 | 792.2 | 744.7 | (7.9) | -1.0% |
| 603 OFFICE OF AFRICAN AMER AFFAIRS | 820.7 | | (41.0) | 779.7 | 820.7 | 745.6 | (34.1) | -4.4% |
| 604 COM FOR DEAF & HARD-OF-HEARING | - | - | - | - | - | - | - | 0.0% |
| 605 MARTIN LUTHER KING, JR. COMM | 380.0 | - | - | 380.0 | 380.0 | 364.8 | (15.2) | -4.0% |
| 606 COMMISSION FOR THE BLIND | 2,067.7 | | (41.4) | 2,026.3 | 2,141.2 | 2,033.9 | 7.6 | 0.4% |
| 609 INDIAN AFFAIRS DEPARTMENT | 3,421.0 | | (188.2) | 3,232.8 | 3,421.0 | 2,826.5 | (406.3) | -12.6% |
| 624 AGING & LONG-TERM SVCS DEPT | 49,002.3 | | (1,274.5) | 47,727.8 | 50,153.5 | 45,918.2 | (1,809.6) | -3.8% |
| 630 HUMAN SERVICES DEPARTMENT | 716,210.5 | | (28,702.5) | 687,508.0 | 1,047,119.2 | 787,229.7 | 99,721.7 | 14.5% |
| 631 WORKFORCE SOLUTIONS DEPT | 7,317.9 | | (402.9) | 6,915.0 | 8,609.4 | 4,587.5 | (2,327.5) | -33.7% |
| 632 WORKERS' COMP ADMIN | - | - | - | - | - | - | - | 0.0% |
| 644 DIVISION OF VOCATIONAL REHAB | 5,888.1 | | (117.8) | 5,770.3 | 5,959.2 | 5,770.3 | - | 0.0% |
| 645 GOVERNOR'S COMM ON DISABILITY | 1,168.9 | | (58.5) | 1,110.4 | 1,268.9 | 822.3 | (288.1) | -25.9% |
| 647 DEVPMTAL DISABILITIES PLNG COUN | 4,396.9 | | (131.9) | 4,265.0 | 6,642.4 | 4,186.9 | (78.1) | -1.8% |
| 662 MINERS' HOSPITAL OF NEW MEXICO | - | - | - | - | - | - | - | 0.0% |
| 665 DEPARTMENT OF HEALTH | 285,434.3 | | (10,364.9) | 275,069.4 | 296,021.5 | 270,716.7 | (4,352.7) | -1.6% |
| 667 DEPARTMENT OF ENVIRONMENT | 15,998.7 | | (800.4) | 15,198.3 | 15,998.7 | 14,734.2 | (464.1) | -3.1% |
| 668 OFFICE OF THE NAT RES TRUSTEE | 422.7 | | (14.4) | 408.3 | 422.7 | 408.3 | - | 0.0% |

TABLE 1

GENERAL FUND RECOMMENDATION SUMMARY

| Agency Name | FY10 Operating Budget | Laws 2009, | * Executive Order Adjustments | Adjusted FY10 OPBUD | FY11 Agency Request | FY11 LFC Rec | \$ Change from Adjusted | % Change from Adjusted |
|-------------------------------------|-----------------------------|-----------------------------------|-------------------------------------|------------------------|------------------------|----------------|-------------------------------|------------------------------|
| | | Chpt.5, 1st Special Session | | | | | | |
| 669 NM HEALTH POLICY COMM | 805.7 | | (40.3) | 765.4 | 961.9 | 628.1 | (137.3) | -17.9% |
| 670 VETERANS' SERVICES DEPT | 3,241.3 | - | - | 3,241.3 | 3,221.3 | 3,037.9 | (203.4) | -6.3% |
| 690 CHILDREN, YOUTH & FAMILIES DEPT | 200,592.3 | | (6,023.0) | 194,569.3 | 201,750.4 | 189,520.2 | (5,049.1) | -2.6% |
| TOTAL HEALTH, HOS. & HUMAN SVCS | 1,297,961.2 | | (48,241.3) | 1,249,719.9 | 1,645,684.2 | 1,334,275.8 | 84,555.9 | 6.8% |
| 705 DEPARTMENT OF MILITARY AFFAIRS | 7,442.1 | | (566.3) | 6,875.8 | 7,487.6 | 6,875.8 | - | 0.0% |
| 760 PAROLE BOARD | 485.4 | | (14.6) | 470.8 | 538.0 | 468.1 | (2.7) | -0.6% |
| 765 JUV PUBLIC SAFETY ADVISORY BD | 224.2 | | (6.7) | 217.5 | 229.5 | 217.5 | - | 0.0% |
| 770 CORRECTIONS DEPARTMENT | 284,588.8 | | (11,389.6) | 273,199.2 | 288,394.9 | 271,700.6 | (1,498.6) | -0.5% |
| 780 CRIME VICTIMS REP COMM | 2,387.0 | | (71.6) | 2,315.4 | 2,472.4 | 1,953.0 | (362.4) | -15.7% |
| 790 DEPARTMENT OF PUBLIC SAFETY | 94,827.6 | | (2,826.1) | 92,001.5 | 94,922.9 | 90,959.4 | (1,042.1) | -1.1% |
| 795 HOMELAND SECURITY & EMERG MGMT | 3,332.0 | | (166.6) | 3,165.4 | 3,332.0 | 3,076.5 | (88.9) | -2.8% |
| TOTAL PUBLIC SAFETY | 393,287.1 | | (15,041.5) | 378,245.6 | 397,377.3 | 375,250.9 | (2,994.7) | -0.8% |
| 805 DEPARTMENT OF TRANSPORTATION | - | - | - | - | - | - | - | 0.0% |
| TOTAL TRANSPORTATION | - | - | - | - | - | - | - | 0.0% |
| 924 PUBLIC EDUCATION DEPARTMENT | 15,979.3 | | (479.9) | 15,499.4 | 17,108.7 | 15,200.0 | (299.4) | -1.9% |
| 925 PUBLIC EDUC DEPT-SPEC APPS | 31,046.9 | (2,018.2) | | 29,028.7 | 30,251.0 | 16,125.8 | (12,902.9) | -44.4% |
| 930 REGIONAL EDUC COOPERATIVES | 1,200.0 | (78.0) | | 1,122.0 | 1,200.0 | - | (1,122.0) | -100.0% |
| 940 PUBLIC SCHOOL FAC AUTHORITY | - | - | - | - | - | - | - | 0.0% |
| TOTAL OTHER EDUCATION | 48,226.2 | (2,096.2) | (479.9) | 45,650.1 | 48,559.7 | 31,325.8 | (14,324.3) | -31.4% |
| 950 HIGHER EDUCATION DEPARTMENT | 44,903.9 | | (1,347.3) | 43,556.6 | 45,003.9 | 41,716.3 | (1,840.3) | -4.2% |
| 952 UNIVERSITY OF NEW MEXICO | 320,917.5 | (14,014.1) | (76.0) | 306,827.4 | 321,116.9 | 297,161.2 | (9,666.2) | -3.2% |
| 954 NEW MEXICO STATE UNIVERSITY | 211,549.0 | (9,662.2) | (45.3) | 201,841.5 | 210,730.7 | 193,290.3 | (8,551.2) | -4.2% |
| 956 NEW MEXICO HIGHLANDS UNIV | 32,561.1 | (1,388.9) | (4.9) | 31,167.3 | 31,733.6 | 29,338.2 | (1,829.1) | -5.9% |
| 958 WESTERN NEW MEXICO UNIV | 19,880.4 | (876.1) | (3.6) | 19,000.7 | 19,470.6 | 17,750.9 | (1,249.8) | -6.6% |
| 960 EASTERN NEW MEXICO UNIV | 48,005.7 | (2,031.5) | (8.4) | 45,965.8 | 46,456.4 | 42,584.0 | (3,381.8) | -7.4% |
| 962 NM INST OF MINING & TECH | 41,373.2 | (1,952.8) | (6.7) | 39,413.7 | 40,707.0 | 37,412.1 | (2,001.6) | -5.1% |
| 964 NORTHERN NM COLLEGE | 11,513.0 | (478.8) | (1.8) | 11,032.4 | 11,460.4 | 10,868.0 | (164.4) | -1.5% |
| 966 SANTA FE COMMUNITY COLLEGE | 13,915.1 | (683.3) | (4.0) | 13,227.8 | 14,443.5 | 13,440.0 | 212.2 | 1.6% |
| 968 CENTRAL NM COMM COLLEGE | 49,049.1 | (1,950.0) | (15.0) | 47,084.1 | 52,674.1 | 48,880.7 | 1,796.6 | 3.8% |
| 970 LUNA COMMUNITY COLLEGE | 8,968.6 | (370.8) | (1.4) | 8,596.4 | 8,654.1 | 7,969.9 | (626.5) | -7.3% |
| 972 MESALANDS COMM COLLEGE | 3,727.5 | (151.7) | (0.5) | 3,575.3 | 4,409.8 | 4,439.8 | 864.5 | 24.2% |
| 974 NM JUNIOR COLLEGE | 7,897.4 | (328.3) | (2.5) | 7,566.6 | 6,215.0 | 5,444.9 | (2,121.7) | -28.0% |
| 976 SAN JUAN COLLEGE | 22,345.3 | (901.3) | (6.0) | 21,438.0 | 23,672.3 | 22,625.0 | 1,187.0 | 5.5% |
| 977 CLOVIS COMMUNITY COLLEGE | 9,801.0 | (392.0) | (1.8) | 9,407.2 | 9,759.2 | 9,054.9 | (352.3) | -3.7% |
| 978 NEW MEXICO MILITARY INST | 2,069.7 | (96.6) | | 1,973.1 | 2,069.7 | 1,966.2 | (6.9) | -0.3% |
| 979 NM SCH FOR THE BLIND & VIS IMP | 745.1 | - | | 745.1 | 745.1 | 707.8 | (37.3) | -5.0% |
| 980 NM SCHOOL FOR THE DEAF | 3,972.6 | - | (1.7) | 3,970.9 | 3,972.6 | 3,774.0 | (196.9) | -5.0% |
| TOTAL HIGHER EDUCATION | 853,195.2 | (35,278.4) | (1,526.9) | 816,389.9 | 853,294.9 | 788,424.2 | (27,965.7) | -3.4% |
| 993 PUBLIC SCHOOL SUPPORT | 2,325,584.3 | (95,155.1) | - | 2,230,429.2 | 2,585,162.9 | 2,372,785.1 | 142,355.9 | 6.4% |
| TOTAL PUBLIC SCHOOL SUPPORT | 2,325,584.3 | (95,155.1) | - | 2,230,429.2 | 2,585,162.9 | 2,372,785.1 | 142,355.9 | 6.4% |
| ADD MEASURES TO CLOSE GAP | | | | | | (18,400.00) | (18,400.0) | |
| 2% COMPENSATION MEASURES | | | | | | (76,200.00) | (76,200.0) | |
| | \$ 5,487,682.5 | \$ (138,811.1) | \$ (79,036.8) | \$ 5,269,834.6 | \$ 6,117,639.8 | \$ 5,336,590.3 | \$ 66,755.7 | 1.3% |

Notes:

* Executive Order Reductions do not include furloughs or exempt FTE deleted positions

Questions surfaced regarding interpretation of reductions in Chapter 5 for the Court of Appeals and Supreme Court. The agencies did not reduce the appropriations but committed to reverting funds equivalent to a 2% appropriation reduct

Non-general fund agencies required to develop expenditure restriction requirements that result in meaningful savings.

Agencies not under gubernatorial control & requested to impose expenditure restrictions resulting in savings of 3%.

General Fund Approps. And Other State Funds & Federal Funds Supplanting General Fund: FY09-FY11
(dollars in millions)

| | FY09 Op Bud | | | FY09 Solvency | | | |
|------------------|----------------|---------------|----------------|----------------|---------------|-------------------|----------------|
| | General Fund | Federal Funds | Total | General Fund | Federal Funds | Other State Funds | Total |
| Public Schools | 2,608.1 | | 2,608.1 | 2,588.7 | | | 2,588.7 |
| Higher Education | 884.8 | | 884.8 | 862.8 | | | 862.8 |
| Medicaid* | 885.5 | | 885.5 | 717.6 | 134.0 | 24.5 | 876.1 |
| Other | 1,648.4 | | 1,648.4 | 1,693.5 | | | 1,693.5 |
| TOTAL | 6,026.8 | | 6,026.8 | 5,862.6 | 134.0 | 24.5 | 6,021.1 |

| | FY10 Op Bud | | | | FY10 Post Solvency w/EO | | | |
|------------------|-----------------|---------------|-------------------|----------------|-------------------------|---------------|-------------------|----------------|
| | General Fund | Federal Funds | Other State Funds | Total | General Fund | Federal Funds | Other State Funds | Total |
| Public Schools | 2,373.8 | 164.7 | | 2,538.5 | 2,276.1 | 210.2 | 29.0 | 2,515.3 |
| Higher Education | 853.2 | | | 853.2 | 812.9 | 15.5 | | 828.4 |
| Medicaid* | 670.1 | 166.5 | 24.1 | 860.7 | 639.5 | 180.5 | 28.1 | 848.1 |
| Other | 1,590.6 | | | 1,590.6 | 1,541.1 | | | 1,541.1 |
| TOTAL | 5,487.70 | 331.2 | 24.1 | 5,843.0 | 5,269.6 | 406.2 | 57.1 | 5,732.9 |

| | FY11 LFC Staff Rec | | | | Change FY11-Post Solvency | | Change FY11-FY10 Op Bud | |
|------------------|--------------------|---------------|-------------------|----------------|---------------------------|--------------|-------------------------|------------|
| | General Fund | Federal Funds | Other State Funds | Total | \$ Change | % Change | \$ Change | % Change |
| Public Schools | 2,404.1 | 23.9 | | 2,428.0 | (87.3) | -3.5% | (110.5) | -5% |
| Higher Education | 788.4 | 10.9 | | 799.3 | (29.1) | -3.5% | (53.9) | -7% |
| Medicaid* | 747.9 | 83.2 | | 831.1 | (17.0) | -2.0% | (29.6) | -4% |
| Other | 1,396.2 | | | 1,396.2 | (144.9) | -9.4% | (194.4) | -14% |
| TOTAL | 5,336.6 | 118.0 | | 5,454.6 | (278.3) | -4.9% | (388.40) | -7% |

*Includes general fund appropriations to HSD & DOH for the Developmentally Disabled Medicaid waiver program