



STATE OF NEW MEXICO

BUDGET IN BRIEF

Fiscal Year 2010
(July 1, 2009 - June 30, 2010)

Path to Progress ... A Legacy of Results

GOVERNOR BILL RICHARDSON

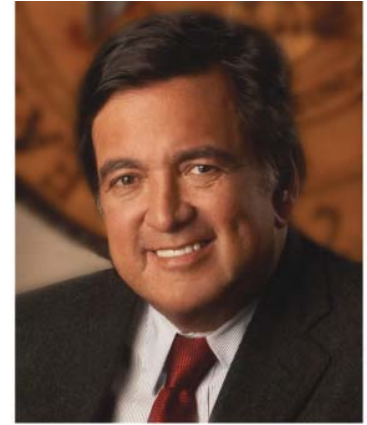
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State of New Mexico

Office of the Governor



Bill Richardson
Governor

January 20, 2009

To the People of New Mexico,

This year our state faces a new challenge—the biggest worldwide financial crisis of our lifetime. A cold financial winter has come, and our state faces a serious budget shortfall. This economic crisis is not of our making, nevertheless it is ours to solve.

For the past six years, we've made the wise choices to prepare for such a winter. We balanced the budget every year, invested in our priorities of education, health and job creation, increased state revenue by \$2 billion dollars—and returned over \$1 billion in tax-cuts to working families.

We put aside more for our rainy-day fund, going from 6% to an average of 13% operating reserve, increasing it by more than \$400 million and improving New Mexico's long-term financial security. We worked to grow the economy by bringing in new businesses and high-paying jobs, and as a result, personal income has increased by \$16.6 billion since 2002.

Our state's economy has traditionally balanced on the rise and fall of oil and gas, agriculture and federal government. Over the last six years, we have worked hard to diversify our economy and create tens of thousands of new jobs. We targeted incentives to attract clean and renewable energy companies, offered tax credits to bring in higher-paying companies, and created new industries like TV and Film production, which have created thousands of new jobs. Today, our economy is broader and more diverse than ever. That diverse economy is helping New Mexico weather this national financial crisis better than most. We remain 20th in the nation for job growth, 7th in the nation in our personal income growth rate and we continue to have the 6th lowest unemployment in the nation.

But these statistics don't show the pain that so many New Mexicans are feeling. Some have lost their jobs, and many worry they might be next. Families living paycheck to paycheck face harder and harder choices—food or shelter, health care or gas money. Parents worry that a tight budget will mean school closings, or fewer teachers. Workers are watching their retirement funds shrink and communities worry that cuts will mean fewer cops on the street or emergency responders in the field.

This is indeed the year of fiscal restraint. But, I believe we must never let up on our effort to build a vibrant, optimistic New Mexico that looks to the future with hope and anticipation.

This year I'm proposing a four-part economic security plan. My plan will create new jobs, build a better workforce, renew our role as an innovation state, and provide a safety net to catch those who fall.

The engine of this economic plan is a strong, responsible and balanced budget—that targets cuts where we can manage it, maintains services where we need it, and makes strategic investments to create more jobs. This budget in brief details my approach.

I look forward to working with the Legislature as we work together to move New Mexico forward.

A handwritten signature in cursive that reads "Bill Richardson".

Bill Richardson
Governor of New Mexico

BR/ep

Budget in Brief

Path to Progress . . . A Legacy of Results

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THE YEAR OF FISCAL RESTRAINT

Balancing the Budget and Keeping New Mexico Strong

“I am presenting the Legislature with a plan to balance the budget by implementing targeted cuts throughout state government, increasing revenue without raising taxes and putting stalled capital funding to immediate use.”

Governor Bill Richardson

Under the leadership of Governor Richardson, New Mexico has benefited from six years of effective economic policies and strong fiscal management practices. Since 2003, annual revenues have grown by 47%, state reserves have averaged 13% of annual recurring expenditures, and New Mexico is now sixth in the nation for personal income growth. The state has progressed and prospered, and as a result is well positioned to handle economic fluctuations.

The global and national recessions, however, have taken their toll on many state budgets and have recently begun to impact New Mexico. Oil and gas proceeds, which make up nearly 20% of the state’s General Fund revenues in FY08, have declined significantly in the last six months due to the unprecedented drop in energy prices. These external events are resulting in a much different scenario from the 2009 Legislative Session than in the recent past. Estimated revenues for the current fiscal year and next have fallen below existing appropriations, and now the state is in a position of implementing budget reductions rather than expansions.

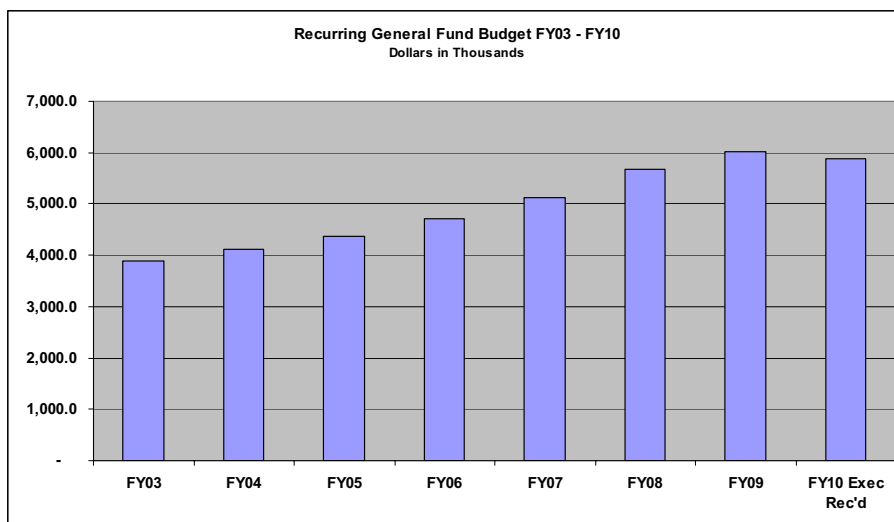
New Mexico faces a net budget shortfall of approximately \$384 million in the Fiscal Year 2009 and \$293 million in Fiscal Year 2010. Preparing a budget during a current year revenue shortfall requires a two pronged approach: first bring existing appropriations in line with lower revenue estimates for the current year, and second balance a future year budget in a declining revenue scenario. Governor Richardson has developed a budget plan that accomplishes both objectives with minimal impact on services to New Mexicans. The multi-year approach focuses on four areas: increasing revenues, lowering expenditures, utilizing idle cash balances and reverting unused funds. The four-step plan will keep New Mexico’s finances in the black while avoiding tax increases, maintaining substantial operating reserves, and protecting key services to children and families that rely on state programs during difficult financial times. The Governor’s goal is to keep New Mexico strong and financially secure through strategic budget reductions while protecting money for core functions and critical services.

New Mexico is in relatively good fiscal shape compared to many other states but the national economy is likely to decline further, putting additional pressure on state resources in the coming months. The funds identified through the Governor's four-step plan to balance our budget, the prudent use of estimated revenues and the funds available through new Severance Tax Bonding capacity, will be used as a part of a budget package and economic development approach that will keep state government operating efficiently, maintain a sound financial foundation and continue to attract new businesses and jobs to New Mexico.

Balancing the budget requires hard work and difficult decisions but the Richardson administration has developed a solution for keeping New Mexico in the black and keeping funds where they are most needed.

Overview of New Mexico's Budget

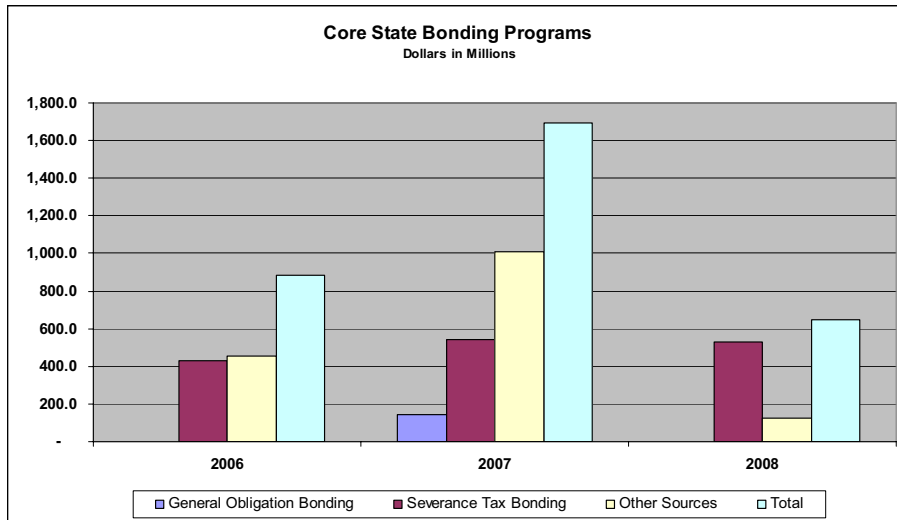
As a result of the Governor's economic development initiatives, the state's recurring revenue is predicted to be 47% higher in Fiscal Year 2010 than when Governor took office. With this \$1.6 billion in additional annual revenues, the Governor and the Legislature made major investments in state programs, particularly in the education, health care and public safety. Between Fiscal Years 2003 and 2009 state funding for public safety increased by \$144 million, health and human services increased by \$712 million, and public and higher education increased in total by more than \$1 billion.



With the exception of Fiscal Year 2010, Governor Richardson oversaw positive growth in revenues and appropriations each year in office. Six years of continual growth gave state programs the funding to make significant improvements to the

services provided to New Mexicans. The years of funding increases also indicate that state agencies can manage to make minor reductions to their budgets without compromising core functions or harming key services to the public.

The dramatic increase in revenues also allowed New Mexico to make great strides in infrastructure improvements. Continual economic expansion produced significant increases in nonrecurring dollars that were invested into statewide and local infrastructure projects, such as Governor Richardson’s Investment Partnership which brought road improvements to cities and counties across the state. Over the last three years more than \$3.2 billion has been invested in capital outlay projects including water and waste water systems, technological infrastructure, health facilities, economic development initiatives, and public and higher education facilities.



The years of economic expansion have greatly benefited the citizens of New Mexico, but the onset of a global recession in 2009 radically altered the trajectory of New Mexico’s revenues. As a result of extreme volatility in oil and natural gas prices, the effect of the recent downturn on state investments, and the decline of gross receipts and compensating taxes, New Mexico is facing the first budget shortfall in 13 years. After a dramatic mid year downturn in predicted state revenues, the state must now reduce spending and regain a balanced budget.

A Four Step Plan to a Balanced Budget

The difference between yearly revenues and appropriations made with the General Fund Appropriation Account, also referred to as the revenue shortfall, is \$454 million for the current fiscal year. After making use of available fund balances in other General Fund accounts and preserving the funds required to maintain at least 10% operating reserves, New Mexico is facing a net budget shortfall of \$384 million in Fiscal Year 2009 and \$293 million in Fiscal Year 2010.

The net budget shortfall totals do not account for increases of any kind, yet several essential programs need additional funds in order to continue offering services at their current levels. The Executive recommends providing a sensible amount of additional funds to support base budget increases, as well as one-time money for special initiatives and information technology expenses. A total of \$75 million in nonrecurring funds will be required to support this recommendation, bringing the Richardson administration's goal for cumulative Fiscal Year 2009 savings to \$500 million.

Governor Richardson has outlined a four-step plan to attain \$460 million in Fiscal Year 2009 savings, which will put New Mexico in a sound financial position to move forward through Fiscal Year 2010 and beyond. The total funds identified under this approach are enough to provide important special and supplemental funding to agencies, further economic development initiatives and still maintain substantial and responsible operating reserves for the future. The four key areas are as follows:

1. **Revenue Enhancements:** Bring in additional revenue by enhancing tax collections, reinstating the first quarterly corporate income tax payment and sweeping the accumulated cash balances from various funds.
2. **Operating Budget Reductions:** Reducing operating budgets across state government by making cuts to the Executive, Legislature, Judiciary, elected officials, public schools and higher education institutions in a responsible and strategic manner.
3. **Utilizing Idle Funds:** Use cash balances or reauthorize appropriations that are currently not being used to areas that are facing cuts.
4. **Deauthorizing Capital Outlay Projects:** Deauthorize stalled state, local and public school capital outlay projects, and restore state reserves to be able to withstand further revenue fluctuations.

By adopting these four measures, New Mexico would balance the Fiscal Year 2009 and 2010 budgets without increasing taxes, reducing the operating reserves to an imprudent level or impairing key services to New Mexicans.

Step One: Revenue Enhancements

This initiative would bring in a total of \$105.6 million in new revenue in Fiscal Year 2009, and \$34 million in new revenue in Fiscal Year 2010.

- **Improvements to Motor Vehicle Excise Tax Collection, \$6 million in FY09, \$12 million in FY10**

Substantial Motor Vehicle Excise Tax revenues are lost when owners fraudulently understate the actual selling price to avoid paying the correct excise tax on vehicle sales. By training the staff of the Motor Vehicles Department to enforce minimum sale values equivalent to the National Automobile Dealers Association's average vehicle trade-in values, TRD will be able to reduce instances of underpayment.

- ***Governor's Fair Share New Mexico, \$21 million in FY10***
There is currently an \$800 million tax gap resulting from non-filing, under reporting and underpayment. By providing the Taxation and Revenue Department with additional information technology resources and staff auditors, the Department will be able to improve collections and reduce delinquencies.
- ***Changes to the Corporate Income Tax Schedule, \$65 million in FY09***
Corporations pay their income taxes by making quarterly payments based on estimated returns, then paying any remaining balances due at the start of the following tax year. In 2003, legislation was passed that changed the process for estimating returns, which inadvertently eliminated the first quarterly payment that year. Restoring the first quarterly corporate income tax payment would have a one-time effect of increasing Fiscal Year 2009 collections. Corporations would have to pay their taxes as income is earned, but would not see any net increases.
- ***Selling Unclaimed Stocks and Assets, \$8 million in FY09***
Unclaimed stocks, checks and other miscellaneous property, such as old coins and jewelry that are not claimed from a safe deposit box, are transferred to Unclaimed Property by the holder. These assets are periodically sold and the proceeds are deposited in the General Fund. The estimated value of this unclaimed property is \$8 million.
- ***Cancelling Returned Rebate Checks, \$1 million in FY10***
Under state law, unclaimed or cancelled rebate checks issued by the Taxation and Revenue Department revert back to the General Fund thirteen months after issuance. TRD received more than 13,000 returned rebate checks this year. While the Department is working to locate the recipients to ensure that constituents receive their tax rebates, TRD estimates that more than \$1 million in legitimately cancelled payments will revert to the General Fund.

- **Sweeping Fund Balances, \$26.6 million in FY09**

Several special non-reverting state funds have accumulated significant balances over the years. By taking a portion of the accumulated fund balances the State is able to put money from other accounts into the General Fund.

Executive Recommendation to Sweep Unexpended and Unencumbered Balances

Dollars in Millions

Agency	Fund	Amount
Administrative Office of the Courts	Water rights adjudications	\$1,000.0
Department of Finance and Administration	Electronic voting machines fund	1,500.0
Secretary of State	Public election fund	1,750.0
Public Regulation Commission	Insurance fraud fund	400.0
Energy, Minerals and Natural Resources Department	Motor boat fuels tax	100.0
Youth Conservation Corps	Youth Conservation Corps fund	500.0
Commission for the Deaf and Hard-of-Hearing Persons	Assessment collection fund	5,000.0
Human Services Department	Balance from prior year information technology appropriation	136.0
Workers' Compensation Administration	Workers' Compensation Administration fees	5,000.0
Department of Public Safety	State fines and forfeitures	400.0
Department of Transportation	Rubberized asphalt fund	1,000.0
Public Education Department	Senate Bill 9 public infrastructure funds	5,000.0
Higher Education Department	Balance from prior year performance funding appropriation	2,827.6
Higher Education Department	College affordability fund	2,000.0
TOTAL		\$26,613.6

Step Two: Operating Budget Reductions

This initiative would result in a total savings of \$102 million in Fiscal Year 2009, and \$303 million in Fiscal Year 2010.

Deciding Where to Cut

Plugging a revenue gap of this magnitude requires making difficult decisions and implementing cuts to almost all areas, including high-priority areas like education. In October, when the State first predicted a revenue shortfall for Fiscal Year 2009 and 2010, the Governor outlined a plan for reducing spending that exempted schools, health and safety services from budget cuts. Since then, revenues have continued to decline. Because health and education receive such a large percentage of the state's

General Funds it is simply not possible to balance the budget without reductions to these policy areas.

Governor Richardson worked with executive agencies and school officials to develop a comprehensive, strategic and responsible plan for reducing operating budgets across state government. The cuts were designed to preserve core missions and leave programs intact so that agencies are able to continue providing vital services.

Executive agencies performed a rigorous review of all programs and expenses to identify areas that could sustain budget reductions with minimal impact to health, safety and educational services. Agencies targeted administrative functions first, and then determined the impact of 1% - 5% cuts in program areas. Several high priority programs offering essential services were given complete exemption from reductions in order to keep programs for children and vulnerable populations functioning at full capacity.

The comprehensive budget review allowed agencies to protect important programs by making deeper cuts into less critical expenditure areas expenses. Making case-by-case determinations avoided a flat, across the board reduction, which may have unintended consequences.

Statewide Reductions

	Fiscal Year 2009		Fiscal Year 2010	
	<i>Dollar Change</i>	<i>Percent Change</i>	<i>Dollar Change</i>	<i>Percent Change</i>
Executive Agencies	\$ 49.3	-21	\$117.2	5.1%
Legislature	1.0	5.0%	1.0	5.0%
Judiciary	5.4	2.5%	5.4	2.5%
Elected Officials	2.3	5.0%	2.3	5.1%
Higher Education Institutions	20.9	2.5%	39.4	4.7%
Public Education	22.9	0.9%	125.0	4.8%
Other	-	-	12.4	-
TOTAL	\$101.9	1.7%	\$302.7	5.0%

The table above indicates the reductions made to each sector of state government expressed as total dollars in millions, as well as a percentage of the sector's original Fiscal Year 2009 operating budget. The Executive is recommending several base budget funding increases to accommodate for annual growth, as well as recommending various one-time funds and expansions in high-priority areas. The figures indicated above do not incorporate any of the funding increases, so the net change to executive agencies and schools will be less than the total reduction.

All sectors of state government share the responsibility to act in the best interest of New Mexico, and this budget recommends contributions from, the Legislature, Judiciary and elected officials to save state funds through, operating budget reductions in an amount proportional to the reductions made to the executive agencies.

The General Services Department and the Department of Information Technology receive fees from other state agencies in exchange for providing various services. In Fiscal Year 2010, GSD and DoIT will be able to reduce agency fees for several services, including charges for telecommunications, and Risk Management risk and group health. In total these rate reductions will save the State \$12.4 million in Fiscal Year 2010, which represents the savings listed in the “other” category of the table above.

Public Schools and Higher Education Institutions

While developing the proposal for reducing operating budgets, the Executive sought the input of educational leaders to develop a plan for achieving the necessary budget reductions without compromising the quality of classroom instruction.

Superintendents from several public schools had the opportunity to voice concerns and offer suggestions on prudent measures for cutting costs. Superintendents recommended numerous strategies, several of which were fully adopted, giving school officials an important role in the budget reduction process.

The most significant changes to public schools will not take effect until Fiscal Year 2010, as it is extremely difficult to impose significant reductions in the midst of a school year. Based on the superintendents’ recommendations, implementing five temporary changes to next year’s operating budget would reduce funding by a total of \$125 million in Fiscal Year 2010. The Executive also recommends additional funding for base increases and expansions, resulting in a net change of \$80 million or 3.1% of the Public School Support. Small school districts may be held harmless from select reductions as well. Changes to the Fiscal Year 2010 public school operating budgets would include:

- Temporarily changing the defined uses for Senate Bill 9 funds to allow districts to charge property and liability insurance to the SB9 fund rather than operational budget. SB9 funds are currently limited to infrastructure improvement projects. ***\$50 million***
- Delaying the purchase of instructional materials for one year. Additional funds would still be made available for off-cycle adoptions. ***\$25 million***
- Suspending the additional instruction day. ***\$14 million***

- Delaying the Education Technology allocation for FY10. The Educational Technology allocation provides supplemental funds for telecommunications, software and information technology staff. ***\$6 million***
- Temporarily increase maximum class sizes. It is believed that this can be attained simply by not replacing teachers that resign or retire and allowing natural attrition to reduce personnel expenses. Under this plan, kindergarten class sizes would increase to 18 students with a maximum of 22 children per classroom. First grade would increase class sizes to 22 students with an educational assistant assigned at 23 students. High schools and middle schools would eliminate the course cap and allow for an average of 165 students per teacher. ***\$30 million***

Members of the Higher Education Funding Task Force, including the presidents of several universities and community colleges, explained their funding priorities to the secretary of higher education and to the Legislative Finance Committee. Higher education institutions were able to advocate for protecting their most essential resources, which helped the Executive determine how to reduce extraneous funding without increasing tuition rates or compromising the institutions' ability to achieve their core mission of providing top quality instruction in the classroom. The Executive understands that during difficult economic times it becomes even more challenging for students to pay tuition; therefore, needs-based scholarships were exempted from reductions in both Fiscal Years 2009 and 2010. Additionally, several communities recently approved mill levy increases which will offset the reductions to certain community colleges.

Similar to public schools, the higher education institutions will experience a greater funding cut in Fiscal Year 2010 than 2009; however, the two-year phase in reduces the impact and allows institutions to prepare for cutbacks. In total, the operating budget for higher education will be reduced by \$40.6 million next year, but after accounting for recommended base increases and expansions the net change will be only \$17 million or less than 2%. The plan for reducing Fiscal Year 2010 funds for higher education institutions includes:

- Setting a 0% tuition revenue credit, meaning that the funding plan does not assume any additional revenue from tuition increases. The Executive's recommendation reduces funding in other areas to effectively discourage tuition increases and keep higher education affordable.
- Eliminating funds for Research and Public Service Projects. Over the years more than 300 RPSPs have been created, accounting for a large portion of institution budgets. The current RPSPs were reviewed while considering the

relevance of the project to the core mission of the institution, the community benefit and the outcomes associated with each project. After reassessing these factors, the Executive recommended suspending funds for select projects.

\$12.3 million

- Adjustments to the Funding Formula. The Executive recommends temporarily reducing the allotment for Building Renewal and Replacement to 55%, reducing Equipment Replacement and Renewal to 23.25%, and implementing a two-year phase-in to changes in square footage and enrollment numbers. **\$28.2 million**

Executive Agencies

Executive Agency Reductions

	Fiscal Year 2009		Fiscal Year 2010	
	Dollar Change	Percent Change	Dollar Change	Percent Change
A Healthy New Mexico	\$23.9	1.6%	\$86.0	5.8%
A Safer New Mexico	7.8	1.7%	12.5	2.8%
Promoting and Growing NM	2.6	4.6%	2.5	4.4%
Protecting and Promoting NM's Environment	3.6	5.2%	3.6	5.1%
Efficient Services	7.5	4.9%	7.2	4.7%
Other Agencies	1.5	3.4%	2.2	5.1%
Public Education Department	0.9	5.0%	0.9	5.4%
Higher Education Department	1.5	3.1%	2.2	4.6%
TOTAL	\$49.3	2.1%	\$117.2	5.1%

The reductions in Cabinet agency budgets are explained in more detail later in this document.

Step Three: Utilizing Idle Funds

This initiative would result in a total savings of \$32.5 million in Fiscal Year 2009.

- **Deauthorizing 2008 Second Special Session SB22, \$32.5 million in FY09**
 During the August 2008 Special Legislative Session the State passed Senate Bill 22, which appropriated \$10 million for the Developmental Disability Waiver program, \$20 million for the State Children Health Insurance program, and \$2.5 million for behavioral health services. As specified in the appropriation, these funds were not available for use by the Human Services Department until January 1, 2009. HSD has not begun drawing down these funds or expanding eligibility for services. Rather than expanding service eligibility without a

continued funding source, the Executive recommends reverting this unused appropriation and exploring ways to increase funding for health care services in the future.

Additionally, the plan recommends utilizing idle cash balances in non-General Fund accounts to support existing services. According to the Executive plan, certain fund balances would be swept into the General Fund. Other accounts, however, contain cash balances that are intended for particular services. Rather than sweeping this money into the General Fund, the Executive recommends that agencies use these funds for services in lieu of general fund dollars.

The Executive plan also calls for putting idle Severance Tax Bond funds to immediate use. Numerous capital outlay projects funded through Severance Tax Bonds have yet to make progress even though the funds were appropriated more than a year ago. To put this money to use, the Executive recommends deauthorizing stalled capital projects, then applying the Severance Tax Bond funds to other projects that are currently receiving General Funds. By using the Severance Tax Bond proceeds to pay for active projects the State is able to put money into the General Fund to reduce the revenue shortfall.

The Governor's balanced budget plan maintains 10% operating reserves in Fiscal Year 2009 so that the State is able to weather the ongoing national recession and withstand future fluctuations in oil and natural gas prices. In Fiscal Year 2010 the Executive recommends using a responsible portion of the operating reserves, maintaining 8% reserves by the end of the fiscal year. The plan prudently employs unused funds to address a budget shortfall while also protecting sufficient reserves to maintain the state's long-term security and strong bond rating.

Step Four: Deauthorize Capital Outlay Projects

This initiative would result in total estimated savings between \$225 to \$275 million in Fiscal Year 2009.

When determining which capital outlay projects should be recommended for deauthorization, the Governor's first priority was to maintain funding for projects that are active and making progress. In addition to putting idle money back into the General Fund, the goal is to stimulate the economy by putting capital dollars to immediate use. The Governor is recommending deauthorization of:

- \$100 to \$110 million for local projects
- \$90 to \$100 million for state wide projects
- \$58 million for public education projects

Cities and counties were at the forefront of the effort to deauthorize stalled funds for local capital projects. Local governments updated the State on the status of all existing projects, and identified which projects could be cancelled without interrupting ongoing progress or doing significant harm to the community.

The Executive's recommendation on deauthorizing public schools projects is based on input received from the Public School Facility Authority. The PSFA identified projects that did not have local support, as well as excess funds from completed projects that could be reverted to the General Fund.

Governor Richardson's Capital Concessions

The Administration recognizes that balancing the budget requires sacrifices at all levels of state government. Governor Richardson is willing to meet the Legislature half way by recommending cuts to several of his signature capital outlay initiatives including:

- reverting \$9 million appropriated for an equestrian facility and switching \$11 million to Severance Tax Bond funds, putting a total of \$20 million back in the General Fund
- \$5 million for the Rodeo Initiative
- \$5 million for the Water Innovation Fund
- \$3 million for the Film Initiative
- \$1 million for vocational education

Recommended Expenditures

In addition to the current operating budget, the Executive recommends appropriating a total of \$77 million in nonrecurring dollars for Fiscal Year 2009-2010, and \$162 million recurring dollars for Fiscal Year 2010, excluding appropriations for capital outlay. These figures represent the gross total of additional funds and do not reflect the net effect of budget reductions. The funds for the additional expenses are identified as part of the Governor's plan to balance the budget.

The Executive's four-step plan identifies funds sufficient to balance the budget, and provide select agencies with essential funds to ensure programs are able to achieve core missions and continue administering services at the current levels. One of these essential expenditures is funding for the Legislature's session expenses. The Executive recommends a special appropriation of \$7.5 million to fund the operating costs associated with the 2009 Regular Legislative Session.

- **Supplementals and Deficiencies, \$23.6 million in FY09**
The Executive recommends a total of \$23.6 million to fund supplemental and deficiency requests for 25 programs. More than \$1 million would go to the Department of Health to add 25 new full time positions at a health facility in Los Lunas where high-risk patients require 24 hour care. The Human Services Department would receive \$0.8 million for information technology security improvements to ensure the safety of sensitive data used by the Income Support Division.
- **Specials, \$37 million in FY09**
The Executive is calling for a total of \$37 million in special one-time funds to high-priority expenses, including the Legislative Session's operating costs. The specials will address 29 program needs including several important economic development and education initiatives. The Executive recommends appropriating \$4 million to the Department of Information Technology for the New Mexico Computing Applications Center, \$3 million to the Economic Development Department for the Job Training Incentive Program, and \$750 thousand to the Public Education Department for the parents' college program.
- **Information Technology, \$14.7 million in FY09**
In the interest of preserving and protecting the State's information technology investments, the Executive recommends \$14.7 million in one-time funds for system updates and equipment renewal. This money would go to ten different projects, including a \$0.5 million appropriation for improvements to the Taxation and Revenue Department's data warehouse as part of the Governor's Fair Share New Mexico initiative to improve tax collections.
- **Fiscal Year 2010 Recurring Needs, \$162.1 million in FY10**
The plan also builds in funds for select increases to Fiscal Year 2010 operating budgets. The Executive recommends providing a sensible amount of additional funds to support base budget increases, as well as a few high-priority expansions.

EXPANDING OPPORTUNITIES AND BUILDING FOR THE FUTURE

Investing in Community Infrastructure ...

... Growing the New Mexican Economy

New Mexico has a total of \$157 million in new Severance Tax Bonding capacity available for appropriation in the 2009 Legislative Session for capital outlay projects. Governor Richardson believes that the most effective way to use these funds is to administer a statewide package of economic development initiatives that provide immediate stimulus as well as thousands of new jobs and long-term benefits to New Mexico. The Governor's Capital Outlay Stimulus Package recommends funds for new and ongoing projects that will create thousands of jobs and attract new businesses. These economic incentives and infrastructure investments will ensure that New Mexico continues to experience the economic gains enjoyed over the past six years.

- **Green Grid Initiative, \$2 million**

The Green Grid Initiative will construct the first integrated system in the nation that incorporates distributed energy solar panel arrays, smart metering, energy storage systems, monitoring equipment, and a smart energy management control system integrated into the New Mexico electric grid. A primary goal is to attract significant venture capital investment to expand into a statewide Green Grid system. This is a five-year pilot effort that will likely bring in additional federal funds, and will position New Mexico as a model for the next-generation of clean energy.

Water and Watersheds

River Ecosystem
Restoration
\$2.0 million

Surface Water and
Ground Water
Measurements
\$1.0 million

Clean Water State
Revolving Fund
\$1.5 million

- **New Mexico Computing Applications Center, \$2.6 million**

The recommendation would fund the equipment needed to establish gateways to the New Mexico Supercomputing Center at a dozen community colleges and branch campuses across New Mexico. This would connect rural gateways to the supercomputing center and the network of university and college gateways. The gateways make it possible for colleges, universities, and communities to collaborate through high-speed videoconferencing and 3D stereo visualization

capabilities, which would significantly benefit rural institutions. The supercomputing project directly supports the Administration's goals for distance learning and public education, rural economic and workforce development, telehealth and community development.

Health and Human Services

Senior Projects
\$6.0 million

Juvenile Justice Facilities
\$1.5 million

Las Cruces Recreational and Aquatic Center
\$4.5 million

Regional Wellness Center – Santa Fe Indian School
\$1.0 million

• **Fidelity Facility, \$6 million**

Fidelity is among the strongest human resource companies in the United States, and is known for providing jobs with attractive benefits packages. These funds will provide additional workspace for an estimated 250 jobs in Fiscal Year 2009, 350 jobs in 2010 and 300 jobs in 2011. The construction of the Fidelity building is approximately half way complete with the remaining 100,000 square feet scheduled for completion in March. When the facility is fully operational it is estimated to support a total of 1,400 jobs with an average wage of \$36,000 per year.

• **Schott Solar Manufacturing Plant, \$4 million**

The Schott Solar manufacturing plan will accelerate the development of solar power generation capacity and help propel New Mexico to the forefront of the growing market for renewable energy. Schott Solar is seeking funds to complete a 200,000 square foot solar equipment manufacturing plant. The plant will create as many as 1,500 new jobs at peak production and is expected to open in 2009 and will bring an estimated \$100 million of foreign

direct investments into New Mexico.

• **Hewlett Packard Technical Support Center, \$12 million**

Hewlett Packard requested funds to design and build an information technology support center, which is projected to create 1,300 jobs with an average salary of \$45,000 a year.

- **Project Sun Kachina by Signet Solar, \$8 million** Funds would support the construction of a solar panel production facility in Belen. The plant's first phase will create 200 high-wage jobs, and Signet Solar's long-term plans estimate the creation of 600 jobs in total. The

Roads and Infrastructure

Roads and Transportation
\$8.0 million

Colonias Infrastructure
\$5.0 million

Tribal Infrastructure
\$3.0 million

first phase of the plant will produce about 65 megawatts annually, enough power for approximately 20,000 homes. Signet will be the first company to establish a manufacturing plant in the 6,000 acre Rancho Cielo master planned industrial and residential community in Belen.

Education
Public Education Facilities <i>\$8.2 million</i>
Higher Education Facilities <i>\$4.3 million</i>
School Bus Replacement <i>\$5.2 million</i>

- **Las Cruces Rocket Racing League, \$3 million**

The Executive recommends providing funds for a 50,000 square foot building and 10 acre land development at the Las Cruces airport to support the development of the aerospace industry and create new high-paying jobs.

- **MainStreet Capital Outlay Fund, \$1 million**

The MainStreet Capital Outlay Fund has been a highly successful financial tool since 2005, providing much needed public infrastructure dollars to leverage new private sector investment, resulting in more economically vibrant local downtown districts.

- **Tucumcari EQSolaris, \$2 million**

EQsolaris developed a technology that offers the promise of making solar photovoltaic energy cost competitive with fossil fuels. EQsolaris plans to construct a small production facility in Tucumcari to make the technology available commercially. Following successful completion of that effort, the city of Tucumcari plans to assist eQsolaris in the construction of a full-scale commercial production facility for the solar panels.

- **Tucumcari Main Street Downtown Redevelopment, \$3 million**

Downtown Tucumcari has suffered significant economic decline since the completion of Interstate 40 and the associated highway bypasses more than 30 years ago, which effectively ended much of Route 66 commerce. Subsequent losses of business revenue, jobs, tax income and population declines have negatively impacted the town. Implementing a campaign to rehabilitate historic housing and refurbish downtown landmark buildings will reverse the downward trends in property valuations and investor confidence, providing a long-term economic foundation for a sustained downtown revitalization effort.

Science, Technology and Energy
Energy Innovation and Clean Energy Fund <i>\$2.0 million</i>
SHARE Servers and Software <i>\$2.5 million</i>

● **Film & Media Initiative, \$4 million**

Developing a viable film industry in New Mexico has remained one of the Governor’s top economic development priorities. Film production activities have created 2,220 film and media jobs, 3, 769 jobs associated with tourism and capital expenditures, and at total of 9,210 jobs attributed to the film production tax credit. In addition to expanding and updating existing tax credits for film producers in his first year as Governor, he laid the ground work for a permanent workforce to meet the new industry’s demands. In six years, 110 feature films have been produced in our state and had \$2.2 Billion dollar economic impact and employed over 10,000 New Mexicans.

Overview of Core State Bonding Programs

The state’s core bonding programs include the (1) Senior Severance Tax Bond (STB) program, (2) Supplemental Severance Tax Bond (SSTB) program and (3) General Obligation Bond (GOB) program.

Nonrecurring Revenue Available for Appropriation			
Dollars in Millions			
	2009	2010	2011
Supplemental Severance Tax Bonds	198.9	182.9	186.5
Senior Severance Tax Bonds	385.7	349.6	304.7
General Obligation Bonds		182.7	
TOTAL CAPACITY	584.6	715.2	491.2
Less Statutorily Designated, Prior Commitments and Authorized but Unissued STB Projects	-427.6	-326.9	217.0
TOTAL AVAILABLE FOR APPROPRIATION	157.0	388.3	274.2

Total Senior STB capacity available in 2009 is \$385.7 million. After deducting for prior designations such as transportation projects, Water Project Fund, Spaceport Authority and authorized but unissued STBs, \$157.0 million is available for appropriation during the 2009 legislative session. Because the current General Fund consensus revenue projection identifies no other nonrecurring funds, this \$157 million will be the only funding source available for all capital outlay projects.

The total Senior STB capacity noted above includes capacity provided through “sponge bond” issuance. Sponge bonds are short-term bonds issued to maximize the amount of funding available for capital purposes by intercepting surplus STB Fund revenues before they are transferred to the STB Permanent Fund.

Total 2009 SSTB capacity is estimated to be approximately \$20 to \$40 million dollars less than the October 2008 revenue estimate at \$198.9 million. This is based on strong revenues year to date in the bonding fund and lower estimated revenues for the remainder of the year. SSTB capacity is allocated by the public School Capital Outlay Committee and used for public education infrastructure projects. Long-term SSTB bonds have not been issued for several years due to the amounts available through sponge notes.

GOB capacity is typically used for higher education, libraries and senior projects, and is available for appropriation every even numbered year. No GOB capacity will be available for appropriation during the 2009 legislative session.

MAKING SCHOOLS WORK

Governor Bill Richardson continues to focus on improving the state's public education system to ensure all New Mexico students have a quality education and are given the tools and opportunities for success. Executive priorities include expanding the PreK-20 education system focused on raising the level of excellence for all students by closing the student achievement gap that exists among the diverse student populations within New Mexico, and between New Mexico students and those students in other states and countries. Executive priorities also include initiatives aimed to ensure students have a healthy and safe school experience.

Funding Recommendations

Dollars in Thousands

Public School Support

FY09 operating budget: \$2,551,011

Base Change: \$45,215

Reduction: (\$125,000)

FY10 Recommendation: \$2,471,226

Higher Education

FY09 operating budget: \$884,845

Base Change: \$24,080

Expansion: \$500

Reduction: (\$41,570)

FY10 Recommendation: \$867,855

Other Education

FY09 operating budget: \$57,052

Base Change: (\$52)

Expansion: \$4,775

Reduction: (\$945)

FY10 Recommendation: \$60,830

Richardson Administration Accomplishments

- Nineteen of New Mexico's high schools were listed among US News and World Report's 2008 list of America's best high schools.
- The Quality Counts 2009 Report ranked New Mexico second in the nation for transitions and alignment between early childhood education, college readiness, the economy and the workforce. New Mexico retains its rankings of 16th in the nation for standards, assessment and accountability, and 17th in the nation for the teaching profession.
- New Mexico ranked third in the nation for investing in teacher salaries over the decade (NEA 2008).
- New Mexico ranked first in the nation for the school breakfast program (Food Action and Research Center, 2007).
- New Mexico ranked among the top ten states in "The State of Preschool: 2007 State Preschool Yearbook," released in January 2009 by the National Institute for Early Education Research (NIEER). New Mexico met nine of ten quality criteria and is recognized for its comprehensive early learning standards, class size, teacher degree requirements, staff to child ratios, health screenings and individual program monitoring.
- HED secured a \$1.1 M College Access Challenge Grant from the U.S. Department of Education to provide outreach to underrepresented student populations and increase the number of high school students applying to community colleges and universities.
- IDEAL-NM increased access to high quality teachers and New Mexico courses for public eighth grade and high school students in rural areas.

Executive Initiatives

Expand Voluntary PreK

The funds would allow 1,000 additional children to enroll in PreK in FY10 on top of the 4,571 four-year olds served in New Mexico this year.

\$3 million recurring GF and \$400,000 nonrecurring GF

Increase the Level of Educational Excellence for All Students

The New Mexico Rural Revitalization Initiative aims to improve both the economic vitality of rural communities and the effectiveness of school systems through the implementation of holistic and comprehensive developmental programs. This initiative increases existing funding to \$500,000.

\$150,000 GF recurring

College of Santa Fe

The higher education system has the unique opportunity to expand in central New Mexico with the acquisition of the College of Santa Fe. Acquiring the CSF will ensure that northern New Mexicans have access to higher education in the fields of art and media. The higher education funding formula would eventually begin to sustain the institution. Until that is possible, the Executive recommends increasing State funds to support the transition. The remaining funding needs will be satisfied through tuition and fees.

\$7 million GF recurring

Continue to Enhance the School Improvement Framework

The New Mexico's Schools in Need of Improvement (SINOI) require systemic reform. The funds would support intensive classroom assistance and the implementation of highly effective systems for increasing achievement in schools and districts not meeting proficiency. This initiative increases existing funding to \$3,500,000.

\$500,000 GF recurring

Improve College and Workplace Readiness

A new Rural Manufacturing Production Technical Certificate program would train students in all New Mexico schools in the areas of safety, quality practices and measures, manufacturing processes and production, and maintenance awareness. Dual credit is awarded for college and high school and increases the electives for rural school districts.

\$500,000 GF recurring

Expand Breakfast for Elementary Students

Well-nourished children perform better in the classroom. New Mexico has been providing healthy breakfasts for elementary students since 2005 and more than 78,000 elementary students will benefit from the program in FY10. This initiative will increase existing funding to \$4,950,000.

\$1.5 million GF recurring

Ensure Students Graduate Prepared for Higher Education

This funding would be used to implement an assessment system that aligns state academic content and performance standards, and measures the academic achievement of each student along with yearly progress of each public school and district.

\$1,555,500 GF recurring and \$4,639.0 GF nonrecurring

Electronic Teacher Encyclopedia

The program will create and maintain a data bank that teachers may access to see demonstrations on how to teach key math and science concepts. Exemplary teachers will be selected to be videotaped teaching demonstration lessons resulting in low-cost renewable professional development.

\$750,000 GF nonrecurring

In-Residence International Benchmarking Initiative

International math and science education experts from the Asian Pacific rim would serve as resident advisors in New Mexico for one year. The initiative utilizes the most effective and current teaching practices.

\$750,000 GF nonrecurring

PED Parents' College

Parents' College provides seminars on weekends or evenings on practical strategies for helping their children succeed at age-appropriate levels. Parents are essential for school readiness and are our children's most vital resources.

\$750,000 GF nonrecurring

A SAFER NEW MEXICO

Protecting New Mexico families and increasing the safety of our communities continue to be a priority for Governor Richardson. The Governor has an ambitious plan to improve public safety, including proposals to increase penalties for drunk driving, domestic violence and gang violence, implement comprehensive liquor reform and new legislation to combat drugged driving.

Funding Recommendations

Dollars in Thousands

FY09 operating budget: \$451,481

Base Change: \$8,555

Expansion: \$1,849

Reduction: (\$12,499)

FY10 Recommendation: \$449,387

Executive Initiatives

Border Security

This recommendation provides additional funds to address security and crime along the Mexican border.

The Department of Homeland Security and Emergency Management will use these funds to provide grants to local responders and communities in an attempt to lower incidents of drug trafficking, other criminal acts and the transportation of illegal persons.

\$750,000 GF recurring

Richardson Administration Accomplishments

- The Department of Public Safety (DPS) arrested 3,363 drivers for DWI in FY08, an increase from the FY07 total of 3,883.
- Special Investigations Division of DPS issued 483 administrative citations to licensed liquor establishments for the illegal sale/service to minors/intoxicated persons, an increase from the FY07 total 557.
- DPS arrested 1,349 persons for drug associated crimes.
- Motor Transportation Division (MTD) of DPS had 84 narcotic seizures, an increase of 87% over FY07.
- MTD conducted 118,872 commercial motor vehicle safety inspections in FY08, an increase of 29% over FY07.
- 100% of all Law Enforcement Academy graduates passed the Law Enforcement Officer certification exam.
- Department of Homeland Security and Emergency Management had an increase of 32% in the number of exercises conducted annually in compliance with federal guidelines.
- New Mexico was the first state in the nation to require ignition interlocks for repeat DWI offenders.

DWI Reduction Initiatives

Due to the state's aggressive efforts to reduce drunk driving, New Mexico has dropped out of the "Top Ten Worst" for alcohol related fatalities and is consequently ineligible for federal funds. Governor Richardson wants to ensure that New Mexico continues this vital effort and recommends additional state funds to maintain the anti-DWI programs that are affected by the decrease in federal support.

\$1.0 million GF recurring

Governor Richardson's Prison Reform Task Force Recommendations

Success for Offenders After Release (SOAR) Program

The recommendation includes additional FTE to assist with an average case load of 50 inmates to facilitate the transition of offenders from state facilities back into public life. This expansion was an important component of the Governor's Prison Reform Task Force that met during the summer of 2008.

\$393,700 GF recurring and 5 FTE

Restorative Justice Panels

To expand upon the current pilot programs occurring across the state, the recommendation provides for an expansion of this successful initiative. These panels have demonstrated lower recidivism rates of former offenders which have participated in the program, versus offenders who have not undergone such encounter groups prior to returning to their communities.

\$301,400 in GF and one FTE

Facilities Transfer

The Corrections Department will acquire the Camp Sierra Blanca outside of Anthony from the Children, Youth and Families Department in Fiscal Year 2010. The facility will receive extension renovations and upgrades to accommodate female inmates arriving in Fiscal Year 2011.

\$134,400 in GF recurring and \$412,000 in GF nonrecurring

Services for the Victims of Domestic Violence

This initiative will increase services to victims of domestic violence in McKinley County by opening an office in Gallup. Overall, a Gallup Public Defender Office will result in improved legal services to members of the Navajo Nation with the added benefit of opening the opportunity to hire Navajo attorneys, social workers, and other staff knowledgeable and sensitive to their needs.

\$270,000 GF recurring

Replacement Requests for Drug Courts

The Executive recommends an increase in General Funds to replace lapsing federal funds for Drug Courts across the state. Drug Courts have been found to reduce recidivism and substance abuse through community-based rehabilitation services.

\$446,800 GF recurring

HEALTHY NEW MEXICO

Improving the health of our citizens, expanding access to medical insurance and quality services, affordable healthcare and protecting children and senior citizens continue to be priorities for Governor Richardson. Accomplishing this will improve the quality of life for all New Mexicans and help ensure continued economic success.

Funding Recommendations

Dollars in Thousands

FY09 operating budget: \$1,476,397

Base Change: \$45,985

Expansion: \$12,545

Reduction: (\$86,122)

FY10 Recommendation: \$1,448,804

Executive Initiatives

Expand the Forensic Services at the New Mexico Behavioral Health Institute in Las Vegas

Expand service delivery level for defendants referred to the Forensic Treatment Unit by District Courts across the state. Services include inpatient psychiatric treatment, medical evaluation and treatment, nursing, and other care services. The funds would expand service delivery levels and increase bed space in response to the growing number of referrals made by New Mexico District Courts.

\$1,752,700 GF and 21 FTE

Richardson Administration Accomplishments

- Implemented the Rural Tax Credit that provides a personal income tax credit to eligible health care practitioners providing a year of approved service in a rural health care underserved area. One-thousand, three hundred and fifty-six (1,356) were eligible for the 2007 Tax Year.
- Finalized regulations for the registry identification cards, a production/distribution system and licensure for its medical cannabis program.
- Fort Bayard regained its Medicare and Medicaid certification after voluntarily giving it up in February 2008, so the facility could focus on its residents and improving the care provided to them.
- Aggressive outreach results in all-time high enrollment of over 300,000 children in Medicaid
- Food Stamps participation surpasses 100,000 cases in New Mexico providing over \$23 million new dollars each month for families.
- Child Support Enforcement Division collects \$103.2 million for New Mexico's families in FY08
- Behavioral Health services provided for nearly 80,000 New Mexicans in FY08.
- The Department of Health started construction on a new \$86 million scientific lab that will have double the space of the current facility. The new lab will allow the Department to expand testing for infectious diseases of animals and humans and have a larger dairy testing laboratory.
- The number of individuals on the self-directed Mi Via Medicaid Waiver program increased from 65 in FY07, the year the program was introduced, to 522 in FY08.

**Governor Richardson's
Poverty Task Force**

Sustain Childcare Assistance Eligibility at 165% of the Federal Poverty Level and Phase in Assistance to Families at 200%

High-quality, affordable child care is one of the most significant obstacles for parents trying to retain meaningful employment or to take advantage of education opportunities. At the current eligibility limit, approximately 25,200 clients per month receive a subsidy.

\$7.0 million GF recurring and \$3.0 million TANF

Expand and Modify Child Day Care Credit

Provides tax relief to low income working families facing economic insecurity. For 2009 (FY10), expands the child day care expense limits to \$1,800 per year per child and \$4,500 per year for all children with corresponding annual credit limits of \$720 per child and \$1,800 for all children.

Increases the income limit for the credit by tying the limit to the New Mexico minimum wage and by creating an income phase out for the credit above double the minimum wage. For 2010 (FY11), increases the expense limits to \$2,440 for one child and \$6,000 for all children with corresponding annual credit limits of \$960 per child and \$2,400 for all children.

\$2.91 million GF revenue impact

Expand the Los Lunas Community Program

The Los Lunas Community Program provides 24-hour residential services and intermediate care facilities for the mentally disabled. In addition, day program services are provided, including vocational training, day habilitation and community membership services. A high percentage of the program's consumers are dually diagnosed, or medically fragile, or have forensic backgrounds requiring higher staffing ratios to ensure health and safety. Additional funds would increase the staffing coverage needed to maintain the life safety minimums, and enhance the staffing requirements for persons with disabilities residing at the Los Lunas Community Program.

\$870,300 GF and 25 FTE

Expand the Fort Bayard Medical Center

In 2005 the Fort Bayard Medical Center was managed by a private firm that assumed 24 of the center's management and supervisory positions as part of their contract. This expansion will re-create nine of those positions. The requested positions consist of a general manager, a therapies director; a management analyst, a secretary, an administrative secretary, a nurse manager, a registered nurse, a director of the Chemical Dependency Unit, a dietary manager, and recreational activities director. The additional positions

are required to provide for the administrative and management functions formerly carried out by the contractor.

\$729,900 GF recurring and 9 FTE

Information Technology Infrastructure

Develop Information Technology (IT) solutions and provide IT support in order to advance and promote the efficiency, effectiveness and security of operations within the Human Services Department. More than 600,000 New Mexicans and numerous employers and service providers rely on HSD's data systems for their benefits, funding, or obligations in processing food stamps monies, child support enforcement wage withholdings, and health services payments. This initiative will continue work to develop a new generation of data processing and quality improvement systems that meet federal and state standards while providing New Mexican citizens with the critical benefits and supports they need in a timely and efficient manner.

\$392,000 GF recurring, \$639,400 Federal Funds and \$6 million GF Information Technology.

PROTECTING AND PROMOTING NEW MEXICO'S ENVIRONMENT

Governor Richardson continues to promote clean and efficient use of New Mexico water and energy resources. Administration priorities address protecting New Mexico's environment and resources and promoting clean and efficient use of its abundant energy supplies that must be actively managed for the future.

Funding Recommendations

Dollars in Thousands

FY09 operating budget: \$70,237

Base Change: \$464

Expansion: \$1,330

Reduction: (\$3,568)

FY10 Recommendation: \$68,463

Executive Initiatives

Restore Funding for Clean Energy and Energy Efficiency

Replace lapsed federal funds with General Fund in order to maintain alternative transportation and energy education programs and basic operations for the Energy Conservation and Management Division within the Energy, Minerals and Natural Resources Department.

\$250,000 GF recurring

Richardson Administration Accomplishments

- Negotiated and passed House Bill 305, the Strengthening the Efficient Use of Energy Act, which requires electric utilities to achieve 5% energy efficiency savings from 2005 retail electricity sales by 2014 and 10% by 2020.
- The NM RailRunner Express commuter rail service from Belen to Bernalillo will result in a decrease of energy consumption by over 675,000 gallons of gasoline
- The Climate Change Advisory Group led eight Executive agencies in developing strategies to reduce greenhouse gas emissions New Mexico.
- Proposed an Outstanding National Resource Waters (ONRW) designation for streams within national forest wilderness and inventoried roadless areas to help protect the state's headwater streams and counter federal efforts to weaken protections for roadless areas
- Won a precedent-setting case before the state Water Quality Control Commission that reaffirms the state's ability to enforce the Water Quality Act to protect the state's precious groundwater resources. The ruling establishes that groundwater beneath mines or mineral beds are protected, requiring companies to protect groundwater and clean up pollution beneath the mine property.
- Ensured that any new coal-fired power plants in the state will be constructed with state-of-the-art mercury capture technology to minimize mercury emissions.
- Established a strong telework and flexible work hours program for state employees to help reduce fuel use and taxpayer costs.

Establish Pecos Canyon State Park

Provides resources to the Energy, Minerals and Natural Resources Department's State Parks Division to develop a new state park. This will provide the public with safe, attractive and environmentally responsible recreational opportunities on property owned by the State Game Commission in Pecos Canyon. The State Game Commission owns approximately 186 acres in six different locations along 17 miles of Pecos Canyon that are extremely popular for fishing access and other wildlife-associated recreation, including day-use and overnight camping.

The expansion provides the start-up funding necessary for establishing Pecos Canyon as a state park. A joint memorial has been prepared for legislative introduction during the 49th legislative session.

The Richardson administration has created five new state parks and increased General Fund support for State Parks by 73%.

\$474,600 in Other State Funds, 7 FTE and \$550,000 Other State Funds for Start-up Costs

Address Uranium Legacy and Demand for New Mines

Process an increasing number of new mine applications and inventory and assess abandoned uranium mines to determine potential clean up strategies. The increase of commodity prices has created an increase in demand for services in the Mining Act Program. The Mining Act Program has seen a 100% increase in applications for mine exploration permits. Since the use of federal appropriations for abandoned mine reclamation are restricted to reclamation of abandoned coal mine sites the agency is prohibited from using these funds for environmental reclamation of abandoned uranium sites.

\$80,400 GF recurring and, 1 FTE

New Mexico Institute of Mining and Technology Bureau of Mine Safety

Ensure compliance with the Mine Act passed in 2006 and maintain New Mexico Mine Emergency Operating Center. The funds will allow the Bureau to continue statewide mine emergency management planning

\$200,000 GF nonrecurring and 2 FTE

PROMOTING AND GROWING NEW MEXICO

Expanding opportunity in New Mexico to create jobs and build a high wage economy by attracting high skill-high wage industries, investing in innovation and infrastructure is a continued focus of the administration. This is in light of a global financial crisis in which New Mexico's economy is weathering a national and world-wide recession.

Funding Recommendations

Dollars in Thousands

FY09 operating budget: \$57,072

Base Change: \$209

Expansion: \$750

Reduction: (\$2,496)

FY10 Recommendation: \$55,535

Executive Initiatives

Job Training Incentive Program

Provide additional funding to support continued growth in the program. Current request for funding has surpassed the resources available for distribution to businesses.

\$3 million GF nonrecurring

Ecotourism

Sustainable tourism designed to preserve the local ecology and cultural is the fastest growing segment in the travel industry today. It offers an authentic and engaging experience to travelers

Richardson Administration Accomplishments

- Rail Runner ridership stands at 1.5 million commuters as of January 2009. The Department of Transportation estimates that riding the Rail Runner saves each commuter hundreds of dollars in gas expenses and vehicle wear and tear.
- The Rail Runner is sparking increases in housing and businesses development from Belen to Santa Fe.
- Economic Development Department and the ED partnership have assisted in the creation of over 2,500 jobs so far in 2009.
- The Certified Community Initiative added four new communities in October, bringing the total to 41 communities.
- The Main Street program award \$1 million to its communities to assist with special projects.
- The Business Incubators program has now certified five incubators statewide, including the first certified rural incubator. Collectively the incubators have assisted 139 companies that created nearly 1,500 new jobs.
- Ninety-three film productions were shot principally in New Mexico in 2008, including 141,497 media industry worker days.
- New Mexico's film industry incentives have a 1.5 return on investments on combined state and local taxes. Estimates indicate that film production created 2,220 film and media jobs, as well as 3,768 jobs related to capital expenditures and film tourism.

**Spaceport Authority
Infrastructure Development**

The New Mexico Spaceport Authority (NMSA) received its vertical launch license from the FAA and the State signed a 20-year lease signed with Virgin Galactic to locate its world headquarters in New Mexico and mission control at Spaceport America. Now the Spaceport needs additional resources for:

Implementing a strategic vision for Spaceport Authority Welcome Centers and surrounding communities. These infrastructures will support economic development, tourism, and educational objectives

\$80,000 GF recurring

Addressing complex technical and safety issues with the construction and operational phase.

\$128,000 GF recurring

Contractual services, including attorney's fees and funding for easement fees.

\$400,000 GF recurring

Expenses associated with becoming operational in 2010, including marketing the Spaceport Authority.

\$200,000 GF recurring

Customer development, including funding for creating educational opportunities, providing jobs for university graduates, keeping military funding in the state.

\$85,000 GF recurring

who want an off-the-beaten path adventure that connects them with natural beauty and indigenous traditions. Ecotourism generates funds for protected areas, attracts new visitors to the state, and initiates an important dialogue that spurs the growth of an entirely new genre of tourism.

\$500,000 GF nonrecurring

Support Historic Railroad and Rural Economic Development

Allow the Cumbres and Toltec Scenic Railroad to begin a five year replacement cycle for steam locomotive engines in order to continue and eventually expand service to its customers. This is contingent upon a match from the State of Colorado.

\$100,000 GF recurring

Supercomputer Operations

Supercomputing is rapidly becoming an essential element of innovation and competitiveness. Computer based methods now play a central role in all areas of economic development, education and research. Continuing to establish the New Mexico computing Applications Center will greatly accelerate these trends to benefit New Mexico.

\$4,250,000 GF nonrecurring

Los Luceros

The state acquired a 145-acre historical property in Northern New Mexico used for arts, film and agriculture. The

Executive supports funding for the maintenance and restoration of the Los Luceros property. This funding will cover four FTE: A museum technician and conservator, two maintenance and repair workers and an administrative operations position.

\$210,700 GF recurring

Spencer Theater

Creating an innovative collaboration that will ensure that the Spencer and its high quality performing arts and educational programming will continue to serve the people of New Mexico. The theater currently books and presents both summer and winter seasons with approximately 30 – 35 events per year of touring concerts, plays, dance companies, and family and children’s shows. The Department of Cultural Affairs role will be to support and enhance this year-round programming at the Spencer Theater.

\$250,000 GF recurring

Open the New Mexico History Museum

The New Mexico History Museum will open its doors to the public in late spring 2009. The Executive recommendation includes funding and staff for the New Mexico History Museum and operating expenses.

\$289,600 GF recurring

New Mexico Centennial

For the past four years, a Centennial Steering Committee, coordinated by the Department of Cultural Affairs working jointly with community groups, has been planning the vision, themes and activities for a large-scale commemoration of statehood that will be a source of civic pride for all New Mexicans. The 2012 Centennial of Statehood will be a major draw for citizens and tourists alike who are interested in history, culture, education and preservation. Other funds will be used for a Centennial website, billboard ads, print materials, television spots, newspaper and magazine ads. Funds are included to contract for overall coordination and administration of Centennial activities.

\$1 million GF nonrecurring

Santa Fe 400th anniversary

The 400th anniversary of Santa Fe will be a major draw for citizens and tourists alike who are interested in history, culture, education and preservation. Funds will be used for a website, billboard ads, print materials, television spots, newspaper and magazine ads. Funds are included to contract for overall coordination and administration of activities.

\$1 million GF nonrecurring

Tourism Advertising

Advertise New Mexico as a top tourist destination point.

\$500,000 Other State Funds

EFFICIENT SERVICES FOR NEW MEXICANS

State government should provide quality regulatory, licensing, tax, and tax services, convenient motor vehicle services, and increased workplace safety to the citizens and businesses of New Mexico. Governor Richardson will continue to support ethics reforms to ensure a more transparent and efficient state government.

Funding Recommendations

Dollars in Thousands

FY09 operating budget: \$152,156
Base Change: \$2,399
Expansion: \$5,495
Reduction: (\$7,195)
FY10 Recommendation: \$152,855

Executive Initiatives

Three Strikes Enforcement

Provide enhanced investigation and prosecution of cases with the Regulation and Licensing Department. This will support the “Three Strikes” liquor license revocation initiatives of the Governor or the other prosecutorial cases of the department.

\$125,000 GF recurring

Road Fund Enhancement Initiative

Provide adequate staffing to audit weight distance tax collections and

Richardson Administration Accomplishments

- Using SHARE, DFA was able to reduce the amount of time it takes to issue the State’s comprehensive annual report (CAFR) by one year’s time. A more timely CAFR is a favorable factor in the State’s bond ratings.
- The firms that rate the State’s bonds were looking unfavorably at recent statutory changes and were considering lowering many of the school districts’ bond rating. DFA established new work flows and developed new policies that provided a basis for continued favorable bond ratings.
- The number of state agencies who were able to complete their audits on time almost doubled from last year; approximately 83% completed their audits on time. In addition many of the audits were complete in much less time.
- The Taxation and Revenue Department initiated a tax assistance outreach program to assist taxpayers in claiming their tax rebate in which over 100 tax preparers were mobilized throughout the state to assist citizens with preparation of their tax returns to be eligible for the tax rebate.
- OEA provided accountability data training and tools to over 300 principals and other school leaders in 77 of New Mexico’s 89 school districts.
- For every dollar invested in the Governor’s delinquent tax collection initiative, \$22.50 has been returned.
- Collection of delinquent property taxes has increased 38%
- The Motor Vehicle Department has reduced the average wait time by 59% since FY05
- The rate of drivers with liability insurance has improved by 67%, better than the national average. New Mexico was ranked worst in the nation for uninsured vehicles in 2003.
- New Mexico is the first state to adopt a green building code that's applicable statewide.

**Governor Richardson's
Fair Share New Mexico**

New Mexico's "tax gap," or the difference between what is legally owed and what is voluntarily paid, is approximately \$818 million. The collectible portion of this tax gap is \$100.0 million annually. With additional funds, the Department of Taxation and Revenue will be able to generate \$21.3 million in additional revenues for Fiscal Year 2010 by:

Filling 18 vacant positions and improving information technology support.

Updating existing systems and adding new hardware and software.

Increasing staff to monitor compliance activity using the Data Warehouse and improve field collections.

Increasing the number of audits performed by staff for Corporate Income Tax, desk audits, and data discovery and audit selection.

*\$4,721,700 GF Recurring and
\$1,682,500 GF Information
Technology*

monitor trucking companies who are not in full compliance with the weight distance taxes.

\$558,100 Other State Funds

Predatory Lending Reform

Enhance efforts to address the problems of predatory lending in the state of New Mexico. This will support examinations of financial institutions to determine whether companies are complying with laws, and making available to consumers loans that suit the consumer's financial capability.

\$63,300 GF recurring and \$150,000

SHARE System Improvements

Reconfigure and redesign the Statewide Human Resources, Accounting, and Management Reporting System (SHARE) system to improve its performance, response, and system stability, upgrade hardware and software and provide a hot site.

*\$500,000 GF nonrecurring and \$4,917,500
Information Technology*

Improvements to Imaging and Archiving

Expand the Financial Control Division's Imaging and Information Technology Units to accommodate the demands of placed on the units by the volume and use of the SHARE system.

\$211,300 GF recurring and \$150,000 nonrecurring

Strategic Sourcing

Implement a strategic sourcing initiative to provide research, management and monitoring of best value procurements.

\$250,000 GF

OPPORTUNITY TO MOVE NEW MEXICO FORWARD

The Governor is recommending a fiscally responsible budget that works towards solutions for the needs of New Mexicans. The recommendation includes a 2.4 percent decrease in recurring appropriations, a 8.8% percent reserve, and \$76.8 million for nonrecurring expenditures.

General Fund Summary in Brief Executive Recommendation

(Dollars in Millions)

	FY09	FY10
Revenue		
Recurring	5,703.3	5,733.3
Revenue Proposals	6.0	30.1
Nonrecurring		
Revenue Proposals	73.0	1.1
Savings plan	82.3	
TOTAL REVENUE	\$5,808.9	\$5,764.5
Appropriations		
Recurring	6,026.8	\$5,883.3
Nonrecurring Prior Session	75.0	0.0
Nonrecurring 2009 Session ¹	76.8	0.0
Savings Plan	-397.4	0.0
TOTAL APPROPRIATIONS	\$5,781.2	\$5,883.3
TOTAL BALANCES	\$649.2	\$516.3
RESERVE TARGET	10.8%	8.8%

¹ Includes \$2.27 million from the "Education Lockbox."

Revenue

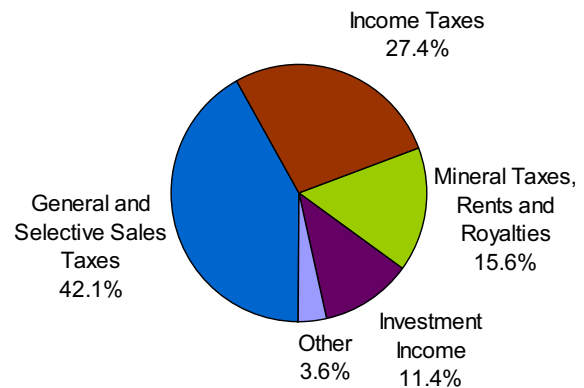
In FY09, recurring General Fund revenue is expected to decline by 4.9 percent over the previous fiscal year for a total of \$5.7 billion. In FY10, total recurring General Fund revenue is expected to be \$5.73 billion.

This budget plan addresses a significant revenue shortfall expected in the absence of the plan presented here. *Balancing the books for FY09 and FY10 will require at least \$454 million in spending cuts, revenue increases or lower general fund reserves.* All three of these strategies must be and will be used to balance the books for FY09 and FY10. In an ordinary year, there is "new money" available for tax cuts, revenue initiatives, additional investments in health care, education, public safety, and other priorities. This year is far from ordinary.

The consensus revenue projections reflect a state economy that is weathering a national and world-wide recession, although not without considerable effort. The good news is that New Mexico is likely to be better off over the next two years than most of the nation.

Policy decisions by Governor Richardson and the Legislature over the past six years have made New Mexico a better place to live, work and do business. Recent data, surveys and awards have confirmed that the state is moving in the right direction.

There must be substantial belt-tightening, however. Economic and revenue growth has moderated from the very high levels of the previous few years. The New Mexico economy is expected to be almost without growth throughout FY09 and well into FY10. New Mexico’s job growth has moderated from the near-record job growth over the past three years – in excess of 2 percent. Job growth for both FY09 and FY10 is forecasted at -0.1 percent year-on-year for 2009 and +0.6 percent for FY11. Personal income growth is also relatively strong when compared with the rest of the nation. New Mexico’s personal income is expected to grow by 5.4 percent in FY09 and slow to 1.9 percent for FY10.



Crude oil prices in New Mexico peaked at \$143.30 per barrel on July 3, 2008 and have since fallen to \$37.35 per barrel on December 5. Similarly, natural gas prices peaked at \$12.31 per mcf on June 20 and have since fallen as low as \$1.88 per mcf in the San Juan basin on October 10. Despite low recent prices, natural gas is expected to average \$6.05 per mcf for all of FY09, while crude oil is expected to average \$75 a barrel. This latter estimate may be adjusted downwards during the mid-session review. The General Fund revenue estimates reflect this mixed weakness in oil and natural gas prices and continued moderate growth in the broad-based revenues, including gross receipts tax and personal income tax.

Recurring General Fund Revenue FY10

	Dollars in Millions
General and Selective Sales Taxes	\$2,411.4
Income Taxes	1,570.0
Mineral Taxes, Rents, and Royalties	893.3
Investment Income	651.2
Other	207.4
TOTAL	\$5,733.3

Recommended Recurring Appropriations

The recurring budget recommendation takes care of base spending needs and supports the Governor’s top policy priorities that leave a legacy of results for New Mexico—including pre-kindergarten, school breakfast, physical education, prison reform, economic development and help for working families. The budget recommendation also implements a strategy to balance the FY10 budget that is intended to minimize the impact of reductions to direct services to the public.

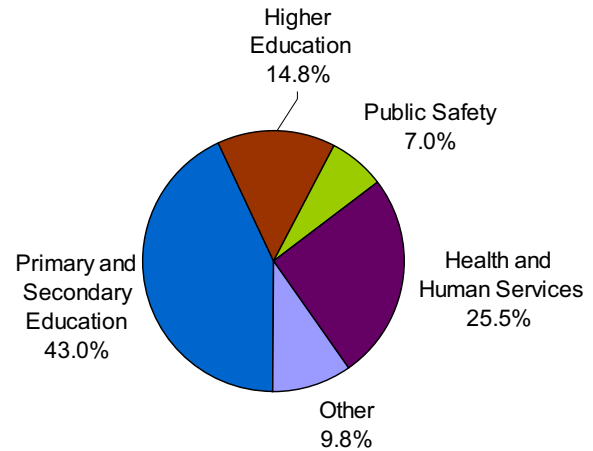
The Governor’s FY10 recurring General Fund recommendation is \$5.88 billion, a 2.4 percent decrease from FY09 recurring appropriations.

Under the recommendation, primary and secondary education will decrease by 2.9 percent and will account for 43 percent of recurring General Fund appropriations.

The recommendation to “open the doors” for public education is primarily driven by enrollment growth, cost increases for group health and risk insurance and increases to the educational retirement fund.

The recurring budget also provides modest increases to the Governor’s pre-kindergarten initiative, expansion

of the school breakfast program, an increase in the number of physical education teachers in elementary schools.



Reductions to public education includes provisions to: (1) temporarily allow use of “SB 9” balances to pay property and liability premiums, (2) allow modest increase in class sizes during FY10, (3) suspend the additional instructional day funded during the 2008 legislative session, (4) delay instructional material adoption schedule by one year, and (5) suspend educational technology distributions for one year. These temporary measures are intended to help New Mexico weather the economic downturn through FY10; any further downturn in the New Mexico economy may require more permanent measures within the public education budget.

Projected enrollment at New Mexico’s higher education institutions for FY10 is relatively flat, although enrollment

varies significantly among institutions. Most of the recommended increase for higher education is attributed to increases in formula funding for workload. The recommendation also includes an option to acquire the College of Santa Fe as a state institution of higher education.

Reductions to higher education include: (1) de-authorizing low dollar special projects, (2) phasing in the new operations and maintenance square footage over three years, (3) reducing higher priority special projects by 2.5% and lower priority special projects by 25%, (4) phasing in FY10 workload, (5) reducing athletics by 5%, and (6) reducing equipment renewal and replacement and building renewal and replacement funding.

Recommended General Fund Appropriations Change for FY10

	Dollars in Millions
Primary and Secondary Education	-\$76.0
Higher Education	-17.0
Public Safety	-2.2
Health and Human Services	-28.2
Other	-20.2
TOTAL	-\$143.6

The most significant budget drivers for public safety are increased costs for medical services and the contracted correctional facilities. The male inmate population is expected to slightly

decline by 0.7 percent in FY09 and then increase by 1.7 percent in FY10. The female population is projected to decline by 4.1 percent in FY09 and then increase by 0.5 percent in FY10. FY09 will mark the third year in a row in which New Mexico will see relatively flat to negative inmate population growth. In addition, the recommendation includes additional funding for two programs recommended by the Prison Reform Task Force, restorative justice panels and expansion of the SOAR program. Finally, the recommendation includes funding to the Department of Transportation to replace lapsing federal funds for DWI prevention programs and to the Homeland Security and Emergency Management Department to provide more security funding along the New Mexico/Mexico border.

The major factors affecting the health and human services budget include the loss of federal funds, Medicaid enrollment growth and Medicaid cost increases. State agencies such as the Human Services, Health and Children, Youth and Families departments saw a significant drop in federal fund support during FY06, which carried forward into subsequent fiscal years and will likely carry forward through FY10 and beyond, given the state of the federal budget.

The General Fund recommendation for the Medicaid budget is \$753.2 million, representing a \$34 million reduction from FY09; however, the net reduction is only \$9 million since the Executive is recommending a proposal to swap General Fund support of Medicaid for \$25 million or one-half of the annual payment into the Tobacco Settlement Permanent Fund. This proposed transfer will require legislation. The base recommendation for the Medical Assistance Program builds on cost containment measures the program achieved in FY09 and accounts for the additional fiscal restraint necessary for FY10. The Medicaid program will achieve additional expenditure reductions in FY10 through a number of avenues, but will continue to protect children's access to health care services as much as possible which benefits all New Mexicans, particularly during difficult economic conditions.

Cost containment in the Medicaid program for FY10 will be achieved, at various levels, through a continued

effort to limit the program's administrative costs; through tightening or eliminating certain program benefits; through innovative program development designed to achieve cost efficiencies; and through provider rate reductions. If additional cost containment becomes necessary, costs will be further managed through slowing Medicaid enrollment by limiting outreach and limiting enrollment for some optional programs. The program will continue the enrollment of children to the extent funding is available to do so, building on the momentum of increased enrollment of children over the past 16 months.

The Governor's recommendation also includes continued implementation of the initiative to maintain child care assistance to families at 165% of the federal poverty level and phase in assistance to families at 200% of the federal poverty level.

General Fund Outlook – The Plan

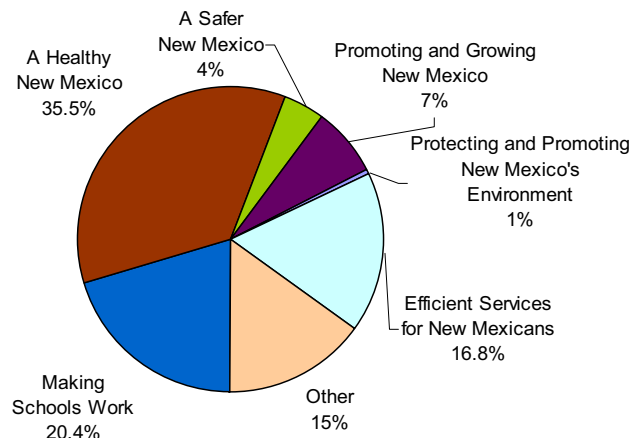
The following table summarizes the Executive’s proposal to balance the FY09 and FY10 operating budget; the plan spends down general fund reserves by \$118.7 million, bringing them down to 8.8 percent of current year recurring appropriations.

General Fund Outlook

(Dollars in Millions)	FY09	FY10
Sources		
Revenue Shortfall	(383.6)	(293.5)
Revenue Collections:		
Improve Collections	6.0	33.0
Corporate Income Tax Filings	65.0	
Sweep Earmarked Funds into General Fund	26.6	
Other	8.0	1.1
Subtotal Revenue Collections	105.6	34.1
Adjusted General Fund Revenue Shortfall	(278.0)	(259.4)
Uses		
Executive Budget Initiatives	(76.8)	(162.1)
Revenue Initiatives		(2.9)
Base Budget Increases		(130.1)
Expansions		(29.1)
Special, Supplemental/Deficiency and Information Technology	(76.8)	-
Spending Reductions	101.9	302.8
Executive agencies	49.6	116.0
Legislature	1.0	1.0
Judiciary	5.5	5.5
Elected Officials	2.0	2.3
Higher Education Institutions	20.9	40.6
Public Education	22.9	125.0
GSD/DoIT Rate Reductions	-	12.4
Capital Outlay Deauthorizations	263.0	-
Statewide, Agency and Local Projects	200.0	
Public School Capital Outlay	58.4	
DOT Road Maintenance	4.6	
Other One-time Actions	32.5	-
Deauthorize SB 22 from Special Session	32.5	
Increase/Reduction to Reserves	42.5	(118.7)
Total Reserves	649.2	516.3
Reserves as a Percentage of Recurring Appropriations	10.8%	8.8%

Recommended Nonrecurring Appropriations

The Governor’s recommendation allocates a total of \$76.8 to take care of essential nonrecurring FY09/FY10 special, supplemental and deficiency, and information technology appropriations, including, \$2.27 million for public school reform projects from the education “lockbox” established in 2004. No general fund dollars are allocated to capital projects.



Recommended Nonrecurring Appropriations for FY09

Dollars in Millions	
Making Schools Work	\$15.6
A Healthy New Mexico	27.3
A Safer New Mexico	3.4
Promoting and Growing New Mexico	5.5
Protecting New Mexico’s Environment	0.6
Efficient Services for New Mexicans	12.9
Other	11.5
TOTAL	\$76.8

Appropriation Type	
Special	\$38.5
Supplemental and Deficiency	23.6
Information Technology	14.7
TOTAL	\$76.8

The Governor is recommending \$38.5 million in special appropriations from the General Fund, including \$2.27 million from the education “lockbox” for special, multi-year nonrecurring purposes.

The Governor is recommending \$23.6 million from the General Fund for state entities to finish out FY09 and make up prior year deficiencies. About \$17.4 million is dedicated to the Department of Health for prior year over-expenditure as well as to finish out the current fiscal year. The department is experiencing spending pressures in its 24/7 facilities in the areas of overtime, utilities, food costs and other general operating costs.

For FY09 through FY11, the Governor recommends \$14.7 million from the General Fund to enhance enterprise systems such as the Statewide Human Resources, Accounting and Management Reporting System and replace the Human Services Department’s ISD2R system. Also, \$8.3 million is recommended from other funds for the Taxation and Revenue Department’s Motor Vehicle Division to re-engineer outdated driver and vehicle systems.

More than half of the appropriations for special, supplemental and deficiency, and information technology projects are for Making Schools Work and A Healthy New Mexico, 6.0 percent is for Promoting and Growing New Mexico and another 17.1 percent is for Efficient Services for New Mexicans.

APPENDIX A
REVENUE FORECAST

General Fund Financial Summary

*Five-Year General Fund
Consensus Revenue Estimates*

Economic Indicators

General Fund Financial Summary
December 2008 Consensus Estimate with FY10 Executive Recommendation
(Dollars in Millions)

	Preliminary FY08	Estimated FY09	Estimated FY10
APPROPRIATION ACCOUNT			
REVENUE			
Recurring Revenue, December 2008 Consensus Estimates	5,994.6	5,703.3	5,733.3
Nonrecurring Revenue, December 2008 Consensus Estimates	47.1	(55.7)	
Recurring Revenue Initiatives			(2.9)
Recurring Revenue, Savings Plan		6.0	33.0
Nonrecurring Revenue, Savings Plan		73.0	1.1
Sweeps		26.6	
Interfund transfer		55.7	
TOTAL REVENUE	6,041.7	5,808.9	5,764.5
APPROPRIATIONS			
Recurring Appropriations	5,675.0	6,026.8	5,883.3
Nonrecurring Appropriations	294.9	75.0	
Nonrecurring Appropriations, 2009 Session		74.5	
Appropriation Reductions		(101.9)	
Deauthorizations		(295.5)	
TOTAL APPROPRIATIONS	5,969.8	5,779.0	5,883.3
Transfer to/from General Fund Operating Reserve	71.9	29.9	(118.8)
GENERAL FUND OPERATING RESERVE			
Beginning Balance	156.0	226.4	254.7
Appropriations	(1.5)	(1.5)	(2.0)
Transfers In Appropriation Account	71.9	29.9	-
Transfers Out Appropriation Account	-	-	(118.8)
Ending Balance	226.4	254.7	134.0
Ending Balances as a Percentage of Prior Year Recurring Appropriations	4.4%	4.5%	2.2%
STATE SUPPORT RESERVE			
Beginning Balance	1.0	1.0	1.0
Ending Balance	1.0	1.0	1.0
APPROPRIATION CONTINGENCY FUND			
Beginning Balance, Excluding Education Reform	47.7	27.5	18.5
Expenditures	(26.9)	(29.0)	(16.0)
Revenue, Transfers and Reversions	6.7	20.0	-
Ending Balance, Excluding Education Reform	27.5	18.5	2.5
Education Reform, Beginning Balance	74.9	67.4	65.1
Transfers Out	(7.5)	(2.3)	
Ending Balance, Education Reform	67.4	65.1	65.1
Ending Balance	94.9	83.7	67.7
TAX STABILIZATION RESERVE			
Beginning Balance	254.4	254.4	178.7
Transfers In	-	(75.7)	-
Ending Balance	254.4	178.7	178.7
Ending Balances as a Percentage of Prior Year Recurring Appropriations	5.0%	3.1%	3.0%
TOBACCO SETTLEMENT PERMANENT FUND			
Beginning Balance	116.7	137.9	131.2
Transfers In, December 2008 Consensus Estimate	44.9	47.2	50.4
Transfers Out	(22.4)	(23.6)	(50.4)
Gains or (Losses)	(1.3)	(30.3)	3.9
Ending Balance	137.9	131.2	135.0
TOTAL BALANCES	714.5	649.2	516.3
Reserves as a Percentage of Current-year Recurring Appropriations	12.6%	10.8%	8.8%

Notes to General Fund Financial Summary:

Appropriation Account, Nonrecurring Appropriations:

FY08 includes \$15 million water trust fund transfer from General Appropriation Act of 2007 (Laws 2007, Chapter 28); \$8 million for development training programs (Laws 2007, Chapter 363), \$0.188 million for judgeships (Laws 2007, Chapter 140), \$12 million for faculty endowments (Laws 2007, Chapter 364), \$3.2153 million for breast cancer research (Laws 2007, Chapter 26), \$10.7676 million from the "Junior" bill (Laws 2007, Chapter 21), \$118.3488 million from Sections 4, 5 and 6 of the General Appropriation Act of 2008 (Laws 2008, Chapter 3), \$5.8982 million for expenses of the Legislature (Laws 2008, Chapter 1), and \$121.4613 million for capital outlay (Laws 2008, Chapter 92).

FY09 includes \$18.802 million from the General Appropriation Act of 2008 (Laws 2008, Chapter 3); \$0.45 million from HB140 (Laws 2008, Chapter 78); \$8.4748 million from SB 165 (Laws 2008, Chapter 6); \$1.535 million from SB 471 (Laws 2008, Chapter 92); and \$45.7874 million from Special Session Laws 2008, Chapters 2-10

General Fund Operating Reserve Appropriations:

FY08 includes \$1.5 million for BOF Emergency Fund.

FY09 includes \$1.5 million for BOF Emergency Fund.

FY10 includes \$2.0 million for BOF Emergency Fund.

Year-ending Balances in the Operating Reserve:

Annually, if the balance in the General Fund Operating Reserve exceeds 8% of the previous year's recurring appropriations, the excess over 8% is transferred to the Tax Stabilization Reserve.

State Support Reserve (See Section 22-8-31 NMSA 1978):

FY07 includes \$1 million transfer from the Appropriation Account (Laws 2007, Chapter 28, Section 5).

Appropriation Contingency Fund Appropriations:

FY08 includes \$17.9 million for disaster allotments; \$9 million contingency appropriation for water rights appropriations (Laws 2006 Chapter 111, Sec 78 (HB 622; see prior period adjustment in FY07); and \$7.527 million for education reform appropriations from the General Appropriation Act of 2008 (Laws 2008, Chapter 3, Section 5).

FY09 includes \$16 million for disaster allotments; and \$13 million contingency for PED (Laws 2008, Chapter 3, Section 5, Item 98).

FY10 includes \$16 million for disaster allotments.

Year-ending Balances in the Tax Stabilization Reserve:

Annually, if the balance in the Tax Stabilization Reserve exceeds 6.0% of the previous year's recurring appropriations, the excess over 6% is transferred to the Taxpayer's Dividend Fund.

FY09 -- Transfers \$55.7 million out of the Tax Stabilization Reserve into the Appropriation Account and \$20.0 million from the Tax Stabilization Reserve into the Appropriation Contingency Fund.

Tobacco Settlement Permanent Fund Reserve established (see Laws 2003, Chapter 312).

APPENDIX A: TABLE 2. GENERAL FUND CONSENSUS REVENUE ESTIMATE

December 2008

(dollars in millions) (1)

	FY07		FY08		FY09		FY10		FY11		FY12		FY13	
	Jan. 08 Audited	% Chng From FY06	Dec 08 Preliminary	% Chng From FY07	Dec 08 Estimate	% Chng From FY08	Dec 08 Estimate	% Chng From FY09	Dec 08 Estimate	% Chng From FY10	Dec 08 Estimate	% Chng From FY11	Dec 08 Estimate	% Chng From FY12
Gross Receipts	1,840.5	8.9%	1,845.6	0.3%	1,900.0	2.9%	1,914.0	0.7%	1,973.0	3.1%	2,050.0	3.9%	2,138.0	4.3%
Compensating	61.4	18.4%	63.8	4.0%	70.0	9.8%	66.8	-4.6%	64.4	-3.5%	67.2	4.3%	70.1	4.3%
Total General Sales Taxes	1,901.8	9.2%	1,909.4	0.4%	1,970.0	3.2%	1,980.8	0.5%	2,037.4	2.9%	2,117.2	3.9%	2,208.1	4.3%
Tobacco	46.8	-3.4%	48.1	2.9%	47.8	-0.6%	47.9	0.2%	48.1	0.4%	48.4	0.6%	48.6	0.4%
Alcohol	26.7	-8.9%	25.1	-6.1%	25.7	-2.5%	26.3	2.4%	26.8	1.6%	27.3	1.9%	27.8	1.9%
Insurance	108.0	4.8%	107.7	-0.3%	121.5	12.8%	135.0	11.1%	142.2	5.3%	149.7	5.3%	157.6	5.3%
Fire Protection Fund	19.9	-19.0%	21.1	5.9%	19.2	-9.3%	18.0	-6.0%	16.4	-9.2%	14.7	-10.1%	13.1	-10.9%
Motor Vehicle Excise	131.3	7.7%	127.6	-2.8%	115.0	-9.9%	120.0	4.3%	123.6	3.0%	127.3	3.0%	131.1	3.0%
Gaming tax	70.9	25.1%	56.2	-20.8%	80.4	43.3%	75.0	-6.7%	80.7	7.6%	81.3	0.8%	81.6	0.3%
Leased Vehicle Surcharge	6.0	-4.9%	7.5	24.9%	5.5	-27.1%	5.9	7.3%	5.8	-2.5%	5.8	1.4%	5.8	0.2%
Other (2)	3.0	61.6%	2.9	-4.8%	2.5	-14.8%	2.5	0.4%	2.5	0.4%	2.5	0.4%	2.5	0.4%
Total Selective Sales Taxes	413.3	1.9%	396.3	-4.1%	417.6	5.4%	430.6	3.1%	445.9	3.5%	457.0	2.5%	468.1	2.4%
Personal Income	1,180.2	5.0%	1,198.4	1.5%	1,220.0	1.8%	1,250.0	2.5%	1,290.0	3.2%	1,350.0	4.7%	1,420.0	5.2%
Corporate & Franchise Income	459.9	21.9%	403.5	-12.3%	338.0	-16.2%	320.0	-5.3%	330.0	3.1%	340.0	3.0%	350.0	2.9%
Estate	0.1	-97.5%	0.0	-48.9%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Income Taxes	1,640.2	9.0%	1,602.0	-2.3%	1,558.0	-2.7%	1,570.0	0.8%	1,620.0	3.2%	1,690.0	4.3%	1,770.0	4.7%
Oil & Gas School Tax	420.3	-13.0%	557.3	32.6%	394.0	-29.3%	382.5	-2.9%	421.8	10.3%	432.0	2.4%	430.2	-0.4%
Oil Conservation Tax	19.9	-11.7%	27.1	35.8%	18.2	-32.8%	17.5	-3.8%	19.9	10.5%	19.9	3.1%	19.9	0.0%
Resources Excise	10.8	17.7%	11.7	8.2%	13.6	16.7%	14.8	8.8%	16.1	8.8%	17.3	7.5%	18.6	7.5%
Natural Gas Processors	35.6	32.7%	30.6	-14.1%	32.3	5.5%	32.4	0.3%	27.4	-15.4%	28.9	5.5%	28.4	-1.7%
Total Mineral Production Taxes	486.6	-10.2%	626.7	28.8%	458.0	-26.9%	447.2	-2.4%	484.6	8.4%	498.1	2.8%	497.1	-0.2%
Total License Fees	49.0	0.0%	50.7	3.5%	50.4	-0.6%	51.4	2.0%	52.8	2.7%	54.8	3.8%	57.7	5.3%
Land Grant Permanent Fund	364.7	3.0%	390.5	7.1%	433.2	10.9%	441.7	2.0%	445.2	0.8%	448.5	0.7%	423.0	-5.7%
Earnings on State Balances	66.5	3.5%	55.9	-15.9%	22.0	-60.7%	20.0	-9.1%	30.0	50.0%	60.0	100.0%	65.6	9.3%
Severance Tax Permanent Fund	171.0	-0.5%	177.2	3.6%	191.3	8.0%	189.5	-0.9%	184.7	-2.5%	179.7	-2.7%	171.5	-4.6%
Total Investment Income	602.1	2.0%	623.6	3.6%	646.5	3.7%	651.2	0.7%	659.9	1.3%	688.2	4.3%	660.1	-1.1%
Federal Mineral Leasing	501.1	-10.0%	564.2	12.6%	411.5	-27.1%	409.4	-0.5%	451.0	10.2%	462.6	2.6%	462.1	-0.1%
State Land Office	50.4	-4.3%	46.1	-8.6%	37.4	-19.0%	36.7	-1.7%	39.0	6.1%	39.8	2.3%	39.7	-0.4%
Total Rents, Royalties and Bonuses	551.5	-9.5%	610.3	10.6%	448.9	-26.5%	446.1	-0.6%	489.9	9.8%	502.5	2.6%	501.8	-0.1%
MV/D Penalty Assessments	6.1	6.1%	7.0	16.0%	7.2	2.6%	7.4	2.5%	7.6	2.6%	7.8	2.5%	8.0	2.6%
Fines & Forfeitures	8.1	-4.0%	9.1	12.7%	9.2	1.0%	9.3	1.0%	9.4	1.0%	9.5	1.0%	9.6	1.0%
Birth/Death Certificates	0.9	30.9%	1.2	35.2%	0.8	-34.2%	0.8	0.0%	0.8	0.0%	0.8	0.0%	0.8	0.0%
District Judges' Receipts	1.0	5.6%	1.2	16.2%	1.2	-0.8%	1.2	0.8%	1.2	0.8%	1.2	0.8%	1.2	0.8%
Notary Public Fees	0.1	-92.4%	0.7	1140.5%	0.7	1.4%	0.7	1.4%	0.7	1.4%	0.7	1.4%	0.7	1.4%
Unclaimed Property	12.3	-1.7%	11.8	-4.0%	11.2	-5.1%	11.2	0.0%	11.2	0.0%	11.2	0.0%	11.2	0.0%
Law Enforcement Protection Fund	6.8		6.7	-2.0%	6.8	1.0%	6.8	0.0%	6.8	0.0%	6.8	0.0%	6.8	0.0%
Other Miscellaneous	1.8	-82.7%	12.3	589.7%	5.6	-54.5%	5.6	0.0%	5.6	0.0%	5.6	0.0%	5.6	0.0%
Total Miscellaneous Receipts	37.0	-5.9%	50.0	35.1%	42.6	-14.8%	42.9	0.7%	43.2	0.7%	43.5	0.7%	43.8	0.7%
Tribal Revenue Sharing	56.2	13.4%	66.6	18.5%	72.0	8.2%	73.1	1.5%	79.0	8.1%	83.0	5.0%	87.2	5.0%
Reversions	36.9	157.5%	59.3	60.8%	39.3	-33.7%	40.0	1.8%	41.2	3.0%	42.4	3.0%	43.7	3.0%
Total Recurring Revenue	5,774.5	3.5%	5,994.6	3.8%	5,703.3	-4.9%	5,733.3	0.5%	5,954.0	3.8%	6,176.7	3.7%	6,337.6	2.6%
Rebate (Sept. 2008)														
Other Adjustments & Non-Recurring	0.0	-100.0%	47.1	-100.0%			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grand Total Revenue	5,774.5	4.7%	6,041.7	4.6%	5,647.6	-6.5%	5,733.3	1.5%	5,954.0	3.8%	6,176.7	3.7%	6,337.6	2.6%

(1) Detail may not add to column totals due to independent rounding.

(2) Other selective sales taxes include racing, private car, boat excise, gasoline excise, and telecommunications relay surcharge.

APPENDIX A: Table 3. U.S. AND NEW MEXICO ECONOMIC INDICATORS
December 2008

	FY08		FY09		FY10		FY11		FY12		FY13	
	Oct 08 Est.	Dec 08 Est.	Oct 08 Est.	Dec 08 Est.	Oct 08 Est.	Dec 08 Est.	Oct 08 Est.	Dec 08 Est.	Oct 08 Est.	Dec 08 Est.	Oct 08 Est.	Dec 08 Est.
NATIONAL ECONOMIC INDICATORS												
US Real GDP Growth (level annual avg, % y-o-y)*	2.4	2.4	0.3	-0.4	1.2	0.1	2.9	2.6	3.3	3.4	3.0	3.3
US Inflation Rate (CPI, annual avg, % y-o-y)**	3.7	3.7	3.2	1.6	1.3	0.2	2.3	3.1	2.5	2.6	2.5	2.3
Federal Funds Rate (%)	3.71	3.71	1.41	0.97	1.95	0.62	3.94	2.31	4.75	4.65	4.75	4.75
NEW MEXICO LABOR MARKET AND INCOME DATA												
NM Non-Agricultural Employment Growth (%)	1.0	1.0	0.5	-0.1	1.2	0.6	1.8	1.3	1.9	1.6	1.9	1.9
NM Personal Income Growth (%)***	5.7	5.7	5.7	5.4	3.0	1.9	4.1	3.2	5.2	4.7	5.4	5.2
NM Private Wages & Salaries Growth (%)	6.0	6.0	3.6	2.5	3.4	2.0	4.4	3.1	4.6	3.9	4.9	4.7
NEW MEXICO CRUDE OIL AND NATURAL GAS OUTLOOK												
NM Oil Price (\$/barrel)	\$92.44	\$92.61	\$94.00	\$69.00	\$90.00	\$59.00	\$90.00	\$68.00	\$95.00	\$77.00	\$100.00	\$82.00
NM Taxable Oil Sales (million barrels)	60.0	60.1	60.0	60.0	59.4	59.4	58.8	58.8	58.2	58.2	57.8	57.8
NM Gas Price (\$ per thousand cubic feet)	\$8.30	\$8.28	\$6.75	\$6.05	\$7.10	\$6.35	\$7.50	\$7.10	\$7.60	\$7.20	\$7.60	\$7.20
NM Taxable Gas Sales (billion cubic feet)	1,429	1,433	1,415	1,415	1,380	1,380	1,345	1,345	1,312	1,312	1,280	1,280

* Real GDP base is BEA chained 2000 dollars, billions, annual rate.

** CPI is all-Urban, BLS 1982-84=1.00 base.

*** Personal Income growth rates are for the calendar year in which each fiscal year begins.

Source: November 2008 economic indicators based on November Global Insight (national), November FOR-UNM (state), energy forecast on November PIR-4, NYMEX, Global Insight and DOE/EIA.
Note: This quarter, a change of methodology to correctly control seasonality in quarterly annualizations occurred for real GDP and CPI and has also been applied to the prior estimate, for consistency.

APPENDIX B
FY10 EXECUTIVE OPERATING
BUDGET RECOMMENDATIONS

Executive Recommendation Summary

(Dollars in Thousands)

	Total Funds				General Fund			
	FY09	FY10	Dollar	Percent	FY09	FY10	Dollar	Percent
	Operating	Recom	Change	Change	Operating	Recom	Change	Change
Total	14,827,265.9	14,798,370.7	(28,895.2)	(0.2)	6,026,816.1	5,883,237.3	(143,578.8)	(2.4)
Legislative	20,138.5	19,127.9	(1,010.6)	(5.0)	20,138.5	19,127.9	(1,010.6)	(5.0)
Judicial	246,493.5	244,775.1	(1,718.4)	(0.7)	217,927.9	215,207.7	(2,720.2)	(1.2)
General Control	1,501,395.6	1,533,424.5	32,028.9	2.1	205,295.0	204,794.3	(500.7)	(0.2)
Commerce and Industry	126,913.5	127,111.3	197.8	0.2	61,735.0	60,593.6	(1,141.4)	(1.8)
Agriculture, Energy and Natural Resources	226,082.3	224,896.6	(1,185.7)	(0.5)	90,529.2	87,119.1	(3,410.1)	(3.8)
Health, Hospitals and Human Services	5,488,783.3	5,538,541.4	49,758.1	0.9	1,526,696.2	1,498,479.5	(28,216.7)	(1.8)
Public Safety	521,860.4	523,333.4	1,473.0	0.3	411,584.6	409,362.6	(2,222.0)	(0.5)
Transportation	826,354.3	785,874.0	(40,480.3)	(4.9)	-	1,000.0	1,000.0	0.0
Other Education	141,596.9	118,429.7	(23,167.2)	(16.4)	57,052.7	60,830.6	3,777.9	6.6
Higher Education	2,737,499.1	2,760,747.7	23,248.6	0.8	884,845.5	867,854.9	(16,990.6)	(1.9)
Public School Support	2,990,148.5	2,934,468.7	(55,679.8)	(1.9)	2,551,011.5	2,471,226.7	(79,784.8)	(3.1)
Other	-	(12,359.6)	(12,359.6)	0.0	-	(12,359.6)	(12,359.6)	0.0
111 Legislative Council Service	6,044.2	5,742.0	(302.2)	(5.0)	6,044.2	5,742.0	(302.2)	(5.0)
112 Legislative Finance Committee	4,429.7	4,207.1	(222.6)	(5.0)	4,429.7	4,207.1	(222.6)	(5.0)
114 Senate Chief Clerk	1,223.4	1,162.2	(61.2)	(5.0)	1,223.4	1,162.2	(61.2)	(5.0)
115 House Chief Clerk	1,168.4	1,110.0	(58.4)	(5.0)	1,168.4	1,110.0	(58.4)	(5.0)
117 Legislative Education Study Committee	1,287.0	1,220.0	(67.0)	(5.2)	1,287.0	1,220.0	(67.0)	(5.2)
119 Legislative Building Services	4,298.9	4,084.0	(214.9)	(5.0)	4,298.9	4,084.0	(214.9)	(5.0)
131 Legislature	1,686.9	1,602.6	(84.3)	(5.0)	1,686.9	1,602.6	(84.3)	(5.0)
Legislative	20,138.5	19,127.9	(1,010.6)	(5.0)	20,138.5	19,127.9	(1,010.6)	(5.0)
205 Supreme Court Law Library	1,830.3	1,784.7	(45.6)	(2.5)	1,828.9	1,783.2	(45.7)	(2.5)
208 New Mexico Compilation	1,600.8	2,040.7	439.9	27.5	171.9	167.6	(4.3)	(2.5)
210 Judicial Standards Commission	851.6	854.6	3.0	0.4	851.6	854.6	3.0	0.4
215 Court of Appeals	5,805.5	5,849.1	43.6	0.8	5,804.5	5,848.1	43.6	0.8
216 Supreme Court	3,143.8	3,115.2	(28.6)	(0.9)	3,143.8	3,115.2	(28.6)	(0.9)
218 Administrative Office of the Courts	54,700.1	56,030.5	1,330.4	2.4	43,906.1	43,758.4	(147.7)	(0.3)
219 Supreme Court Building Commission	792.3	911.5	119.2	15.0	792.3	911.5	119.2	15.0
231 First Judicial District Court	7,736.4	7,614.3	(122.1)	(1.6)	6,826.7	6,684.6	(142.1)	(2.1)
232 Second Judicial District Court	25,061.9	24,804.0	(257.9)	(1.0)	22,611.4	22,202.1	(409.3)	(1.8)
233 Third Judicial District Court	7,571.4	7,472.4	(99.0)	(1.3)	6,721.5	6,583.5	(138.0)	(2.1)
234 Fourth Judicial District Court	2,326.9	2,308.0	(18.9)	(0.8)	2,266.9	2,222.2	(44.7)	(2.0)
235 Fifth Judicial District Court	7,010.3	6,847.1	(163.2)	(2.3)	6,556.2	6,392.3	(163.9)	(2.5)
236 Sixth Judicial District Court	3,259.5	3,339.3	79.8	2.4	3,160.2	3,226.4	66.2	2.1
237 Seventh Judicial District Court	2,863.8	2,804.1	(59.7)	(2.1)	2,420.3	2,359.8	(60.5)	(2.5)
238 Eighth Judicial District Court	2,820.1	2,907.3	87.2	3.1	2,669.1	2,756.3	87.2	3.3
239 Ninth Judicial District Court	4,195.9	3,998.4	(197.5)	(4.7)	3,435.4	3,349.5	(85.9)	(2.5)
240 Tenth Judicial District Court	800.8	824.8	24.0	3.0	779.3	799.8	20.5	2.6
241 Eleventh Judicial District Court	6,830.6	6,953.8	123.2	1.8	6,145.6	6,269.1	123.5	2.0
242 Twelfth Judicial District Court	3,419.1	3,390.1	(29.0)	(0.8)	3,279.1	3,247.1	(32.0)	(1.0)
244 Thirteenth Judicial District Court	7,609.1	7,493.3	(115.8)	(1.5)	6,988.8	6,866.3	(122.5)	(1.8)
245 Bernalillo County Metropolitan Court	27,643.5	27,088.9	(554.6)	(2.0)	24,271.8	23,825.0	(446.8)	(1.8)
251 First Judicial District Attorney	5,315.8	5,134.3	(181.5)	(3.4)	5,142.6	5,055.5	(87.1)	(1.7)
252 Second Judicial District Attorney	18,964.6	18,717.2	(247.4)	(1.3)	17,859.8	17,490.1	(369.7)	(2.1)
253 Third Judicial District Attorney	5,673.4	5,941.6	268.2	4.7	4,728.8	4,611.1	(117.7)	(2.5)
254 Fourth Judicial District Attorney	3,426.4	3,342.2	(84.2)	(2.5)	3,426.4	3,342.2	(84.2)	(2.5)
255 Fifth Judicial District Attorney	4,671.0	4,560.4	(110.6)	(2.4)	4,656.0	4,560.4	(95.6)	(2.1)
256 Sixth Judicial District Attorney	3,018.0	2,970.6	(47.4)	(1.6)	2,687.8	2,620.8	(67.0)	(2.5)
257 Seventh Judicial District Attorney	2,531.5	2,469.0	(62.5)	(2.5)	2,531.5	2,469.0	(62.5)	(2.5)
258 Eighth Judicial District Attorney	2,776.5	2,707.6	(68.9)	(2.5)	2,776.5	2,707.6	(68.9)	(2.5)
259 Ninth Judicial District Attorney	2,836.9	2,769.5	(67.4)	(2.4)	2,836.9	2,769.5	(67.4)	(2.4)
260 Tenth Judicial District Attorney	1,045.2	1,039.2	(6.0)	(0.6)	1,045.2	1,039.2	(6.0)	(0.6)
261 Eleventh Judicial District Attorney, Division I	5,324.0	4,053.9	(1,270.1)	(23.9)	3,647.7	3,558.8	(88.9)	(2.4)
262 Twelfth Judicial District Attorney	3,269.5	2,907.9	(361.6)	(11.1)	2,640.7	2,634.0	(6.7)	(0.3)
263 Thirteenth Judicial District Attorney	5,225.6	5,273.7	48.1	0.9	4,978.6	4,877.1	(101.5)	(2.0)
264 Administrative Office of the District Attorneys	2,318.1	2,295.8	(22.3)	(1.0)	2,168.1	2,115.8	(52.3)	(2.4)
265 Eleventh Judicial District Attorney, Division II	2,223.3	2,160.1	(63.2)	(2.8)	2,169.9	2,134.0	(35.9)	(1.7)
Judicial	246,493.5	244,775.1	(1,718.4)	(0.7)	217,927.9	215,207.7	(2,720.2)	(1.2)
305 Attorney General	18,387.7	17,550.3	(837.4)	(4.6)	16,586.0	15,746.1	(839.9)	(5.1)
308 State Auditor	3,536.7	3,400.1	(136.6)	(3.9)	2,918.3	2,782.0	(136.3)	(4.7)
333 Taxation and Revenue Department	86,768.6	91,485.3	4,716.7	5.4	70,438.4	73,342.7	2,904.3	4.1
337 State Investment Council	32,892.6	34,164.7	1,272.1	3.9	-	-	-	-
341 Department of Finance and Administration	91,135.0	90,419.2	(715.8)	(0.8)	30,535.2	29,478.6	(1,056.6)	(3.5)

Executive Recommendation Summary

(Dollars in Thousands)

	Total Funds				General Fund			
	FY09	FY10	Dollar	Percent	FY09	FY10	Dollar	Percent
	Operating	Recom	Change	Change	Operating	Recom	Change	Change
342 Public School Insurance Authority	344,164.0	354,411.2	10,247.2	3.0	-	-	-	-
343 Retiree Health Care Authority	206,615.0	220,350.0	13,735.0	6.6	10.0	9.5	(0.5)	(5.0)
350 General Services Department	526,447.5	527,081.1	633.6	0.1	16,876.0	16,731.0	(145.0)	(0.9)
352 Educational Retirement Board	32,423.3	32,678.1	254.8	0.8	-	-	-	-
354 New Mexico Sentencing Commission	849.9	833.3	(16.6)	(2.0)	819.9	803.3	(16.6)	(2.0)
355 Public Defender Department	43,403.5	43,557.3	153.8	0.4	43,219.5	43,396.0	176.5	0.4
356 Governor	4,747.0	4,559.4	(187.6)	(4.0)	4,747.0	4,559.4	(187.6)	(4.0)
360 Lieutenant Governor	857.6	868.4	10.8	1.3	857.6	868.4	10.8	1.3
361 Department of Information Technology	51,802.4	53,404.9	1,602.5	3.1	1,379.1	957.1	(422.0)	(30.6)
366 Public Employees Retirement Association	39,696.2	40,703.4	1,007.2	2.5	-	-	-	-
369 State Commission of Public Records	3,243.7	3,163.6	(80.1)	(2.5)	3,013.1	2,931.0	(82.1)	(2.7)
370 Secretary of State	4,722.2	5,552.1	829.9	17.6	4,272.2	4,052.1	(220.1)	(5.2)
378 Personnel Board	4,754.8	4,572.7	(182.1)	(3.8)	4,694.8	4,512.7	(182.1)	(3.9)
379 Public Employee Labor Relations Board	347.8	330.3	(17.5)	(5.0)	347.8	330.3	(17.5)	(5.0)
394 State Treasurer	4,600.1	4,339.1	(261.0)	(5.7)	4,580.1	4,294.1	(286.0)	(6.2)
General Control	1,501,395.6	1,533,424.5	32,028.9	2.1	205,295.0	204,794.3	(500.7)	(0.2)
404 Board of Examiners for Architects	353.9	368.6	14.7	4.2	-	-	-	-
417 Border Authority	575.1	546.3	(28.8)	(5.0)	575.1	546.3	(28.8)	(5.0)
418 Tourism Department	17,604.3	18,054.9	450.6	2.6	11,790.0	11,575.5	(214.5)	(1.8)
419 Economic Development Department	10,228.5	9,611.0	(617.5)	(6.0)	10,128.5	9,611.0	(517.5)	(5.1)
420 Regulation and Licensing Department	27,737.0	27,621.4	(115.6)	(0.4)	17,163.1	16,605.1	(558.0)	(3.3)
430 Public Regulation Commission	36,865.6	36,311.1	(554.5)	(1.5)	11,628.0	10,945.9	(682.1)	(5.9)
446 Medical Board	1,605.2	1,769.9	164.7	10.3	-	-	-	-
449 Board of Nursing	1,967.4	2,492.4	525.0	26.7	-	-	-	-
460 New Mexico State Fair	15,544.3	14,456.7	(1,087.6)	(7.0)	488.8	464.4	(24.4)	(5.0)
464 State Board of Licensure for Engineers & Land Surveyors	656.8	823.3	166.5	25.4	-	-	-	-
465 Gaming Control Board	6,470.5	6,317.6	(152.9)	(2.4)	6,470.5	6,317.6	(152.9)	(2.4)
469 State Racing Commission	2,419.5	2,352.5	(67.0)	(2.8)	2,419.5	2,352.5	(67.0)	(2.8)
479 Board of Veterinary Medicine	300.8	339.3	38.5	12.8	-	-	-	-
490 Cumbres and Toltec Scenic Railroad Commission	3,613.0	4,131.0	518.0	14.3	100.0	260.0	160.0	160.0
491 Office of Military Base Planning and Support	156.7	151.4	(5.3)	(3.4)	156.9	151.4	(5.5)	(3.5)
495 Spaceport Authority	814.9	1,763.9	949.0	116.5	814.6	1,763.9	949.3	116.5
Commerce and Industry	126,913.5	127,111.3	197.8	0.2	61,735.0	60,593.6	(1,141.4)	(1.8)
505 Cultural Affairs Department	47,225.7	45,394.6	(1,831.1)	(3.9)	35,153.7	34,348.7	(805.0)	(2.3)
508 New Mexico Livestock Board	6,055.9	6,089.6	33.7	0.6	1,338.1	1,264.7	(73.4)	(5.5)
516 Department of Game and Fish	36,671.0	37,010.0	339.0	0.9	336.8	-	(336.8)	(100.0)
521 Energy, Minerals and Natural Resources Department	71,189.5	69,793.6	(1,395.9)	(2.0)	27,388.3	26,351.1	(1,037.2)	(3.8)
522 Youth Conservation Corps	2,779.6	3,915.8	1,136.2	40.9	-	-	-	-
538 Intertribal Ceremonial Office	182.2	173.1	(9.1)	(5.0)	162.0	173.1	11.1	6.9
539 Commissioner of Public Lands	13,966.2	13,966.2	-	-	-	-	-	-
550 State Engineer	47,615.9	47,978.6	362.7	0.8	25,842.4	24,550.4	(1,292.0)	(5.0)
569 Organic Commodity Commission	396.3	575.1	178.8	45.1	307.9	431.1	123.2	40.0
Agriculture, Energy and Natural Resources	226,082.3	224,896.6	(1,185.7)	(0.5)	90,529.2	87,119.1	(3,410.1)	(3.8)
601 Commission on the Status of Women	2,311.1	2,270.3	(40.8)	(1.8)	811.1	770.3	(40.8)	(5.0)
603 Office of African American Affairs	866.0	833.3	(32.7)	(3.8)	866.0	833.3	(32.7)	(3.8)
604 Commission for the Deaf and Hard-of-Hearing Persons	4,151.4	3,851.0	(300.4)	(7.2)	-	-	-	-
605 Martin Luther King, Jr. Commission	407.5	385.9	(21.6)	(5.3)	407.5	385.9	(21.6)	(5.3)
606 Commission for the Blind	8,286.7	8,188.7	(98.0)	(1.2)	2,141.0	2,098.4	(42.6)	(2.0)
609 Indian Affairs Department	4,170.4	4,100.3	(70.1)	(1.7)	3,631.5	3,361.4	(270.1)	(7.4)
624 Aging and Long-Term Services Department	68,862.3	66,375.1	(2,487.2)	(3.6)	51,032.9	48,897.0	(2,135.9)	(4.2)
630 Human Services Department	4,167,354.5	4,230,331.7	62,977.2	1.5	916,731.5	881,756.2	(34,975.3)	(3.8)
631 Workforce Solutions Department	59,723.2	53,632.4	(6,090.8)	(10.2)	8,742.2	9,066.8	324.6	3.7
632 Workers' Compensation Administration	12,770.9	12,795.3	24.4	0.2	-	-	-	-
644 Division of Vocational Rehabilitation	47,141.8	45,324.0	(1,817.8)	(3.9)	6,363.4	5,912.0	(451.4)	(7.1)
645 Governor's Commission on Disability	1,036.8	989.7	(47.1)	(4.5)	965.0	939.7	(25.3)	(2.6)
647 Developmental Disabilities Planning Council	4,819.2	5,230.3	411.1	8.5	4,255.0	4,645.3	390.3	9.2
662 Miners' Hospital of New Mexico	28,556.9	29,587.0	1,030.1	3.6	-	-	-	-
665 Department of Health	573,933.0	558,020.0	(15,913.0)	(2.8)	301,712.3	304,022.9	2,310.6	0.8
667 Department of Environment	111,597.8	109,129.3	(2,468.5)	(2.2)	17,006.3	16,562.1	(444.2)	(2.6)

Executive Recommendation Summary

(Dollars in Thousands)

	Total Funds				General Fund			
	FY09 Operating	FY10 Recom	Dollar Change	Percent Change	FY09 Operating	FY10 Recom	Dollar Change	Percent Change
631 Workforce Solutions Department	59,723.2	53,632.4	(6,090.8)	(10.2)	8,742.2	9,066.8	324.6	3.7
632 Workers' Compensation Administration	12,770.9	12,795.3	24.4	0.2	-	-	-	-
644 Division of Vocational Rehabilitation	47,141.8	45,324.0	(1,817.8)	(3.9)	6,363.4	5,912.0	(451.4)	(7.1)
645 Governor's Commission on Disability	1,036.8	989.7	(47.1)	(4.5)	965.0	939.7	(25.3)	(2.6)
647 Developmental Disabilities Planning Council	4,819.2	5,230.3	411.1	8.5	4,255.0	4,645.3	390.3	9.2
662 Miners' Hospital of New Mexico	28,556.9	29,587.0	1,030.1	3.6	-	-	-	-
665 Department of Health	573,933.0	558,020.0	(15,913.0)	(2.8)	301,712.3	304,022.9	2,310.6	0.8
667 Department of Environment	111,597.8	109,129.3	(2,468.5)	(2.2)	17,006.3	16,562.1	(444.2)	(2.6)
668 Office of the Natural Resources Trustee	428.6	443.2	14.6	3.4	428.6	443.2	14.6	3.4
669 New Mexico Health Policy Commission	1,293.5	1,349.5	56.0	4.3	1,291.3	1,344.5	53.2	4.1
670 Veterans' Services Department	3,603.1	3,498.5	(104.6)	(2.9)	3,390.5	3,312.5	(78.0)	(2.3)
690 Children, Youth and Families Department	387,468.6	402,205.9	14,737.3	3.8	206,920.1	214,128.0	7,207.9	3.5
Health, Hospitals and Human Services	5,488,783.3	5,538,541.4	49,758.1	0.9	1,526,696.2	1,498,479.5	(28,216.7)	(1.8)
705 Department of Military Affairs	20,008.0	19,859.8	(148.2)	(0.7)	7,664.3	7,181.5	(482.8)	(6.3)
760 Parole Board	556.5	488.8	(67.7)	(12.2)	556.5	488.8	(67.7)	(12.2)
765 Juvenile Parole Board	446.0	434.0	(12.0)	(2.7)	446.0	434.0	(12.0)	(2.7)
770 Corrections Department	320,515.1	320,109.8	(405.3)	(0.1)	297,101.7	295,919.7	(1,182.0)	(0.4)
780 Crime Victims Reparation Commission	7,565.8	7,695.8	130.0	1.7	2,320.5	2,448.5	128.0	5.5
790 Department of Public Safety	134,152.7	130,244.8	(3,907.9)	(2.9)	99,745.3	98,567.8	(1,177.5)	(1.2)
795 Homeland Security and Emergency Management Department	38,616.3	44,500.4	5,884.1	15.2	3,750.3	4,322.3	572.0	15.3
Public Safety	521,860.4	523,333.4	1,473.0	0.3	411,584.6	409,362.6	(2,222.0)	(0.5)
805 Department of Transportation	826,354.3	785,874.0	(40,480.3)	(4.9)	-	1,000.0	1,000.0	-
Transportation	826,354.3	785,874.0	(40,480.3)	(4.9)	-	1,000.0	1,000.0	0.0
924 Public Education Department	63,694.7	47,395.1	(16,299.6)	(25.6)	17,444.3	16,447.2	(997.1)	(5.7)
925 Public Education Department - Special Appropriations	39,208.4	42,983.4	3,775.0	9.6	38,208.4	42,983.4	4,775.0	12.5
930 Regional Education Cooperatives	32,331.4	21,702.7	(10,628.7)	(32.9)	1,400.0	1,400.0	-	-
940 Public School Facilities Authority	6,362.4	6,348.5	(13.9)	(0.2)	-	-	-	-
Other Education	141,596.9	118,429.7	(23,167.2)	(16.4)	57,052.7	60,830.6	3,777.9	6.6
950 Higher Education Department	100,207.1	94,905.0	(5,302.1)	(5.3)	47,991.0	45,385.9	(2,605.1)	(5.4)
952 University of New Mexico	1,234,580.9	1,273,023.3	38,442.4	3.1	334,116.4	322,036.3	(12,080.1)	(3.6)
954 New Mexico State University	604,298.8	577,142.9	(27,155.9)	(4.5)	214,174.8	210,189.9	(3,984.9)	(1.9)
956 New Mexico Highlands University	63,704.0	65,011.8	1,307.8	2.1	34,018.0	32,651.8	(1,366.2)	(4.0)
College of Santa Fe Acquisition	-	7,000.0	7,000.0	-	-	7,000.0	7,000.0	-
958 Western New Mexico University	36,286.9	35,843.4	(443.5)	(1.2)	20,916.9	20,063.4	(853.5)	(4.1)
960 Eastern New Mexico University	115,271.3	113,438.0	(1,833.3)	(1.6)	50,428.3	48,534.0	(1,894.3)	(3.8)
962 New Mexico Institute of Mining and Technology	162,581.9	164,344.8	1,762.9	1.1	40,981.9	40,410.8	(571.1)	(1.4)
964 Northern New Mexico College	22,585.4	24,144.2	1,558.8	6.9	11,619.4	11,451.2	(168.2)	(1.4)
966 Santa Fe Community College	46,315.8	45,068.9	(1,246.9)	(2.7)	15,332.8	14,207.8	(1,125.0)	(7.3)
968 Central New Mexico Community College	148,139.9	143,587.4	(4,552.5)	(3.1)	55,053.9	50,561.8	(4,492.1)	(8.2)
970 Luna Community College	17,156.6	17,907.6	751.0	4.4	8,763.6	8,608.6	(155.0)	(1.8)
972 Mesalands Community College	7,351.1	7,950.9	599.8	8.2	3,183.1	3,435.9	252.8	7.9
974 New Mexico Junior College	29,318.1	29,451.0	132.9	0.5	8,369.1	8,006.0	(363.1)	(4.3)
976 San Juan College	67,978.5	72,834.1	4,855.6	7.1	22,797.5	22,196.1	(601.4)	(2.6)
977 Clovis Community College	24,302.8	23,756.4	(546.4)	(2.2)	10,402.8	10,064.4	(338.4)	(3.3)
978 New Mexico Military Institute	30,403.9	30,563.2	159.3	0.5	2,209.9	1,707.2	(502.7)	(22.7)
979 New Mexico School for the Blind and Visually Impaired	11,983.7	13,385.4	1,401.7	11.7	354.7	854.7	500.0	141.0
980 New Mexico School for the Deaf	15,032.4	14,618.5	(413.9)	(2.8)	4,131.4	3,718.2	(413.2)	(10.0)
982 Higher Education Compensation	-	6,770.9	6,770.9	-	-	6,770.9	6,770.9	-
Higher Education	2,737,499.1	2,760,747.7	23,248.6	0.8	884,845.5	867,854.9	(16,990.6)	(1.9)
993 Public School Support	2,990,148.5	2,934,468.7	(55,679.8)	(1.9)	2,551,011.5	2,471,226.7	(79,784.8)	(3.1)
Public School Support	2,990,148.5	2,934,468.7	(55,679.8)	(1.9)	2,551,011.5	2,471,226.7	(79,784.8)	(3.1)
DoIT Telecommunications Rate Reduction	-	(1,083.9)	(1,083.9)	-	-	(1,083.9)	(1,083.9)	-

APPENDIX C
FY09 AND FY10 NONRECURRING
BUDGET RECOMMENDATIONS

*Special, Supplemental and Deficiency,
and Information Technology
Appropriation Recommendations*

FY09 and FY10 Special, Supplemental and Deficiency, and Information Technology Appropriation Recommendations

(Dollars in Thousands)

Code	Agency	Fiscal Year	Ed Ref	General Fund	Other State Funds	Internal Services/ Inter-agency	Federal Funds	Total	Purpose
		Total		76,763.0	13,650.1	2,205.0	10,351.6	102,969.7	
		Total Special		38,495.1	4,381.5	205.0	-	43,081.6	
		Total Supplemental and Deficiency		23,572.9	950.8	2,000.0	3,018.3	29,542.0	
		Total Information Technology		14,695.0	8,317.8	-	7,333.3	30,346.1	
Special:									
131	Legislature	2009-2010		7,500.0	-	-	-	7,500.0	Session expenses
218	Administrative Office of the Courts	2009-2010		265.0	-	-	-	265.0	Miscellaneous capital
218	Administrative Office of the Courts	2009-2010		453.0	-	-	-	453.0	Pay back Board of Finance loan for jury and witness fees
254	Administrative Office of the District Attorneys	2009-2010		-	-	-	-	-	Authorization to expend Southwest Border Initiative funds
305	Attorney General	2009-2010		-	-	-	-	-	Extend prior year appropriation for water litigation through fiscal year 2010
305	Attorney General	2009-2010		-	-	-	-	-	Extend prior year appropriation for the prosecution of death penalty cases through fiscal year 2010
305	Attorney General	2009-2010		-	-	-	-	-	Extend prior year appropriation to support technical and legal work relating to interstate water conflicts through fiscal year 2010
333	Taxation and Revenue Department	2009-2010		500.0	-	-	-	500.0	Fund the Native American Veterans' Income Tax Settlement Fund
341	Department of Finance and Administration	2009-2010		500.0	-	-	-	500.0	SHARE infrastructure improvements
341	Department of Finance and Administration	2009-2010		-	-	-	-	-	Extend prior year appropriation for SHARE training and repurpose part of it to redesign and partition the SHARE database
341	Department of Finance and Administration	2009-2010		150.0	-	-	-	150.0	Upgrade FileNet electronic financial archive system
341	Department of Finance and Administration	Capital		-	-	-	-	-	Extend prior year appropriation for SHARE through fiscal year 2010
341	Department of Finance and Administration	2009-2010		100.0	-	-	-	100.0	City of Clovis animal euthanasia
341	Department of Finance and Administration	2009-2010		-	-	-	-	-	Extend prior year appropriation for statewide air service
361	Department of Information Technology	2009-2010		4,250.0	-	-	-	4,250.0	Staff and support personnel for the New Mexico Computing Applications Center
361	Department of Information Technology	2009-2010		-	-	-	-	-	Extend a prior year appropriation for a computing and repurpose it to upgrade enterprise email
418	Tourism Department	2009-2010		370.0	-	-	-	370.0	New Mexico Bowl
418	Tourism Department	2009-2010		-	500.0	-	-	500.0	Ecotourism, the other state funds appropriation is from the off-road vehicle fund
419	Economic Development Department	2009-2010		3,000.0	-	-	-	3,000.0	Job Training Incentive Program
420	Regulation and Licensing Department	2009-2010		159.0	-	-	-	159.0	New Mexico's pro rata share of nationwide loan originator licensing program
430	Public Regulation Commission	2009-2010		-	-	205.0	-	205.0	Modify office space and add work stations
505	Cultural Affairs Department	2009-2010		1,000.0	-	-	-	1,000.0	New Mexico centennial
505	Cultural Affairs Department	2009-2010		1,000.0	-	-	-	1,000.0	City of Santa Fe 400th anniversary

FY09 and FY10 Special, Supplemental and Deficiency, and Information Technology Appropriation Recommendations

(Dollars in Thousands)

Code	Agency	Fiscal Year	Ed Ref	General Fund	Other State Funds	Internal Services/ Inter-agency	Federal Funds	Total	Purpose
505	Cultural Affairs Department	2009-2010		1000.0	-	-	-	1000.0	Los Luceros master plan
508	New Mexico Livestock Board	2009-2010		-	1,880.0	-	-	1,880.0	Restore state's bovine TB-free status and repay State Board of Finance loan
516	Department of Game and Fish	2009-2010		-	800.0	-	-	800.0	Implement unanticipated special hunt license fee rule change
521	Energy, Minerals and Natural Resources Department	2009-2010		-	550.0	-	-	550.0	Pecos Canyon State Park start-up costs
521	Energy, Minerals and Natural Resources Department	2009-2010		600.0	-	-	-	600.0	Renewable Energy Transmission Authority operations
521	Energy, Minerals and Natural Resources Department	2009-2010		-	120.0	-	-	120.0	Abandoned uranium mine site assessments
539	Commissioner of Public Lands	2009-2010		-	500.0	-	-	500.0	Land stewardship program
550	State Engineer	2009-2010		-	-	-	-	-	Extend prior year appropriation for multi-stakeholder planning for implementation of New Mexico's portion of the Arizona Water Settlement Act of 2004
569	Organic Commodity Commission	2009-2010		-	31.5	-	-	31.5	Website development and other information technology purchases
630	Human Services Department	2009-2010		-	-	-	-	-	Extend prior year appropriation for updates to information technology systems related to changes in TANF
770	Corrections Department	2009-2010		400.0	-	-	-	400.0	Replace corrections industries capital equipment
770	Corrections Department	2009-2010		100.0	-	-	-	100.0	Replace prison kitchen equipment
770	Corrections Department	2009-2010		1,500.0	-	-	-	1,500.0	Miscellaneous equipment and security improvements
770	Corrections Department	2009-2010		412.1	-	-	-	412.1	Upgrades to Camp Sierra Blanca
924	Public Education Department	2009-2010		4,639.0	-	-	-	4,639.0	Assessment and test development
924	Public Education Department	2009-2010		400.0	-	-	-	400.0	Pre-kindergarten start-up costs
924	Public Education Department	2009-2010		1,427.0	-	-	-	1,427.0	STARS hosting services and OBMS
924	Public Education Department	2009-2010	√	750.0	-	-	-	750.0	Electronic teacher encyclopedia
924	Public Education Department	2009-2010	√	20.0	-	-	-	20.0	Exemplary educators network
924	Public Education Department	2009-2010	√	750.0	-	-	-	750.0	In-residence international benchmarking initiative
924	Public Education Department	2009-2010	√	750.0	-	-	-	750.0	Parents' college
924	Public Education Department	2009-2010		5,000.0	-	-	-	5,000.0	For school districts experiencing operational shortfalls
954	New Mexico Department of Agriculture	2009-2010		500.0	-	-	-	500.0	Fruits and vegetables for school kids and close the food gap
950	Higher Education Department	2009-2010		1,700.0	-	-	-	1,700.0	Lambda Rail
962	New Mexico Institute of Mining and Technology	2009-2010		200.0	-	-	-	200.0	Bureau of Mine Safety compliance with statutory requirements

FY09 and FY10 Special, Supplemental and Deficiency, and Information Technology Appropriation Recommendations

(Dollars in Thousands)

Code	Agency	Fiscal Year	Ed Ref	General Fund	Other State Funds	Internal Services/ Inter-agency	Federal Funds	Total	Purpose
Supplemental:									
216	Supreme Court	2009		20.0	-	-	-	20.0	Reinstate transcription program
218	Administrative Office of the Courts	2009		100.0	-	-	-	100.0	Court-appointed attorney fees
218	Administrative Office of the Courts	2009		500.0	-	-	-	500.0	Juror and interpreter costs
219	Supreme Court Building Commission	2009		28.9	-	-	-	28.9	HVAC maintenance agreement
236	Sixth Judicial District Court	2009		21.0	-	-	-	21.0	State unemployment compensation premiums
305	Attorney General	2009		300.0	-	-	-	300.0	Reimbursement of Medicaid Fraud Program
350	General Services Department	2009		-	-	-	-	-	Cost of FY07 audit
350	General Services Department	2009		-	231.0	-	-	231.0	Transportation Services Division personal services shortfall
360	Lieutenant Governor	2009		25.0	-	-	-	25.0	Operations
370	Secretary of State	2009		150.0	-	-	-	150.0	Repayment of Board of Finance loan for General Election
394	State Treasurer	2009		50.0	-	-	-	50.0	Complete and implement disaster recovery plan
420	Regulation and Licensing Department	2009		200.0	-	-	-	200.0	Litigation
516	Department of Game and Fish	2009		-	200.0	-	-	200.0	Implement unanticipated special hunt license fee rule change
569	Organic Commodity Commission	2009		-	19.8	-	-	19.8	Personal services shortfall
630	Human Services Department	2009		200.0	-	-	-	200.0	Funding for General Assistance Program
630	Human Services Department	2009		653.5	-	-	1,018.3	1,671.8	IT security
630	Human Services Department	2009		-	-	-	2,000.0	2,000.0	Childcare subsidies through CYTD
665	Department of Health	2009		5,000.0	-	-	-	5,000.0	New Mexico Behavioral Health Institute operating costs
665	Department of Health	2009		2,000.0	-	-	-	2,000.0	Facilities' operating costs
665	Department of Health	2009		1,022.7	-	-	-	1,022.7	Twenty-five permanent FTE in the Los Lunas community program
665	Department of Health	2009		719.0	-	-	-	719.0	Nine permanent FTE for Fort Bayard Medicaid Center
690	Children, Youth and Families Department	2009		1,200.0	-	-	-	1,200.0	Care and support payments
690	Children, Youth and Families Department	2009		-	-	2,000.0	-	2,000.0	Child care subsidies funded from TANF
790	Department of Public Safety	2009		700.0	500.0	-	-	1,200.0	Spring recruit class; the other state funds appropriation is from the concealed handgun carry fund

FY09 and FY10 Special, Supplemental and Deficiency, and Information Technology Appropriation Recommendations

(Dollars in Thousands)

Code	Agency	Fiscal Year	Ed Ref	General Fund	Other State Funds	Internal Services/ Inter-agency	Federal Funds	Total	Purpose
Deficiency:									
370	Secretary of State	2008		41.1	-	-	-	41.1	Repayment of Board of Finance loan for Primary Election recounts
370	Secretary of State	2008		22.4	-	-	-	22.4	Software maintenance and support for public financial reporting system
370	Secretary of State	2008		289.1	-	-	-	289.1	Maintenance and support for voter registration system software
370	Secretary of State	2008		550.3	-	-	-	550.3	Repay Board of Finance loan for Primary Election costs
370	Secretary of State	2008		36.9	-	-	-	36.9	Oracle software licensing
460	New Mexico State Fair	2009		1,000.0	-	-	-	1,000.0	Prior year revenue shortfall
665	Department of Health	2008		4,300.0	-	-	-	4,300.0	Developmentally Disabled Medicaid Waiver program costs
665	Department of Health	2008		4,443.0	-	-	-	4,443.0	Fort Bayard long-term care unit costs
Information Technology:									
333	Taxation and Revenue Department	2009-2011		500.0	-	-	-	500.0	Fair share data warehouse
333	Taxation and Revenue Department	2009-2011		1,182.5	-	-	-	1,182.5	Fair share GenTax update
333	Taxation and Revenue Department	2009-2011		-	8,317.8	-	-	8,317.8	Driver and vehicle re-engineering
341	Department of Finance and Administration	2009-2011		4,917.5	-	-	-	4,917.5	SHARE upgrade to release 9.1 and hoisite
361	Department of Information Technology	2009-2011		445.0	-	-	-	445.0	Enterprise security
430	Public Regulation Commission	2009-2011		1500	-	-	-	1500	Corporation registration system
630	Human Services Department	2009-2011		6,000.0	-	-	7,333.3	13,333.3	ISD2R
690	Children, Youth and Families Department	2009-2011		1,000.0	-	-	-	1,000.0	FACTS
690	Children, Youth and Families Department	2009-2011		2500	-	-	-	2500	Medical and behavioral health
770	Corrections Department	2009-2011		2500	-	-	-	2500	CMIS

APPENDIX D
DEBT AFFORDABILITY

Bond Capacity

Statement of Long-Term Bonded Debt

**Core Bonding Program
Sources and Uses of Funds
Bonding Capacity Available for Authorization by Legislature and Four Year Outlook**

Sources of Funds (millions)	FY09	FY10	FY11	FY12	FY13	Five-Year
General Obligation Bonds ¹		182.7		189.0		371.7
Senior Severance Tax Bonds	197.0	197.0	197.0	197.0	197.0	985.0
Senior Severance Tax Notes	188.7	152.6	107.7	105.2	87.3	641.4
Total Seniors	385.7	349.6	304.7	302.2	284.3	1,626.4
Supplemental Severance Tax Notes	198.9	182.9	186.5	206.9	220.9	996.0
Total Sources of Funds	\$584.6	\$715.1	\$491.2	\$698.1	\$505.2	\$2,994.1
Uses of Funds (millions)	FY09	FY10	FY11	FY12	FY13	Five-Year
Supplemental STB: Public Education Capital	198.9	182.9	186.5	206.9	220.9	996.0
Senior STB:						
10% to the Water Project Fund	38.6	35.0	30.5	30.2	28.4	162.6
Spaceport Authority	33.0	34.0				67.0
Transportation Projects ²	123.2	75.0	-	-	-	198.2
Authorized but Unissued STB Projects	33.9					33.93
New Senior STB Capital Projects	157.0	388.3	274.2	461.0	255.9	1,536.3
Total Uses of Funds	\$584.6	\$715.1	\$491.2	\$698.1	\$505.2	2,994.1

1. In 2008 voters approved \$223.8 million in General Obligation Bonds to be issued in the spring of 2009. GO bond capacity will be available for appropriation in future sessions, not the 2009 session.
2. Of the FY09 amount, \$75 million is for GRIP I and \$48.2 million is for highway maintenance (20%), GRIP I (40%) and GRIP II (40%)

**STATE OF NEW MEXICO
GENERAL LONG TERM OUTSTANDING DEBT
December 31, 2008**

General Obligation Bonds			Maturity	Total Principal
Capital Improvement Bond Series	2001		2009	7,010,000
Capital Improvement Bond Series	2003		2009	13,280,000
Capital Improvement Bond Series	2005		2015	84,160,000
Capital Improvement Bond Series	2007		2017	124,145,000
Capital Improvement Refunding Bond Series	2008	A	2013	71,270,000
				\$299,865,000
Severance Tax Bonds				
Severance Tax Bond Series	2003	A	2013	41,440,000
Severance Tax Bond Series	2004	A	2014	45,440,000
Severance Tax Bond Series	2005	A	2015	64,465,000
Severance Tax Refunding Bond Series	2005	B-1	2012	31,130,000
Severance Tax Bond Series	2006	A	2016	112,950,000
Severance Tax Bond Series	2007	A	2017	128,635,000
Severance Tax Bond Series	2008	A-1	2018	149,000,000
				\$573,060,000
Supplemental Severance Tax Bonds				
Supplemental Severance Tax Bond Series	2003	B	2013	5,650,000
Supplemental Severance Tax Bond Series	2004	B	2014	6,360,000
Supplemental Severance Tax Refunding Bond Series	2005	B-2	2011	21,095,000
Supplemental Severance Tax Refunding Bond Series	2008	A-2	2012	20,550,000
				\$53,655,000
Highway Bonds				
Highway Senior Subordinate Bond Series	1998	A	2010	17,760,000
Highway Subordinate Bond Series	1998	B	2011	34,435,000
Highway Senior Subordinate Bond Series	1999		2009	10,410,000
Highway Senior Subordinate Bond Series	2000	A	2010	28,415,000
Highway Senior Subordinate Bond Series	2001	A	2013	89,400,000
Highway Senior Subordinate Bond Series	2002	A	2014	29,225,000
Highway Subordinate Bond Series	2002	B	2010	9,445,000
Highway Senior Subordinate Bond Series	2002	C	2017	32,945,000
Highway Senior Subordinate Bond Series	2002	D	2014	4,570,000
Highway Senior Bond Series	2004	A	2024	700,000,000
Highway Senior Subordinate Refunding Bond Series	2004	B	2014	149,160,000
Highway Senior Subordinate Bond Series	2006	A	2026	150,000,000
Highway Senior Subordinate Bond Series	2006	B	2026	35,510,000
Highway Subordinate Bond Refunding Series	2008	A	2024	115,200,000
Highway Subordinate Bond Refunding Series	2008	B	2024	220,000,000
Highway Subordinate Bond Refunding Series	2008	C	2024	84,800,000
Highway Subordinate Bond Refunding Series	2008	D	2024	50,400,000
				\$1,761,675,000
Educational Institution Bonds⁽¹⁾				
New Mexico State University				94,640,000
University of New Mexico (incl HSC)				665,091,424
Eastern New Mexico University				10,925,000
New Mexico Highlands University				1,810,000
Western New Mexico University				4,720,000
ENMU - Roswell Branch				4,450,000
NMSU - Alamogordo Branch				5,000,000
NMSU - Carlsbad Branch				3,000,000
NMSU - Dona Ana Branch				9,520,000
UNM - Gallup Branch				16,920,000
UNM - Valencia Branch				6,840,000
Central New Mexico Community College				29,025,000
Clovis Community College				1,750,000
San Juan College				21,800,420
Santa Fe Community College				20,220,000
New Mexico Military Institute				5,685,000
				\$901,396,844

NOTES:

- The following institutions reported zero outstanding general long-term debt: NM Institute of Mining & Technology; Northern NM College; ENMU-Ruidoso; NMSU-Grants; UNM-Los Alamos; UNM-Taos; Luna Community College; Mesalands Community College; NM Junior College; NM School for the Blind & Visually Impaired; and NM School for the Deaf.
- General Long-Term Debt does not include lease-purchase agreements, capital leases, and bonds issued by third parties, such as the New Mexico Finance Authority.
- The above list includes everything received via survey as of this date and does not necessarily include ALL outstanding debt.

Sources: New Mexico State Board of Finance, New Mexico Department of Transportation, and New Mexico Higher Education Department Survey

APPENDIX E
2009 CAPITAL OUTLAY
RECOMMENDATIONS

*2009 Capital Budget Recommendations –
Senior Severance Tax Bond, General Fund,
and Other Fund Package*

2009 Capital Outlay Recommendations

	Project Title	Severance Tax Bonds	Other Funding Sources
1	TOTAL	156,929,878	4,950,000
2	Public Education	7,152,000	-
3	Laptop Initiative for 7th Graders	2,000,000	-
4	School Bus Replacements	5,152,000	-
5	Higher Education	4,750,000	-
6	University of New Mexico Arena Improvments	2,000,000	-
7	Western New Mexico University Campus Infrastructure	500,000	-
8	New Mexico State University Women's Soccer Stadium	1,000,000	-
9	Mesalands Community College - Wind Turbine	500,000	-
10	Mesalands Community College Dorms	750,000	-
11	Water and Watersheds	10,400,000	-
12	River Ecosystem Restoration Initiative	2,000,000	-
13	Clean Water State Revolving Fund	1,500,000	-
14	San Juan River Habitat Improvement and Aquatic Ed	400,000	-
15	Surface Water and Ground Water Measurement Statewide	1,000,000	-
16	Indian Water Rights Settlement	5,000,000	-
17	Lake Roberts Dam Remediation	500,000	-
18	Science, Technology, Energy and Natural Resources	7,055,698	-
19	Energy Innovation/Clean Energy	2,000,000	-
20	Energy, Minerals and Natural Resources Department Drought Mitigation and Fire Protection	750,000	-
21	Energy, Minerals and Natural Resources Department Replace Fire Trucks and Crew Carriers	500,000	-
22	Energy, Minerals and Natural Resources Department Land and Wildlife Projects	1,000,000	-
23	Energy, Minerals and Natural Resources Department Elephant Butte State Park Renovation Phase 2	1,000,000	-
24	Energy, Minerals and Natural Resources Department Rio Grande Trail Phase 2	1,000,000	-
25	Public Regulation Commission State Fire Marshall's Office Evidence Processing and Storage	135,000	-
26	Supreme Court Building Fire Suppression	670,698	-

2009 Capital Outlay Recommendations

	Project Title	Severance Tax Bonds	Other Funding Sources
27	Health and Human Services	26,700,000	1,000,000
28	Department of Health Immunization Equipment	200,000	-
29	Santa Fe Indian School Wellness	1,000,000	-
30	Aging and Long-Term Services Department Renovation-Code Compliance	2,500,000	-
31	Aging and Long Term Services Department Vehicles	3,000,000	-
32	Aging and Long Term Services Department Meals Equipment	500,000	-
33	Juvenile Justice Facilities Master Plan	1,500,000	-
34	Missouri Model Implementation	500,000	-
35	Commission for the Blind Senior Skills Center	500,000	-
36	Department of Health Facility Patient Health and Safety	4,000,000	-
37	Department of Health Facility Renovation and Construction	8,000,000	-
38	Department of Health Scientific Laboratory Division	5,000,000	-
39	Miners Colfax Medical Center Pyxis	-	1,000,000
40	Public Safety	7,000,000	-
41	State Emergency Operations Center Renovation Expansion	1,500,000	-
42	Western New Mexico Correctional Facility and Penitentiary of New Mexico Security Upgrades	2,000,000	-
43	Statewide Armory Energy Projects	600,000	-
44	Statewide Armory Maintenance/Modernization	400,000	-
45	Annual Fleet Maintenance and Replacement	2,500,000	-

2009 Capital Outlay Recommendations

	Project Title	Severance Tax Bonds	Other Funding Sources
46	Economic Development, Infrastructure and Housing	67,690,000	-
47	Green Grid - State Technology Fund	2,000,000	-
48	Tucumcari eQSolaris Manufacturing Plant	2,000,000	-
49	Tucumcari MainStreet Downtown Redevelopment	3,000,000	-
50	Santa Teresa Railroad Crossing	750,000	-
51	Strategic Plan for the Border	250,000	-
52	Cumbres and Toltec Scenic Railroad Track Rehabilitation	1,000,000	-
53	Film and Media Initiative	4,000,000	-
54	Rodeo Initiatives	1,000,000	-
55	Colonias Infrastructure Improvements	5,000,000	-
56	Department of Information Technology New Mexico Computing Applications Center Equipment	2,690,000	-
57	Statewide Technology Fund	1,000,000	-
58	Economic Development Department Capital Fund	4,000,000	-
59	Fidelity, Human Resources Building	6,000,000	-
60	Schott Solar	4,000,000	-
61	Rio Rancho Technical Support Center Project	12,000,000	-
62	Project Sun Kachina (Signet Solar)	8,000,000	-
63	Las Cruces Rocket Racing Project	3,000,000	-
64	MainStreet Capital Outlay Fund	1,000,000	-
65	Tribal Infrastructure Project Fund	3,000,000	-
66	Spaceport America Project	4,000,000	-

2009 Capital Outlay Recommendations

	Project Title	Severance Tax Bonds	Other Funding Sources
67	Courts	2,100,000	-
68	Administrative Office of the Courts Assistive Listening Devices	200,000	-
69	Administrative Office of the Courts Furniture and Equipment	1,500,000	-
70	New Mexico Court of Appeals UNM Annex	400,000	-
71	State Services	11,356,180	3,600,000
72	Department of Information Technology SHARE Servers and Software	2,500,000	-
73	Commission of Public Records Classroom Remodel	43,000	-
74	Cultural Affairs Department Cultural Assets Repairs and Maintenance	1,000,000	-
75	Department of Game and Fish Aircraft Replacement	1,000,000	-
76	Department of Information Technology Enterprise Email Services Replacement and Upgrade	1,500,000	-
77	Department of Information Technology Wire New Mexico Conversion	1,000,000	-
78	Department of Transportation District 3 Renovation	-	50,000
79	Department of Transportation District 5 New Construction	-	950,000
80	Department of Transportation District 2 Renovation and Repair	-	100,000
81	Department of Workforce Solutions Workforce Development Offices Deferred Maintenance	1,000,000	-
82	Educational Retirement Board Office Building	-	2,500,000
83	General Services Department State Agency Buildings Repair Fund	2,000,000	-
84	Human Services Department Fred Luna Building, Belen	386,663	-
85	Human Services Department Harriet Sammons Building, Farmington	234,805	-
86	Human Services Department Louise Brown, Bernalillo	191,712	-
87	PRC, Educational Facility	300,000	-
88	Taxation and Revenue Department Replacement of Revenue Processing Division Remittance Transports	200,000	-

2009 Capital Outlay Recommendations

	Project Title	Severance Tax Bonds	Other Funding Sources
89	Transportation	500,000	350,000
90	Department of Transportation Rail Study From Sunport to RailRunner (Direct Route)	500,000	-
91	Department of Transportation Salt Domes (Statewide)	-	350,000
92	Regional Projects	12,226,000	-
93	Clovis Hull Street Bridge	1,000,000	-
94	Albuquerque Highland Theater Renovation	250,000	-
95	Espanola Plaza Improvements	100,000	-
96	Las Cruces Recreational & Aquatic Center	4,500,000	-
97	Santa Fe Civic Housing Community Center	486,000	-
98	Santa Fe Rape Crisis & Trauma Treatment Facility	500,000	-
99	Albuquerque Silver Gardens II Affordable Housing	500,000	-
100	Youth Development Inc, Multi Purpose Facility	100,000	-
101	Youth Development Inc., West Central Redevelopment	100,000	-
102	Southeastern NM Regional State Crime Lab	380,000	-
103	Santa Fe Youth Center, Zona Del Sol	50,000	-
104	Abiquiu MDWCA	90,000	-
105	Stuart Udall Project	75,000	-
106	Santa Fe Youth Shelters & Family Services Phase III	245,000	-
107	Pojoaque Pueblo Wellness Center	250,000	-
108	Red River Charter School	300,000	-
109	Albuquerque RoadRunner Food Bank Warehouse	1,000,000	-
110	Cloudcroft Historic Mexican Trestle	200,000	-
111	Cloudcroft Sacramento Mountain Museum	100,000	-
112	Los Alamos County Bypass	1,000,000	-
113	Rio Rancho Infrastructure	1,000,000	-