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FISCAL IMPACT REPORT

SPONSOR HAFC **ORIGINAL DATE** 02/21/11 **HB** CS/2,3,4,5 and 6/
LAST UPDATED 03/14/11 **SB** aHAFC/aHFI#1/aSFC

SHORT TITLE General Appropriation Act of 2011 **SB** _____

ANALYST Fernandez

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY11	FY12		
	\$5,471,322.4	Recurring	General Fund
	(\$55,200.0)	Recurring	General Fund
	\$3,123,631.1	Recurring	Other State Funds
	\$866,544.9	Recurring	Internal Service/Inter-Agency Transfers
	\$5,464,805.7	Recurring	Federal Funds
\$19,085.7		Nonrecurring	General Fund
\$4,500.0		Nonrecurring	Appropriation Contingency Fund – Lock Box (Sec. 5)
\$13,704.0		Nonrecurring	Other State Funds
\$1,500.0		Nonrecurring	Internal Service/Inter-Agency Transfers
\$28,941.2		Nonrecurring	Federal Funds

(Parenthesis () Indicate Expenditure Decreases)

House Bill 2 conflicts with House Bill 7 and Senate Bill 257. These bills represent the Legislative Finance Committee’s recommendations for funding operations of state government.

House Bill 2 relates to House Bill 1. General fund operating appropriations for most legislative agencies are contained in House Bill 1, the “Feed Bill.”

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY11	FY12	FY13		
\$5,000.0			Nonrecurring	College Affordability Endowment Fund
	\$10,000.0		Nonrecurring	College Affordability Endowment Fund
\$1,900.0			Nonrecurring	Workers' Compensation Administration Fund
\$500.0			Nonrecurring	Trail Safety Fund
\$1,700.0			Nonrecurring	Water and Wastewater Project Grant Fund
\$1,900.0			Nonrecurring	Economic Development Revolving Fund
\$2,810.0			Nonrecurring	Primary Care Capital Fund
\$200.0			Nonrecurring	Child Care Facility Revolving Loan Fund
\$3,400.0			Nonrecurring	Local Government Transportation Fund
\$4,900.0			Nonrecurring	Local Transportation Infrastructure Fund
\$290.0			Nonrecurring	Emergency Drought Relief Fund
\$3,400.0			Nonrecurring	NMFA Grip Admin Fees
	\$1,400.0		Nonrecurring	NMFA Grip Admin Fees

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of SFC Amendment

This Senate Finance Committee Amendment first reduces general fund appropriations by \$5.6 million, offset by increases in appropriations from other state funds. A significant SFC amendment reduces the general fund appropriation to Taxation and Revenue Department by \$4.4 million and offset by a \$4.4 million increase in other state funds. Language adopted authorizes TRD to apply an administrative fee of 3.25 percent to the food and medical gross receipts tax hold harmless distribution to cities and counties. This results in an increase of \$4.4 million in other state funds to the department.

After the reductions of \$5.6 million, SFC amendments increase FY12 general fund appropriations by \$7.6 million. Some of the increases include the following: \$1 million to reduce the waiting list for services to the developmentally disabled; \$1 million for early childhood education; \$800 thousand to ease the impact of reductions in the non-resident tuition waiver for higher education institutions, \$1.3 million to reduce savings from agency unemployment rates; \$500 thousand to reduce savings from reorganization and \$380 thousand for the Department of Cultural Affairs.

Finally, the Executive proposed and SFC adopted an amendment to roll into Section 4 the \$25 million in appropriations included in the HAFC amendments as follows: \$6.5 million for Medicaid; \$3.5 million for Department of Health; \$3.1 million for CYFD; \$3.5 million for Corrections Department; \$900 thousand for State Police and \$7.5 million for public schools. These appropriations are contingent on passage of House Bill 607 or similar legislation.

The SFC amendments add two new sections: a section for transfer authority in FY11 and FY12 and a section providing authority for the Governor to reduce allotments in FY12 if revenues do not materialize.

Synopsis of HFI#1 Amendment

House Floor Amendment #1 increases the general fund appropriation in Section 4 for operation of the Regional Education Cooperatives by \$100 thousand.

Synopsis of HAFC Amendment

House Appropriations and Finance Committee Amendment adds a new section making additional appropriations of \$25 million in FY12 as follows: \$6.5 million to Human Services Department for Medicaid programs; \$3.5 million for Department of Health, \$3.1 million to Children, Youth and Families Department for child care programs, \$3.5 million for Corrections Department; \$900 thousand to Department of Public Safety for a state police recruit school and \$7.5 million for public schools.

The amendment also strikes language that would have required the Secretary of Public Education to prioritize cuts to non-instructional expenses while identifying fiscally responsible spending practices and direct resources toward programs and methods that are grounded in scientifically-based research linked to improved student achievement.

Finally, the amendment adds new language that requires the Secretary of Public Education to work in collaboration with local superintendents and school boards to minimize budget reductions that impact instructional programs.

Synopsis of Original Bill

House Appropriations and Finance Committee Substitute for House Bills 2,3,4,5 and 6 appropriates money from the general fund, other revenue, internal services funds/interagency transfers, and federal funds for the FY12 operation of state agencies, higher education and public schools.

FISCAL IMPLICATIONS

The appropriations contained in this bill can be summarized as follows:

Agency	General Fund	Other State Funds	Internal Service Funds/InterAgency Trnsfrs	Federal Funds	Total
SECTION 4 FY12 Operating					
<i>Recurring:</i>					
Legislative	3,919.2	-	-	-	3,919.2
Judicial	192,787.0	23,404.9	9,402.9	2,354.2	227,949.0
General Control	157,973.2	771,566.1	523,301.1	17,825.5	1,470,665.9
Commerce & Industry	43,984.6	47,845.0	17,120.3	654.7	109,604.6
Agric., Enrgy & Ntrl Res	62,518.3	93,851.3	25,058.3	31,699.1	213,127.0
Health, Hospitals & Human Svcs	1,528,934.0	351,652.7	232,294.6	3,820,723.2	5,933,604.5
Public Safety	356,280.2	31,117.3	14,491.9	62,970.0	464,859.4
Transportation	-	419,379.4	-	403,607.7	822,987.1
Other Education	27,793.2	18,967.4	238.0	52,141.4	99,140.0
Higher Education	731,546.3	1,364,997.0	44,637.8	652,319.8	2,793,500.9
Public School Support	2,365,586.4	850.0	-	420,510.1	2,786,946.5
Total Sec 4 Recurring	\$ 5,471,322.4	\$ 3,123,631.1	\$ 866,544.9	\$ 5,464,805.7	\$ 14,926,304.1
<i>Recurring:</i>					
Appropriation Reductions-Section10					
Retirement Switch (PERA/ERB - 1.75%)	(49,700.0)				(49,700.0)
Restructuring, adm reforms, duplication	(2,500.0)				(2,500.0)
Reduced Unemployment Comp Assessments	(3,000.0)				(3,000.0)
Total Reductions	\$ (55,200.0)	\$ -	\$ -	\$ -	\$ (55,200.0)
TOTAL RECURRING	\$ 5,416,122.4	\$ 3,123,631.1	\$ 866,544.9	\$ 5,464,805.7	\$ 14,871,104.1
<i>Nonrecurring: Sections 5, 6 & 7</i>					
Specials	11,614.4	7,854.0	-	28,941.2	48,409.6
Specials - Education Lock Box	4,500.0	-	-	-	4,500.0
Data Processing	-	5,714.4	1,200.0	-	6,914.4
Supplemental & Deficiency	7,471.3	135.6	300.0	-	7,906.9
Total Nonrecurring	\$ 23,585.7	13,704.0	1,500.0	28,941.2	\$ 67,730.9

Unless otherwise indicated, appropriations from the general fund revert to the general fund at the end of FY12 unless otherwise indicated or provided by law. Exceptions include higher education institutions and public schools.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

House Bill 2 conflicts with House Bill 7 and Senate Bill 257. These bills represent the Legislative Finance Committee’s recommendations for funding operations of state government.

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OTHER SUBSTANTIVE ISSUES

Section 10 directs Department of Finance and Administration to further reduce agency appropriations in Section 4 by a total of \$57 million for various purposes.

Section 11 repeals a section of Laws 2010 (2nd S.S.), Chapter 6, Section 14 that authorized the increase of allotments up to the level of the original appropriation if projected revenues increased above the previous forecast.

Section 12 transfers \$19 million from various agency funds in FY11 to the general fund and \$20 million in FY12 to the general fund.

CTF/bym:svb:mew