

## General Fund Financial Summary

July 2011 Consensus Revenue Estimate

(Dollars in Millions)

|                                                                               | Audited<br>FY10 | Estimated<br>FY11 | Estimated<br>FY12 | Estimated<br>FY13 |
|-------------------------------------------------------------------------------|-----------------|-------------------|-------------------|-------------------|
| <b>APPROPRIATION ACCOUNT</b>                                                  |                 |                   |                   |                   |
| <b>REVENUE</b>                                                                |                 |                   |                   |                   |
| Recurring Revenue                                                             | 4,798.6         | 5,274.9           | 5,533.4           | 5,802.3           |
| Nonrecurring Revenue                                                          | 479.9           | 66.8              | 18.3              | -                 |
| <b>TOTAL REVENUE</b>                                                          | <b>5,278.5</b>  | <b>5,341.7</b>    | <b>5,551.7</b>    | <b>5,802.3</b>    |
| <b>APPROPRIATIONS</b>                                                         |                 |                   |                   |                   |
| Recurring Appropriations                                                      | 5,358.0         | 5,211.7           | 5,428.6           | 5,802.3           |
| Nonrecurring Appropriations                                                   | 93.2            | 19.5              | -                 | -                 |
| <b>TOTAL APPROPRIATIONS</b>                                                   | <b>5,451.1</b>  | <b>5,231.2</b>    | <b>5,428.6</b>    | <b>5,802.3</b>    |
| Transfers from/(to) other funds                                               | 172.6           | -                 | -                 | -                 |
| Transfer to/from General Fund Operating Reserve                               | (0.0)           | 110.5             | 123.1             | -                 |
| <b>GENERAL FUND OPERATING RESERVE</b>                                         |                 |                   |                   |                   |
| Beginning Balance                                                             | 37.5            | 36.2              | 145.2             | 268.3             |
| Reversions                                                                    |                 |                   |                   |                   |
| Appropriations                                                                | (1.2)           | (1.5)             | -                 | -                 |
| Transfers In From Appropriation Account                                       | -               | 110.5             | 123.1             | -                 |
| Transfers Out To Appropriation Account                                        | (0.0)           | -                 | -                 | -                 |
| <b>Ending Balance</b>                                                         | <b>36.2</b>     | <b>145.2</b>      | <b>268.3</b>      | <b>268.3</b>      |
| Ending Balances as a Percentage of Prior Year Recurring Appropriation         | 0.6%            | 2.7%              | 5.1%              | 4.9%              |
| <b>STATE SUPPORT RESERVE</b>                                                  |                 |                   |                   |                   |
| Beginning Balance                                                             | 1.0             | 1.0               | 1.0               | 1.0               |
| <b>Ending Balance</b>                                                         | <b>1.0</b>      | <b>1.0</b>        | <b>1.0</b>        | <b>1.0</b>        |
| <b>APPROPRIATION CONTINGENCY FUND</b>                                         |                 |                   |                   |                   |
| <b>Beginning Balance, Excluding Education Reform</b>                          | 11.5            | 29.6              | 6.2               | (4.4)             |
| Expenditures                                                                  | (9.9)           | (28.8)            | (16.0)            | (16.0)            |
| Revenue, Transfers and Reversions                                             | 28.0            | 5.3               | 5.3               | 5.3               |
| <b>Ending Balance, Excluding Education Reform</b>                             | <b>29.6</b>     | <b>6.2</b>        | <b>(4.4)</b>      | <b>(15.1)</b>     |
| <b>Education Reform, Beginning Balance</b>                                    | 19.0            | 53.0              | 44.5              | 44.5              |
| Transfers In                                                                  | 40.0            | -                 | -                 | -                 |
| Transfers Out                                                                 | (6.0)           | (8.5)             | -                 | -                 |
| <b>Ending Balance, Education Reform</b>                                       | <b>53.0</b>     | <b>44.5</b>       | <b>44.5</b>       | <b>44.5</b>       |
| <b>Ending Balance</b>                                                         | <b>82.7</b>     | <b>50.8</b>       | <b>40.1</b>       | <b>29.4</b>       |
| <b>TAX STABILIZATION RESERVE</b>                                              |                 |                   |                   |                   |
| Beginning Balance                                                             | 198.7           | 26.0              | 26.0              | 26.0              |
| Transfers Out                                                                 | (172.6)         | -                 | -                 | -                 |
| <b>Ending Balance</b>                                                         | <b>26.0</b>     | <b>26.0</b>       | <b>26.0</b>       | <b>26.0</b>       |
| Ending Balances as a Percentage of Prior Year Recurring Appropriation         | 0.4%            | 0.5%              | 0.5%              | 0.5%              |
| <b>TOBACCO SETTLEMENT PERMANENT FUND</b>                                      |                 |                   |                   |                   |
| Beginning Balance                                                             | 121.0           | 132.0             | 142.9             | 154.6             |
| Transfers In, December 2008 Consensus Estimate                                | 40.9            | 40.0              | 39.5              | 39.5              |
| Transfers Out                                                                 | (40.9)          | (40.0)            | (39.5)            | (19.8)            |
| Gains or (Losses)                                                             | 11.1            | 10.8              | 11.7              | 14.3              |
| <b>Ending Balance</b>                                                         | <b>132.0</b>    | <b>142.9</b>      | <b>154.6</b>      | <b>188.6</b>      |
| <b>TOTAL GENERAL FUND RESERVES</b>                                            | <b>278.0</b>    | <b>365.8</b>      | <b>489.9</b>      | <b>513.3</b>      |
| Reserves as a Percentage of Current-Year Recurring Appropriations             | 5.2%            | 7.0%              | 9.0%              | 8.8%              |
| New Money -- recurring                                                        |                 |                   | 321.7             | 373.68            |
| Surplus/(deficit):                                                            |                 |                   |                   |                   |
| 10% reserve target                                                            | (257.8)         | (155.4)           | (52.9)            |                   |
| 8% reserve target                                                             | (150.7)         | (51.1)            | 55.7              |                   |
| 5% reserve target                                                             | 10.1            | 105.2             | 218.5             |                   |
| Note: If surplus, that is the amount available for nonrecurring appropriation |                 |                   |                   |                   |
| Restricted sub-accounts                                                       | 75.9%           | 58.3%             | 45.9%             |                   |

## Notes to General Fund Financial Summary:

(Note: numbers need to be updated)

"Reserves as a Percentage of Current-year Recurring Appropriations" is calculated by dividing each year's ending total reserve balance by the total recurring appropriations for that year (e.g., for FY10, \$278.0/\$5,358.0 = 5.2%)

"Recurring New Money" is calculated by subtracting *previous* year's recurring appropriations from *current* year's recurring revenue (e.g., for FY12, \$5,389.8 - \$5,202.8 = \$187 million)

"Deficit for Current Year (reserving 10% of current-year recurring appropriations)" is calculated by subtracting 10% of current year's appropriations from the level of total reserve balance for that year (e.g., for FY09, \$388.6 - 10% x \$6,035.1 = -\$214.9; similarly, for FY10, \$278.0 - 10% x \$5,358.0 = -\$257.8)

"Nonrecurring Subject to Appropriation" is calculated by subtracting total reserve balances for the budget year from the target reserve percentage (e.g., 10%, 8%, 5%, x%) of the same year's total recurring revenue; if the number is negative, then there is a deficit and no money is available for nonrecurring appropriation.

"Restricted Subaccounts" is calculated by summing the final balance for the fiscal year in the "Education Lockbox", the Tax Stabilization Reserve and the Tobacco Settlement Permanent Fund and dividing by the total reserve balances for the fiscal year (e.g., for FY10, (\$53.0 + \$26.0 + \$132.0) / \$278.0 = 75.9%).

### Appropriation Account, Nonrecurring Appropriations:

**FY07 includes the following appropriations from Laws 2006:** \$68.7 million from Sections 5 and 12 of the General Appropriation Act of 2006 (Chapter 109); \$0.3 million from HB337 for judgeships (Chapter 99); and \$2.1 million from the "Junior" bill (Chapter 110).

**FY07 includes the following appropriations from Laws 2007:** \$186.7 million from Sections 5 and 6 of the General Appropriation Act of 2007 (Chapter 28); \$7.9 million from the Feed Bill (Chapter 1); \$0.1 million for the Albuquerque Science and Engineering Fair (Chapter 52); \$0.2 million for Mortgage Finance Authority oversight of regional housing authorities (Chapter 50); \$487.4 million for capital outlay expenditures (Chapters 2 and 42); \$1.0 million for capitol buildings planning and facilities (Chapter 64); and \$60.0 million for transportation projects (1st Special Session, Chapter 3).

**FY08 includes the following appropriations from Laws 2007:** \$15 million water trust fund transfer from General Appropriation Act of 2007 (Chapter 28); \$0.2 million in a prior period adjustment related to the Secretary of State supplemental appropriation (Chapter 28); \$8 million for development training programs (Chapter 363); \$0.2 million for judgeships (Chapter 140); \$12 million for faculty endowments (Chapter 364), \$3.2 million for breast cancer research (Chapter 26); and \$10.8 million from the "Junior" bill (Chapter 21).

**FY08 includes the following appropriations from Laws 2008:** \$118.3 million from Sections 4, 5 and 6 of the General Appropriation Act of 2008 (Chapter 3); \$5.9 million for expenses of the Legislature (Chapter 1); and \$121.5 million for capital outlay (Chapter 92).

**FY09 includes the following appropriations from Laws 2008:** \$18.1 million for special appropriations from the General Appropriation Act of 2008 (Chapter 3), less \$5.2 million in information technology contingent appropriations not certified by CIO in FY09; \$0.5 million from HB140 for Soil and Water Districts (Chapter 78); \$8.4 million from SB 165 "Junior" (Chapter 6); \$1.5 million from SB 471 (Chapter 92), less \$0.5 million in contingencies that did not materialize; and \$45.8 million for various projects (2nd Special Session, Chapters 3, 5-8 and 10).

**FY09 includes the following appropriations from Laws 2009:** -\$1.0 million from HB 9 (Chapter 5); -\$161.0 million from HB 10 (Chapter 2), -\$27.1 million from Sections 1 and 2 of SB79 (Chapter 3); and \$40.4 million from the General Appropriation Act of

**FY10 includes the following appropriations from Laws 2008:** \$5.2 million in information technology appropriations transferred from FY09 (Chapter 3); and \$0.5 million in capital outlay appropriation transferred from FY09 (Chapter 92). The contingencies for these appropriations did not materialize during FY09.

**FY10 includes the following appropriations from Laws 2009:** \$100 million transferred to various funds (Laws 2009, Chapter 124, Section 12); -\$1.2 million in reductions to appropriations made in Section 5 of the General Appropriation Act of 2009 (1st Special Session, Chapter 2); \$3 million for public school supplemental funding (1st Special Session, Chapter 5); and -\$20.15 million in reductions of appropriations made by Laws 2009 (1st Special Session, Chapter 7, SB 28).

**FY10 includes the following appropriations from Laws 2010:** -\$0.2 million in reductions of appropriations made by Laws 2009 (Chapter 105); \$5.0 million for development training funds (Chapter 79); \$0.5 million from Section 5 of the General Appropriation Act of 2010 (2nd special Session, Chapter 3); and \$0.5 million for the temporary tax amnesty program (2nd special session, Chapter 2).

**FY11 includes the following appropriations from Laws 2010:** \$1.1 million from Section 5 of the General Appropriation Act of 2010 (2nd Special Session, Chapter 3).

**FY12 includes the following recurring appropriations from Laws 2011:** \$55.2 million from Section 10 of the General Appropriation Act of 2011, \$47.9 from retirement swap and \$3.0 unemployment \$2.5 for restructuring.

### General Fund Operating Reserve Appropriations:

**FY07 includes** \$1.533 million for State Board of Finance Emergency Fund (Laws 2006, Chapter 109), \$0.7 million contingency for water litigation (Laws 2002, Chapter 4 (1st E.S.) as reauthorized by Laws 2006, Chapter 109); and \$8.6 million contingency for the spaceport (Laws 1998 (1st SS), Chapter 13, Laws 1998 (1st SS), Chapter 11 and Laws 2005, Chapter 347, Section 173).

**FY08 includes** \$1.5 million for State Board of Finance Emergency Fund.

**FY09 includes** \$1.4 million for State Board of Finance Emergency Fund.

**FY10 includes** \$1.2 million for State Board of Finance Emergency Fund.

**FY11 includes** \$1.5 million for State Board of Finance 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).

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

**Appropriation Contingency Fund Appropriations:**

**FY07 includes** \$18.2 million for disaster allotments; \$2.0 million for DOH Behavioral Health Services Program (Laws 2006, Chapter 109); \$1.9 million for Santa Fe Community College (Laws 2006, Chapter 109); \$4.9 million to PED for education reform initiatives (Laws 2007, Chapter 28); \$0.750 million contingency to Corrections Department (Laws 2005, Chapter 33, Section 4) for FY06; and \$9 million appropriation reduction prior period adjustment for water rights appropriations (Laws 2006, Chapter 111, Sec 78 (HB 622)).

**FY08 includes** \$17.9 million for disaster allotments; \$9 million contingency appropriation for water rights appropriations (Laws 2006, Chapter 111, Section 78 (HB 622; see prior period adjustment in FY07)); \$7.5 million for education reform appropriations from the General Appropriation Act of 2008 (Laws 2008, Chapter 3, Section 5), less \$1.7 million transferred to FY09 because the contingency on an appropriation for a PED IT system was not met until FY09.

**FY09 includes the following appropriations from Laws 2008:** \$11.2 million for disaster allotments; \$0.5 million contingency to the Economic Development Department for the X-Prize (Chapter 3, Section 5, Item 51); \$12.6 million contingency for the Public Education Department (Chapter 3, Section 5, Item 98); and \$1.65 million contingency appropriation transferred from FY08 to FY09 for an unexpended appropriation from education reform for a Public Education Department information technology system (Chapter 3).

**FY09 includes the following appropriations from Laws 2009:** \$35.8 million for the State Equalization Guarantee (Chapter 3, Section 9); and \$12.6 million for education reform appropriations from the General Appropriation Act of 2009 (Chapter 124, Section 5, Items 57-60 and 63).

**FY10 includes the following appropriations from Laws 2008:** \$0.5 million in the balance remaining of a contingency appropriation to the Public Education Department transferred from

**FY10 includes the following appropriations/transfers from Laws 2009:** \$9.9 million for disaster allotments; \$1.0 million contingency appropriation for the Department of Public Safety (Chapter 124, Section 4); \$25.0 million transferred from the general fund for general purposes (Chapter 124); and \$40.0 million transferred from the Appropriation Account for education reform (Chapter 124).

**FY10 includes the following appropriations/transfers from Laws 2010:** \$6.0 million for education reform appropriations from the General Appropriation Act of 2010 (2nd Special Session, Chapter 6, Section 5, Item 17).

**FY11 includes the following appropriations/transfers from Laws 2010: \$16.0 million for disaster allotments;** \$4.0 million for education reform appropriations from the General Appropriation Act of 2010 (2nd Special Session, Chapter 6, Section 5, Item 16); and an estimated \$16.0 million transferred from the Appropriation Contingency Fund into the Appropriation Account (2nd Special Session, Chapter 6, Section 15).

**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 includes** \$55.7 million transfer from the Tax Stabilization Reserve into the Appropriation Account (Laws 2009, Chapter 3).

**FY10 includes** \$115.0 million transferred from the Tax Stabilization Reserve into the Appropriation Account (1st Special Session, Laws 2009, Chapter 3); and \$57.6 million transferred from the Tax Stabilization Reserve into the Appropriation Account (2nd Special Session, Laws 2010, Chapter 6, Section 15).

**FY11 includes** an estimated \$25.4 million transferred from the Tax Stabilization Reserve into the Appropriation Account (2nd Special Session, Laws 2010, Chapter 6, Section 15).

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

**FY09 --** A total of \$48.9 million, an additional \$24.4 million, was transferred from the Tobacco Settlement Permanent Fund to the Tobacco Settlement Program Fund for Medicaid (Laws 2009, Chapter 3).

**FY10 --** A total of \$41.0 million, an additional \$20.5 million, is estimated to be transferred from the Tobacco Settlement Permanent Fund to the Tobacco Settlement Program Fund for Medicaid (Laws 2009, Chapter 3).

**FY11 --** A total of \$40.0 million, an additional \$20.0 million, is estimated to be transferred from the Tobacco Settlement Permanent Fund to the Tobacco Settlement Program Fund for Medicaid (Laws 2010, Chapter 49).