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LFC Recommends \$6.15 Billion Budget

Editors: Volume I and Volume II of the LFC budget recommendation will be posted by Friday on the committee's website, lfc.nmlegis.gov.

The Legislative Finance Committee today released a budget recommendation for the 2014-2015 fiscal year that calls for spending \$6.15 billion from the state's general fund, \$253.5 million more than is expected to be spent in FY14.

With the economic recovery gaining speed and a drop in state spending on Medicaid, committee members had room to invest in programs they believe will pay off for the state, said Rep. Luciano “Lucky” Varela, the Santa Fe Democrat who chairs the committee.

“Using evidence of success as a guide, the committee invested in the legislative priorities of early childhood, public schools, higher education, and health care,” Varela said. “In addition, this budget contains not only an effort to improve pay for neglected state employees but also the beginnings of a better pay system to attract and retain the best employees, especially in certain agencies, and reward strong performance.”

The committee's recommendation is a 4.3 percent increase over FY14 and increases funding for early childhood initiatives by \$35 million, including \$12 million more for early literacy programs and the extended school-year program known as K-3 Plus, \$4 million for home visits for high-risk families with infants, and almost \$10 million for prekindergarten.

The plan also includes almost \$50 million for a 1.5 percent cost-of-living increase for all state, public school, and higher education employees and another \$40 million for schools and state agencies to use at their discretion to address hard-to-fill positions, reward deserving employees, and fix other pay issues. In addition, the recommendation provides \$3 million to begin implementation of a State Police pay plan, \$2 million to increase pay for certain state positions with compensation issues, and \$1 million for recruitment and retention in the Children, Youth and Families Department's critical Child Protective Services and Juvenile Justice Programs. The committee's recommendation for public schools includes \$2.7 million to improve pay for teachers' aides and \$4.5 million to increase the minimum salary for level one teachers from \$30,000 a year to \$32,500 a year.

Senator Steven Neville, a Republican committee member from Aztec, said the committee's recommendation is a “good starting point.”

“I still have some concerns about the spending on education but I think we can fine-tune that once the session starts,” he said.

The committee's general fund recommendation of \$2.7 billion for public schools is a 5.6 percent increase over FY14. The appropriation would cover increases in pension fund and health insurance contributions and increase spending on at-risk students and small school districts, which often run out of money before the end of the budget year. It also includes funding for pay raises.

The committee's spending plan includes \$836.6 million from the general fund for higher education, a 5.1 percent increase. The recommendation includes both a long-term and a short-term solution for revenue shortfalls in the Lottery Scholarship Program -- \$11 million to help cover scholarships for the spring semester of this school year and almost \$11 million for FY15 contingent on passage of legislation that stabilizes the program now spending more than it earns through the lottery. Together, higher education and public schools make up 58 percent of the total recommendation.

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LFC Recommendation

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The committee's recommendation for state spending on Medicaid and Medicaid-funded behavioral health care is \$905 million, a 2.6 percent drop from FY14 that reflects cost-containment efforts by the executive and an increase in federal funds available through the Affordable Care Act. While state spending would drop, total spending on the healthcare program for the poor is expected to increase by \$361 million in FY15 to a total of \$4.7 billion in state and federal money because of the Medicaid expansion to low-income adults, an expansion completely covered with federal dollars.

The total spending level in the recommendation would leave reserves at 9.4 percent, a cautious approach that reflects continuing concerns about unresolved issues on the federal level, the still-undetermined cost of reconciling the state's cash, and the potential loss of federal special education money.

The legislative session starts Jan. 21.

Highlights of LFC Recommendations to 2014 Legislature

Revenue. Projected FY15 General Fund recurring revenue is \$6.19 billion, up 5.5 percent from FY14 estimated revenue. The projection assures moderate job growth of 1.6 percent, wage and salary growth of 4 percent, and oil production growth of 4 percent in FY15. “New money” FY15 revenue over FY14 spending is \$292 million.

FY15 Recurring Appropriations. The Legislative Finance Committee (LFC) recommends FY15 recurring appropriations of \$6.15 billion, up \$253 million, or 4.3 percent, over the current fiscal year. This includes a compensation increase and public and higher education increasing 5.6 percent and 5.1 percent, respectively.

Early Childhood. The LFC recommendation increases funding for early childhood initiatives by \$35 million, a 17 percent increase over FY14 appropriations. The increased funding includes \$12 million more for early literacy programs and the K-3 Plus extended school year program, \$9.7 million for prekindergarten, \$5.3 million for the Family, Infant, Toddler (FIT) program, \$2.3 million for childcare assistance, and \$4 million for home visits to families with infants.

The increases include funding targeted at improving the quality of early childhood programs, including \$6 million for initiatives in prekindergarten, home-visiting program, provider education and training, and planning for a research-based high-quality early childhood development program. The early childhood total also includes \$9.4 million the state will receive annually for four years from the Race to the Top-Early Learning Challenge (RTT-ELC) federal grant for a childcare quality rating system and professional development.

Education. Following an increase of \$150.4 million, or 5.4 percent, in recurring general fund appropriations for education in FY14, the committee recommends an additional \$183.5 million for FY15. Almost \$3.55 billion, or 58 percent, of the overall committee recommendation is targeted to education.

Public Schools. The committee recommends \$2.7 billion in overall funding for public education, an increase of \$142.9 million. This includes increases for Education Retirement Board contributions, insurance premiums, fixed costs, and enrollment growth; increased funding for at-risk students and small school districts (\$26 million); and significant funding for employee raises, an additional cost-of-living adjustment for educational assistants, and an increase in the minimum salary for entry level teachers. The recommendation relies on the public education formula to equitably distribute a majority of the increased funding to school districts and charter schools and continues existing initiatives that have the greatest impact on student outcomes and target at-risk students.

Higher Education. The committee recommends \$836.6 million in general fund appropriations for FY15, an increase of \$40.6 million. The recommendation increases support for the instruction and general (I&G) formula funding (\$18.6 million), the University of New Mexico Health Sciences Center instruction and general expenditures

(\$500 thousand), the employer contribution to the education retirement fund pursuant to Section 21-11-21 NMSA 1978 (\$3.8 million), and a 1.5 percent cost-of-living adjustment for eligible faculty and staff (\$9.7 million). The LFC recommendation continues efforts of the Higher Education Department and institutions to expand performance funding with \$33 million, or 5.5 percent, of instruction and general (I&G) funding for that purpose.

Further, the LFC recommendation included \$5.3 million for expanding the capacity of graduate nursing education, undergraduate nursing education, and resident physician programs, in addition to increasing loan repayment programs for licensed healthcare practitioners in New Mexico.

Lottery Scholarship. LFC recommends both a short-term and long-term solution to address revenue shortfalls in the Legislative Lottery Scholarship Program. For FY14, the committee recommends an \$11 million supplemental appropriation of financial aid fund balance to mitigate dramatic reductions to spring 2014 semester scholarship amounts. For FY15, the committee proposes general fund appropriations totaling \$10.9 million contingent on legislation being enacted during the session that improves program stability. While the LFC's recommendation includes funding to maintain scholarship awards and program criteria for students who have received the scholarship for four or more semesters, the recommendation suggests program changes to improve solvency, such as setting flat scholarship amounts for students attending research, comprehensive, and two-year colleges; increasing the grade point average required to maintain scholarship availability; and requiring students attending four-year colleges to complete 15 credits per semester.

Healthcare. The committee's general fund recommendation for Medicaid and Medicaid Behavioral Health is \$905 million, a \$24.1 million, or 2.6 percent, decrease compared with FY14. Key factors in the cut are the availability of more federal funds – \$18.2 million in new drug rebate revenue and \$8 million in savings from an improved federal match rate – and \$13.4 million in savings from updated Medicaid projections. The FY15 General Fund appropriation to Medicaid includes \$10 million, matched by approximately \$30 million of federal funds, to provide a rate increase to hospitals contingent on legislation to continue county support for Medicaid. Although the department is projecting a decrease in general fund spending, total funding for the combined program is increasing by \$361 million in FY15 to \$4.7 billion due to a Medicaid expansion for low-income adults, covered by federal funds under the Affordable Care Act.

The Department of Health's FY15 recommendation is \$551.8 million, with general fund revenue totaling \$305.2 million, an increase of 1 percent over FY14. This includes an increase of \$5.2 million to support an additional 672 infants and children within the FIT Program and \$4.1 million to serve 225 more individuals with home and community-based care covered under the Developmental Disabilities (DD) Medicaid waiver and reduce the waiver waiting list. At the end of FY13, 3,829 developmentally disabled clients were receiving services under the DD Medicaid waiver, but 6,248 individuals remained on the waiting list for services.

Public Safety. The committee recommendation from the general fund for the Corrections Department (NMCD) is \$275.5 million, or 1.8 percent over the FY14 operating budget. Department efforts to reduce recidivism should begin producing results, allowing for a slower growth rate of the inmate population. NMCD also should realize \$4.5 million in healthcare savings for inmates who stay in a hospital for longer than 24 hours and new eligibility for behavioral health services for parolees outside of prison because of the Medicaid coverage under the Affordable Care Act. The committee recommendation provides \$3 million for expanding community-based employment, training, education, and mental health services to parolees.

The committee recommendation for the Department of Public Safety includes \$104.4 million from the general fund, including \$5.8 million to replace road fund revenue with general fund revenue in the Motor Transportation Program (MTP). The recommendation retains MTP and the Law Enforcement Program as separate programs and includes \$240 thousand to fund operations at the New Mexico DNA administrative center and \$4.4 million to replace about 135 vehicles.

Transportation. The committee recommends \$833 million for the Department of Transportation (NMDOT), a decrease of \$31.6 million, or 3.7 percent, compared with the FY14 operating budget. The agency receives no general fund monies and relies on federal and state road fund revenues. The July 2013 state road fund forecast indicated FY14 year-to-date actual revenues are flat with the January 2013 estimate of \$384.7 million, but the FY15 projection is \$386.2 million, an increase of \$1.5 million, or 0.4 percent, compared with the FY14. The department continues to face significant budgetary shortfalls in both construction and maintenance, the former totaling nearly \$880 million and the latter \$330 million. As of June 2013, the state had nearly \$1.9 billion in debt obligations, including \$1.1 billion owed for the projects under GRIP and \$477 million the state road fund pays for the Rail Runner.

The FY15 NMDOT budget request included no capital outlay funding, but the LFC recommendation includes funding for major investments in road improvement projects statewide.

Tourism and Economic Development. Combining operating and special appropriation recommendations, the LFC supports agency requests for a 24 percent increase in general fund appropriations for the Tourism Department and \$1.5 million of recurring general fund appropriations to the Economic Development Department for the job training program.

Judicial. The FY15 General Fund recommendations for judicial agencies and district attorneys increase 4.5 percent and 4.0 percent, respectively. The recommendation for district courts includes \$1.1 million for new judges requested in the 1st, 2nd, 5th, and 13th judicial districts and Magistrate Court in Dona Ana county. The LFC recommendation adds \$650 thousand to drug court funding for distribution by the Administrative Office of the Courts. The LFC recommendation also includes sufficient funds for 5 percent salary increases for judges and district attorneys. New Mexico ranks last among all states in salaries of state district judges.

Compensation. The executive did not provide the committee with a plan to address ongoing recruitment and retention issues in the state or base compensation which, except for a 1 percent cost-of-living adjustment in FY14, have remained mostly unchanged for half a decade. The committee recommendation provides \$49.6 million for a 1.5 percent cost-of-living (COLA) increase for all state, public school, and higher education employees. Further, \$39.9 million is provided for state employees and public school employees, distributed through the public school funding formula for school districts and charter schools, in the same proportion as the COLA, with flexibility at the agency and district level to spend on improving recruitment, retention, and turnover; addressing hard-to-fill positions and reducing the number of vacancies; improving salary compaction, or equity among employees; and acknowledging employees deserving of salary increases.

To address certain job classifications with exceptional recruitment, retention, and high turnover issues, the committee recommends \$3 million for State Police officers for an additional 5 percent salary increase to begin implementing the Law Enforcement Pay Plan presented to the committee in November 2013 and \$2 million for state classified employees in specific job classifications identified by the Department of Finance and Administration and State Personnel Office in which a combination of compensation problems exist. Within the recommendation for public school support, \$2.7 million is provided for an additional 3 percent increase for licensed educational assistants and \$4.5 million to increase the minimum salary for level one licensed teachers from \$30 thousand to \$32.5 thousand. The General Fund recommendation for the Children, Youth and Families Department includes \$1.6 million to enhance recruitment and retention for the Juvenile Justice and Child Protective Services Programs.

Capital Outlay. State agencies, higher education institutions, special schools, and local government entities requested \$1.7 billion for capital projects, compared with \$352 million available capacity from severance tax bonds and general obligation bonds. An additional \$232.1 million is earmarked specifically for public schools, water, colonias and tribal infrastructure. The LFC staff framework for consideration by the Legislature proposes \$178.7 million from severance tax bonds, nearly \$64 million from "other state funds," and \$167 million from general obligation bonds. The proposal reflects the most critical projects impacting public health and safety, preservation of roads and state facilities, and project completion.

Deficiencies, Specials, Supplemental Appropriations. LFC recommends \$11.1 million from the general fund for nonrecurring special, supplemental, and deficiency appropriation requests including \$2 million for economic development projects pursuant to the Local Economic Development Act, \$1.5 million for common core state standards, and \$500 thousand for the MainStreet program. Recurring general fund special appropriations total \$10.3 million including \$8 million for the Legislative Lottery Scholarship Program contingent on program changes, \$1 million for the Job Training Incentive Program (JTIP), and \$500 thousand for the Tourism Department's cooperative advertising program. LFC also recommends \$2.9 million from the general fund to ensure students, who received four or more semesters of the legislative lottery scholarship, receive scholarship awards for full

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tuition costs for fiscal year 2015. The committee recommends an FY15 special appropriation of \$461 thousand to the Administrative Office of the Courts for an increase in employer contributions to the judicial retirement funds contingent on enactment of companion solvency bills. Separately, the committee recommends a transfer of \$10 million of general fund to replenish the water trust fund.

FY15 Information Technology Recommendations. The LFC recommendation for IT funding totaled \$17.5 million for seven agency projects. The recommendation reflects limited nonrecurring revenue available for IT in FY15; consequently, ongoing, well-prepared and well-managed system requests received funding priority.

Reserves. The LFC recommendation leaves general fund balances ending FY15 at \$583.5 million or 9.5 percent. Cash reconciliation issues for the Human Services Department and the general fund pose some downside risks.

Attachment 2 - General Fund Financial Summary: December 2013 Consensus Revenue Estimate
(in millions of dollars)

	<u>Preliminary FY2013</u>	<u>Estimated FY2014</u>	<u>Estimated FY2015</u>
APPROPRIATION ACCOUNT			
REVENUE			
Recurring Revenue			
August 2013 Consensus Forecast	\$ 5,611.1	\$ 5,779.7	\$ 6,189.1
December 2013 Consensus Forecast.	\$ 96.7	\$ 84.0	\$ (3.1)
Total Recurring Revenue	\$ 5,707.9	\$ 5,863.7	\$ 6,186.0
Nonrecurring Revenue			
August 2013 Consensus Forecast	\$ 39.9	\$ (85.9)	
December 2013 Consensus Forecast.	\$ (39.3)	\$ 85.9	
2014 Regular Session - Legislation (1)		\$ (1.0)	
Transfer to Water Trust Fund			\$ (10.0)
Total Non-Recurring Revenue	\$ 0.6	\$ (1.0)	\$ (10.0)
TOTAL REVENUE	\$ 5,708.6	\$ 5,862.7	\$ 6,176.0
APPROPRIATIONS			
Recurring Appropriations			
General Appropriation	\$ 5,649.6	\$ 5,893.7	\$ 6,136.6
Legislative Session Costs - Feed Bill	\$ 9.2	\$ 5.5	\$ -
2014 Special Appropriations	\$ -	\$ -	\$ 10.3
Total Recurring Appropriations	\$ 5,658.8	\$ 5,899.2	\$ 6,146.9
Nonrecurring Appropriations			
Prior-Year Appropriations	\$ 89.5	\$ -	\$ -
2014 IT Project Funding		\$ 5.7	\$ -
2014 Deficiencies, Supplementals, Specials		\$ 11.1	\$ 2.9
Total Nonrecurring Appropriations	\$ 89.5	\$ 16.8	\$ 2.9
TOTAL APPROPRIATIONS	\$ 5,748.3	\$ 5,916.0	\$ 6,149.8
Transfer to(from) Reserves (2)	\$ (39.7)	\$ (53.3)	\$ 26.2
GENERAL FUND RESERVES			
Beginning Balances	\$ 712.9	\$ 618.0	\$ 559.5
Transfers from (to) Appropriations Account	\$ (39.7)	\$ (53.3)	\$ 26.2
Revenue and Reversions	\$ 75.9	\$ 49.3	\$ 33.7
Appropriations, Expenditures and Transfers Out	\$ (131.1)	\$ (54.5)	\$ (36.0)
Ending Balances	\$ 618.0	\$ 559.5	\$ 583.5
<i>Reserves as a Percent of Recurring Appropriations</i>	<i>10.9%</i>	<i>9.5%</i>	<i>9.5%</i>

Notes:

(1) The nonrecurring revenue reduction in FY14 reflects reduced State Land Office distribution to the general fund pursuant to expenditure of an IT appropriation from the land maintenance fund.

Attachment 2 - General Fund Financial Summary: December 2013 Consensus Revenue Estimate
RESERVE DETAIL
(in millions of dollars)

	<u>Preliminary</u> <u>FY2013</u>	<u>Estimated</u> <u>FY2014</u>	<u>Estimated</u> <u>FY2015</u>
OPERATING RESERVE			
Beginning Balance	\$ 346.8	\$ 273.7	\$ 201.5
BOF Emergency Appropriations/Reversions	\$ (1.7)	\$ (2.0)	
Contingent Liability - Cash Management (1)	\$ (31.7)	\$ -	\$ -
Transfers from/to Appropriation Account	\$ (39.7)	\$ (53.3)	\$ 26.2
Transfer to ACF/Other Appropriations (2)	\$ -	\$ (17.0)	\$ -
Ending Balance	\$ 273.7	\$ 201.5	\$ 227.7
APPROPRIATION CONTINGENCY FUND			
Beginning Balance	\$ 29.5	\$ 16.4	\$ 17.4
Disaster Allotments	\$ (28.4)	\$ (16.0)	\$ (16.0)
Other Appropriations	\$ -	\$ -	\$ -
Transfers In (3)	\$ -	\$ 17.0	\$ -
Revenue and Reversions	\$ 15.3	\$ -	\$ -
Ending Balance	\$ 16.4	\$ 17.4	\$ 1.4
Education Lock Box			
Beginning Balance	\$ 39.1	\$ 9.1	\$ 9.1
Appropriations (GAA Section 5&6) (4)	\$ (30.0)	\$ -	\$ -
Transfers In (Out)	\$ -	\$ -	\$ -
Ending Balance	\$ 9.1	\$ 9.1	\$ 9.1
Total of Appropriation Contingency Fund	\$ 25.5	\$ 26.5	\$ 10.5
STATE SUPPORT FUND			
Beginning Balance	\$ 1.0	\$ 1.0	\$ 1.0
Revenues	\$ -	\$ -	\$ -
Appropriations	\$ -	\$ -	\$ -
Ending Balance	\$ 1.0	\$ 1.0	\$ 1.0
TOBACCO PERMANENT FUND			
Beginning Balance	\$ 149.0	\$ 170.3	\$ 183.1
Transfers In	\$ 39.3	\$ 19.5	\$ 20.0
Appropriation to Tobacco Settlement Program Fund (5)	\$ (19.7)	\$ (9.8)	\$ (10.0)
Gains/Losses	\$ 21.3	\$ 12.8	\$ 13.7
Additional Transfers From TSPF	\$ (19.7)	\$ (9.8)	\$ (10.0)
Ending Balance	\$ 170.3	\$ 183.1	\$ 196.8
TAX STABILIZATION RESERVE			
Beginning Balance	\$ 147.5	\$ 147.5	\$ 147.5
Transfers In	\$ -	\$ -	\$ -
Ending Balance	\$ 147.5	\$ 147.5	\$ 147.5
GENERAL FUND ENDING BALANCES	\$ 618.0	\$ 559.5	\$ 583.4
<i>Percent of Recurring Appropriations</i>	<i>10.9%</i>	<i>9.5%</i>	<i>9.5%</i>

Notes:

- (1) SHARE reconciliation to the cash account includes a \$31.7 million contingent liability in FY13 (in addition to the previously identified \$70 million contingent liability in FY12) which is a reduction from the ACF.
- (2) This summary excludes a transfer of up to \$36 million from the operating reserve to PED is contingent on appropriation in the GAAs of 2012 and 2013 being insufficient to meet federal Individuals with Disabilities Education Act (IDEA) maintenance of effort (MOE) requirements.
- (3) Laws 2013 Section 11, transferred \$17 million from the operating reserve to replenish the appropriation contingency fund.
- (4) FY13 includes \$15.4 million of funding contingent on the state not meeting IDEA MOE requirements for FY14 and \$14.6 million in other education-related appropriations.
- (5) Assumes reduction in FY14 Tobacco MSA payment is \$20 million. This reduction is an estimate pending final determination of the MSA payment reduction, projected to be \$12-\$24 million.

GENERAL FUND AGENCY RECOMMENDATION SUMMARY

TABLE 1

Business Unit	Description	FY14 Operating Budget	FY15 Agency Request	FY15 LFC Recomm.	\$ Over Adj. FY14 Oper.	Percent Change
Legislative						
111	LEGISLATIVE COUNCIL SERVICE	5,597.3	5,792.9	5,792.9	195.6	3.5%
112	LEGISLATIVE FINANCE COMMITTEE	4,049.4	4,216.7	4,216.7	167.3	4.1%
114	SENATE CHIEF CLERK	1,143.0	1,183.0	1,183.0	40.0	3.5%
115	HOUSE CHIEF CLERK	1,110.5	1,149.4	1,149.4	38.9	3.5%
117	LEGISLATIVE EDUCATION STUDY COMMITTEE	1,221.7	1,507.7	1,368.9	147.2	12.0%
119	LEGISLATIVE BUILDING SERVICES	4,009.4	4,377.3	4,377.3	367.9	9.2%
131	LEGISLATURE	2,015.0	2,128.6	2,128.6	113.6	5.6%
Total Legislative		19,146.3	20,355.6	20,216.8	1,070.5	5.6%
Judicial						
205	SUPREME COURT LAW LIBRARY	1,552.3	1,578.5	1,536.1	-16.2	-1.0%
208	NEW MEXICO COMPILATION COMMISSION	0.0	0.0	0.0	0.0	0.0%
210	JUDICIAL STANDARDS COMMISSION	836.9	841.4	841.4	4.5	0.5%
215	COURT OF APPEALS	5,738.1	5,950.0	5,870.0	131.9	2.3%
216	SUPREME COURT	3,096.8	3,272.6	3,217.5	120.7	3.9%
218	ADMINISTRATIVE OFFICE OF THE COURTS	43,369.5	48,119.2	45,854.9	2,485.4	5.7%
218	ADMINISTRATIVE OFFICE OF THE COURTS	0.0	0.0	0.0	0.0	0.0%
219	SUPREME COURT BUILDING COMMISSION	867.1	921.7	907.7	40.6	4.7%
231	FIRST JUDICIAL DISTRICT COURT	6,337.6	7,023.2	6,672.4	334.8	5.3%
232	SECOND JUDICIAL DISTRICT COURT	21,765.7	23,113.3	22,703.4	937.7	4.3%
233	THIRD JUDICIAL DISTRICT COURT	6,235.9	6,498.7	6,418.9	183.0	2.9%
234	FOURTH JUDICIAL DISTRICT COURT	2,144.1	2,236.5	2,204.1	60.0	2.8%
235	FIFTH JUDICIAL DISTRICT COURT	6,104.4	6,632.5	6,521.8	417.4	6.8%
236	SIXTH JUDICIAL DISTRICT COURT	3,122.1	3,262.2	3,216.2	94.1	3.0%
237	SEVENTH JUDICIAL DISTRICT COURT	2,278.0	2,372.4	2,357.3	79.3	3.5%
238	EIGHTH JUDICIAL DISTRICT COURT	2,809.6	2,924.4	2,877.7	68.1	2.4%
239	NINTH JUDICIAL DISTRICT COURT	3,243.1	3,414.0	3,354.6	111.5	3.4%
240	TENTH JUDICIAL DISTRICT COURT	798.2	942.8	877.0	78.8	9.9%
241	ELEVENTH JUDICIAL DISTRICT COURT	5,973.8	6,308.5	6,225.8	252.0	4.2%
242	TWELFTH JUDICIAL DISTRICT COURT	3,090.7	3,296.3	3,229.6	138.9	4.5%
243	THIRTEENTH JUDICIAL DISTRICT COURT	6,507.9	7,189.7	7,008.2	500.3	7.7%
244	BERNALILLO COUNTY METROPOLITAN COURT	22,843.3	23,667.0	23,477.8	634.5	2.8%
251	FIRST JUDICIAL DISTRICT ATTORNEY	4,874.9	5,222.7	5,115.8	240.9	4.9%
252	SECOND JUDICIAL DISTRICT ATTORNEY	17,250.4	18,665.7	18,050.5	800.1	4.6%
253	THIRD JUDICIAL DISTRICT ATTORNEY	4,447.9	5,427.0	4,637.0	189.1	4.3%
254	FOURTH JUDICIAL DISTRICT ATTORNEY	3,071.2	3,358.8	3,119.4	48.2	1.6%
255	FIFTH JUDICIAL DISTRICT ATTORNEY	4,487.8	5,076.5	4,778.4	290.6	6.5%
256	SIXTH JUDICIAL DISTRICT ATTORNEY	2,639.0	2,977.8	2,740.7	101.7	3.9%
257	SEVENTH JUDICIAL DISTRICT ATTORNEY	2,402.3	2,580.1	2,466.2	63.9	2.7%
258	EIGHTH JUDICIAL DISTRICT ATTORNEY	2,502.4	2,756.1	2,601.6	99.2	4.0%
259	NINTH JUDICIAL DISTRICT ATTORNEY	2,699.4	2,939.4	2,806.8	107.4	4.0%
260	TENTH JUDICIAL DISTRICT ATTORNEY	1,005.8	1,153.4	1,040.6	34.8	3.5%
261	ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I	3,365.2	3,979.4	3,475.6	110.4	3.3%
262	TWELFTH JUDICIAL DISTRICT ATTORNEY	2,624.6	3,162.3	2,708.8	84.2	3.2%
263	THIRTEENTH JUDICIAL DISTRICT ATTORNEY	4,843.3	5,575.3	4,965.6	122.3	2.5%
264	ADMINISTRATIVE OFFICE OF THE DISTRICT ATTORNEYS	2,058.4	2,536.1	2,104.6	46.2	2.2%
265	ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION II	2,101.8	2,212.9	2,173.0	71.2	3.4%
Total Judicial		209,089.5	227,188.4	218,157.0	9,067.5	4.3%

GENERAL FUND AGENCY RECOMMENDATION SUMMARY

TABLE 1

Business Unit	Description	FY14 Operating Budget	FY15 Agency Request	FY15 LFC Recomm.	\$ Over Adj. FY14 Oper.	Percent Change
General Control						
305	ATTORNEY GENERAL	9,511.1	15,901.5	10,796.7	1,285.6	13.5%
308	STATE AUDITOR	2,899.9	3,006.0	2,983.3	83.4	2.9%
333	TAXATION AND REVENUE DEPARTMENT	54,952.4	59,598.3	57,175.9	2,223.5	4.0%
337	STATE INVESTMENT COUNCIL	0.0	0.0	0.0	0.0	0.0%
341	DEPARTMENT OF FINANCE AND ADMINISTRATION	23,595.4	25,608.5	24,544.0	948.6	4.0%
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	13,842.5	14,634.2	14,276.6	434.1	3.1%
352	EDUCATIONAL RETIREMENT BOARD	0.0	0.0	0.0	0.0	0.0%
354	NEW MEXICO SENTENCING COMMISSION	529.8	579.8	579.8	50.0	9.4%
355	PUBLIC DEFENDER DEPARTMENT	42,024.6	44,840.2	43,520.1	1,495.5	3.6%
356	GOVERNOR	3,609.0	3,609.0	3,609.0	0.0	0.0%
360	LIEUTENANT GOVERNOR	589.8	589.8	589.8	0.0	0.0%
361	DEPARTMENT OF INFORMATION TECHNOLOGY	860.0	865.5	865.5	5.5	0.6%
366	PUBLIC EMPLOYEES RETIREMENT ASSOCIATION	0.0	0.0	0.0	0.0	0.0%
369	STATE COMMISSION OF PUBLIC RECORDS	2,637.9	2,911.1	2,685.9	48.0	1.8%
370	SECRETARY OF STATE	6,447.2	10,254.6	6,834.0	386.8	6.0%
378	PERSONNEL BOARD	4,190.7	4,536.2	4,233.2	42.5	1.0%
379	PUBLIC EMPLOYEE LABOR RELATIONS BOARD	215.5	257.7	231.8	16.3	7.6%
394	STATE TREASURER	3,708.8	3,784.6	3,739.6	30.8	0.8%
Total General Control		169,614.6	190,977.0	176,665.2	7,050.6	4.2%
Commerce and Industry						
404	BOARD OF EXAMINERS FOR ARCHITECTS	0.0	0.0	0.0	0.0	0.0%
417	BORDER AUTHORITY	337.4	330.1	330.1	-7.3	-2.2%
418	TOURISM DEPARTMENT	10,332.3	12,832.3	12,352.1	2,019.8	19.5%
419	ECONOMIC DEVELOPMENT DEPARTMENT	6,622.7	9,231.3	7,177.9	555.2	8.4%
420	REGULATION AND LICENSING DEPARTMENT	13,226.4	14,380.2	13,326.4	100.0	0.8%
430	PUBLIC REGULATION COMMISSION	7,090.4	8,946.9	7,748.5	658.1	9.3%
440	OFFICE OF SUPERINTENDENT OF INSURANCE	0.0	0.0	0.0	0.0	0.0%
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	75.0	75.0	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	5,577.9	6,033.6	5,665.6	87.7	1.6%
469	STATE RACING COMMISSION	2,352.2	2,816.1	2,422.3	70.1	3.0%
479	BOARD OF VETERINARY MEDICINE	0.0	0.0	0.0	0.0	0.0%
490	CUMBRES AND TOLTEC SCENIC RAILROAD COMMISSION	98.7	210.0	117.0	18.3	18.5%
491	OFFICE OF MILITARY BASE PLANNING AND SUPPORT	145.5	156.0	146.4	0.9	0.6%
495	SPACEPORT AUTHORITY	459.9	459.9	459.9	0.0	0.0%
Total Commerce and Industry		46,243.4	55,396.4	49,821.2	3,577.8	7.7%
Agriculture, Energy and Natural Resources						
505	CULTURAL AFFAIRS DEPARTMENT	29,044.7	30,319.7	29,535.0	490.3	1.7%
508	NEW MEXICO LIVESTOCK BOARD	981.2	2,502.6	1,380.0	398.8	40.6%
516	DEPARTMENT OF GAME AND FISH	0.0	0.0	0.0	0.0	0.0%
521	ENERGY, MINERALS AND NATURAL RESOURCES DEPARTM	21,117.7	22,892.6	21,622.7	505.0	2.4%
522	YOUTH CONSERVATION CORPS	0.0	0.0	0.0	0.0	0.0%
538	INTERTRIBAL CEREMONIAL OFFICE	105.0	105.0	105.0	0.0	0.0%

GENERAL FUND AGENCY RECOMMENDATION SUMMARY

TABLE 1

Business Unit	Description	FY14 Operating Budget	FY15 Agency Request	FY15 LFC Recomm.	\$ Over Adj. FY14 Oper.	Percent Change
539	COMMISSIONER OF PUBLIC LANDS	0.0	0.0	0.0	0.0	0.0%
550	STATE ENGINEER	15,651.2	18,710.3	17,650.5	1,999.3	12.8%
Total Agriculture, Energy and Natural Resources		66,899.8	74,530.2	70,293.2	3,393.4	5.1%
Health, Hospitals and Human Services						
601	COMMISSION ON STATUS OF WOMEN	0.0	0.0	0.0	0.0	0.0%
603	OFFICE OF AFRICAN AMERICAN AFFAIRS	704.1	756.9	720.0	15.9	2.3%
604	COMMISSION FOR DEAF AND HARD-OF-HEARING PERSONS	300.0	300.0	300.0	0.0	0.0%
605	MARTIN LUTHER KING, JR. COMMISSION	214.8	317.8	225.5	10.7	5.0%
606	COMMISSION FOR THE BLIND	2,061.1	2,078.5	2,078.5	17.4	0.8%
609	INDIAN AFFAIRS DEPARTMENT	2,422.5	2,543.2	2,493.2	70.7	2.9%
624	AGING AND LONG-TERM SERVICES DEPARTMENT	45,008.0	47,911.5	46,485.7	1,477.7	3.3%
630	HUMAN SERVICES DEPARTMENT	1,036,615.3	1,018,027.0	1,010,887.9	-25,727.4	-2.5%
631	WORKFORCE SOLUTIONS DEPARTMENT	3,507.4	15,978.9	9,498.8	5,991.4	170.8%
632	WORKERS' COMPENSATION ADMINISTRATION	0.0	0.0	0.0	0.0	0.0%
644	DIVISION OF VOCATIONAL REHABILITATION	5,636.0	6,285.4	5,686.0	50.0	0.9%
645	GOVERNOR'S COMMISSION ON DISABILITY	1,042.7	1,464.4	1,087.7	45.0	4.3%
647	DEVELOPMENTAL DISABILITIES PLANNING COUNCIL	4,837.6	6,148.7	5,073.8	236.2	4.9%
662	MINERS' HOSPITAL OF NEW MEXICO	0.0	0.0	0.0	0.0	0.0%
665	DEPARTMENT OF HEALTH	302,270.6	304,426.2	305,196.3	2,925.7	1.0%
667	DEPARTMENT OF ENVIRONMENT	11,542.8	15,420.1	11,885.2	342.4	3.0%
668	OFFICE OF THE NATURAL RESOURCES TRUSTEE	87.3	272.0	247.0	159.7	182.9%
669	NEW MEXICO HEALTH POLICY COMMISSION	0.0	0.0	0.0	0.0	0.0%
670	VETERANS' SERVICES DEPARTMENT	3,177.0	3,177.0	3,086.7	-90.3	-2.8%
690	CHILDREN, YOUTH AND FAMILIES DEPARTMENT	219,966.3	232,668.7	230,394.5	10,428.2	4.7%
Total Health, Hospitals and Human Services		1,639,393.5	1,657,776.3	1,635,346.8	-4,046.7	-0.2%
Public Safety						
705	DEPARTMENT OF MILITARY AFFAIRS	6,843.7	7,092.1	6,886.8	43.1	0.6%
760	PAROLE BOARD	495.3	489.8	489.8	-5.5	-1.1%
765	JUVENILE PUBLIC SAFETY ADVISORY BOARD	15.0	15.0	15.0	0.0	0.0%
770	CORRECTIONS DEPARTMENT	270,583.4	279,434.0	275,529.2	4,945.8	1.8%
780	CRIME VICTIMS REPARATION COMMISSION	1,844.3	1,868.7	1,868.7	24.4	1.3%
790	DEPARTMENT OF PUBLIC SAFETY	97,395.4	100,326.7	104,421.3	7,025.9	7.2%
795	HOMELAND SECURITY AND EMERGENCY MANAGEMENT	2,436.1	3,663.7	2,501.6	65.5	2.7%
Total Public Safety		379,613.2	392,890.0	391,712.4	12,099.2	3.2%
Transportation						
805	DEPARTMENT OF TRANSPORTATION	0.0	0.0	0.0	0.0	0.0%
Total Transportation		0.0	0.0	0.0	0.0	0.0%
Other Education						
924	PUBLIC EDUCATION DEPARTMENT	11,786.1	12,899.2	11,819.8	33.7	0.3%
925	PUBLIC EDUCATION DEPARTMENT-SPECIAL APPROPRIATIO	57,022.3	89,266.7	73,754.9	16,732.6	29.3%
940	PUBLIC SCHOOL FACILITIES AUTHORITY	0.0	0.0	0.0	0.0	0.0%
949	EDUCATION TRUST BOARD	0.0	0.0	0.0	0.0	0.0%
Total Other Education		68,808.4	102,165.9	85,574.7	16,766.3	24.4%

GENERAL FUND AGENCY RECOMMENDATION SUMMARY

TABLE 1

Business Unit	Description	FY14 Operating Budget	FY15 Agency Request	FY15 LFC Recomm.	\$ Over Adj. FY14 Oper.	Percent Change
Higher Education						
950	HIGHER EDUCATION DEPARTMENT	34,743.3	35,219.5	35,155.3	412.0	1.2%
952	UNIVERSITY OF NEW MEXICO	298,939.7	305,935.9	311,480.9	12,541.2	4.2%
954	NEW MEXICO STATE UNIVERSITY	195,633.0	200,182.8	202,102.5	6,469.5	3.3%
956	NEW MEXICO HIGHLANDS UNIVERSITY	30,057.5	30,496.1	31,170.2	1,112.7	3.7%
958	WESTERN NEW MEXICO UNIVERSITY	18,982.7	19,551.8	19,694.5	711.8	3.7%
960	EASTERN NEW MEXICO UNIVERSITY	44,111.7	45,244.7	45,952.4	1,840.7	4.2%
962	NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY	36,641.7	36,955.1	37,543.2	901.5	2.5%
964	NORTHERN NEW MEXICO COLLEGE	11,074.8	11,053.1	11,431.5	356.7	3.2%
966	SANTA FE COMMUNITY COLLEGE	13,418.9	13,819.0	14,716.8	1,297.9	9.7%
968	CENTRAL NEW MEXICO COMMUNITY COLLEGE	51,971.7	54,706.0	55,144.3	3,172.6	6.1%
970	LUNA COMMUNITY COLLEGE	8,224.6	8,348.8	8,544.5	319.9	3.9%
972	MESALANDS COMMUNITY COLLEGE	4,320.2	4,410.1	4,436.4	116.2	2.7%
974	NEW MEXICO JUNIOR COLLEGE	6,264.2	6,406.5	6,352.4	88.2	1.4%
976	SAN JUAN COLLEGE	24,328.0	24,914.2	25,155.3	827.3	3.4%
977	CLOVIS COMMUNITY COLLEGE	9,701.8	10,072.6	10,191.1	489.3	5.0%
978	NEW MEXICO MILITARY INSTITUTE	2,295.9	2,373.0	2,428.1	132.2	5.8%
979	NEW MEXICO SCHOOL FOR THE BLIND AND VISUALLY IMP	1,206.6	1,260.7	1,259.4	52.8	4.4%
980	NEW MEXICO SCHOOL FOR THE DEAF	4,112.0	4,172.5	4,177.1	65.1	1.6%
Total Higher Education		796,028.3	815,122.4	826,935.9	30,907.6	3.9%
Public School Support						
993	PUBLIC SCHOOL SUPPORT	2,498,741.1	2,543,257.5	2,624,889.6	126,148.5	5.0%
Total Public School Support		2,498,741.1	2,543,257.5	2,624,889.6	126,148.5	5.0%
Public Employee Compensation Increase						
994	STATE EMPLOYEE	0.0	0.0	22,100.0	22,100.0	0.0%
994	HIGHER EDUCATION	0.0	0.0	9,689.3	9,689.3	0.0%
994	PUBLIC SCHOOL (\$57.7 MILLION INCL. IN SEG)	0.0	0.0	0.0	0.0	0.0%
994	SPECIAL COMP - STATE POLICE & MOTOR TRANS OFFICERS	0.0	0.0	3,000.0	3,000.0	0.0%
994	SPECIAL COMP - CLASSIFICATION ADJUSTMENTS	0.0	0.0	2,000.0	2,000.0	0.0%
Total Public Employee Compensation Increase		0.0	0.0	36,789.3	36,789.3	0.0%
Recurring Special Appropriations						
994	RECURRING SPECIAL APPROPRIATIONS	0.0	0.0	2,311.0	2,311.0	0.0%
994	REPLACE TOBACCO REV IN LOTTERY SCHOLARSHIP	0.0	0.0	8,000.0	8,000.0	0.0%
Total Recurring Special Appropriations		0.0	0.0	10,311.0	10,311.0	0.0%
Grand Total		5,893,578.1	6,079,659.7	6,146,713.1	253,135.0	4.3%

January 3, 2014

ATTACHMENT C

**Highlights of LFC Staff Framework for
Capital Outlay Appropriations for the
2014 Legislature**

Funding Available

- Net Senior Severance Tax Bonds, \$185 million
- General Obligation Bonds, \$167 million (maintains flat property tax mil levy)

Criteria for Projects

- Addresses health and safety hazards, addresses deferred maintenance or regulatory requirements, included in agency five year plan, realizes operating cost savings, matching funds available, facility condition index, advances project completion, minimizes “piece meal”.

General Obligation Bond Projects (greater than \$10 million)

- Senior Citizen Centers and Equipment \$16.4 million
- Libraries \$10.8 million
- Eastern New Mexico University Student Center \$11.0 million
- NM Tech Chemistry Building \$15 million
- UNM Engineering \$20.5 million
- UNM Health Education \$12.0 million
- Central New Mexico College Renovation \$10 million
- NMSU Engineering Building Renovation \$19.2 million

Severance Tax Bond Projects (greater than \$5 million)

- Corrections Facilities \$12.0 million
- Museums and Monuments \$9.0 million
- Complete Meadows, Behavioral Health Institute \$20.0 million
- Highway Infrastructure and Repairs \$10.0 million
- Firefighting and Fuel Control \$4.8 million
- Spaceport South Road \$6.0 million
- Indian Water Rights Settlement \$5.0 million
- Workforce Solutions, Tiwa Building \$5.0 million

Other State Funds

- Additional funding for roads, school buses, prekindergarten classrooms, NM Schools for the Deaf and Visually Impaired, state radio network, and dam safety

Local Projects

- Staff framework leaves \$70 million for legislative district priorities

Sponsors

- Severance Tax Bond and Other State Funds, Rep. J. Trujillo and Rep. Sandoval
- General Obligation Bonds, Sen. Cisneros