

State of New Mexico
Legislative Finance Committee

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LFC Recommends \$6.05 Billion Budget

Editors: Volumes I, II and III of the LFC budget recommendation is posted on the committee's website, nmlegis.gov/Entity/LFC/Default.

The Legislative Finance Committee today released a budget recommendation for the 2017-2018 fiscal year that calls for spending \$6.052 billion from the state's general fund and assumes \$123.3 million in new revenue, additional spending reductions, or both.

The recommendation reduces general fund appropriations to agencies by an average of 0.4 percent; however, cuts vary and some programs – including the state equalization guarantee for public schools, the judiciary, economic development and tourism, and child protective services – were kept whole or saw a small increase.

"The last 17 months have been among the hardest financially the state has faced," said Committee Chairman Senator John Arthur Smith, D-Deming. "We ended the 2016 fiscal year in the red, it took three rounds of budget cuts to keep FY17 afloat, and the state is expected to earn almost \$100 million less next year than it's spending this year.

"The committee has few options left to close the budget gap – some critical state services already are suffering. The committee struggled to protect vulnerable New Mexicans, public schools, public safety, and healthcare services without completely shutting down some state agencies."

Vice Chairman Jimmie C. Hall, R-Albuquerque, called the recommendation a good start.

"It's important that we 'right-size' state services but we can't grow a sound economy without some investment in the people of the state," he said.

The committee recommendation reduces funding for early childhood programs slightly, mostly in the special services provided by the Public Education Program, but increases spending for home visits to new families and the prekindergarten program managed by the Children, Youth and Families Department. The recommendation for public school support, distributed to school districts through the funding formula, is up slightly from FY17, but Public Education Department initiative funding is cut substantially and higher education spending is down.

The spending plan for Medicaid is a slight decrease from FY17 but the recommendation includes a special appropriation contingent on enactment of legislation authorizing a tax on the health services sector or additional cuts if the contingency is not met.

Finally, the recommendation calls for a small increase for the Corrections Department and a small decrease for the Department of Public Safety.

Smith noted the latest general fund tracking report shows state income through October was down almost 8 percent compared with the same period a year ago and the December consensus revenue forecast is predicting the current fiscal year will end with a nearly \$70 million deficit without additional legislative action.