

New Mexico



VOICES

for Children



## New Mexico Fiscal Policy Project

# The State Budget Cycle

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New Mexico Voices for Children

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# Why Care About the Budget?

- × Simply a spending plan?
- × Accounting?
- ✓ **Budget = Policy**

# New Mexico's Budget Priorities

## Health, Hospitals, Human Services

- Health and Human Services Dept. (Medicaid, etc.); Children, Youth & Families Dept.; Aging and Long-Term Services; Labor Dept.; Environment; Veteran's Affairs; and 14 other agencies

## Higher Education

- 24 campuses; Schools for Blind and Deaf; Higher Education Department

## K-12 Public Schools (Public School Support)

- 89 school districts; Public Education Department

## Public Safety

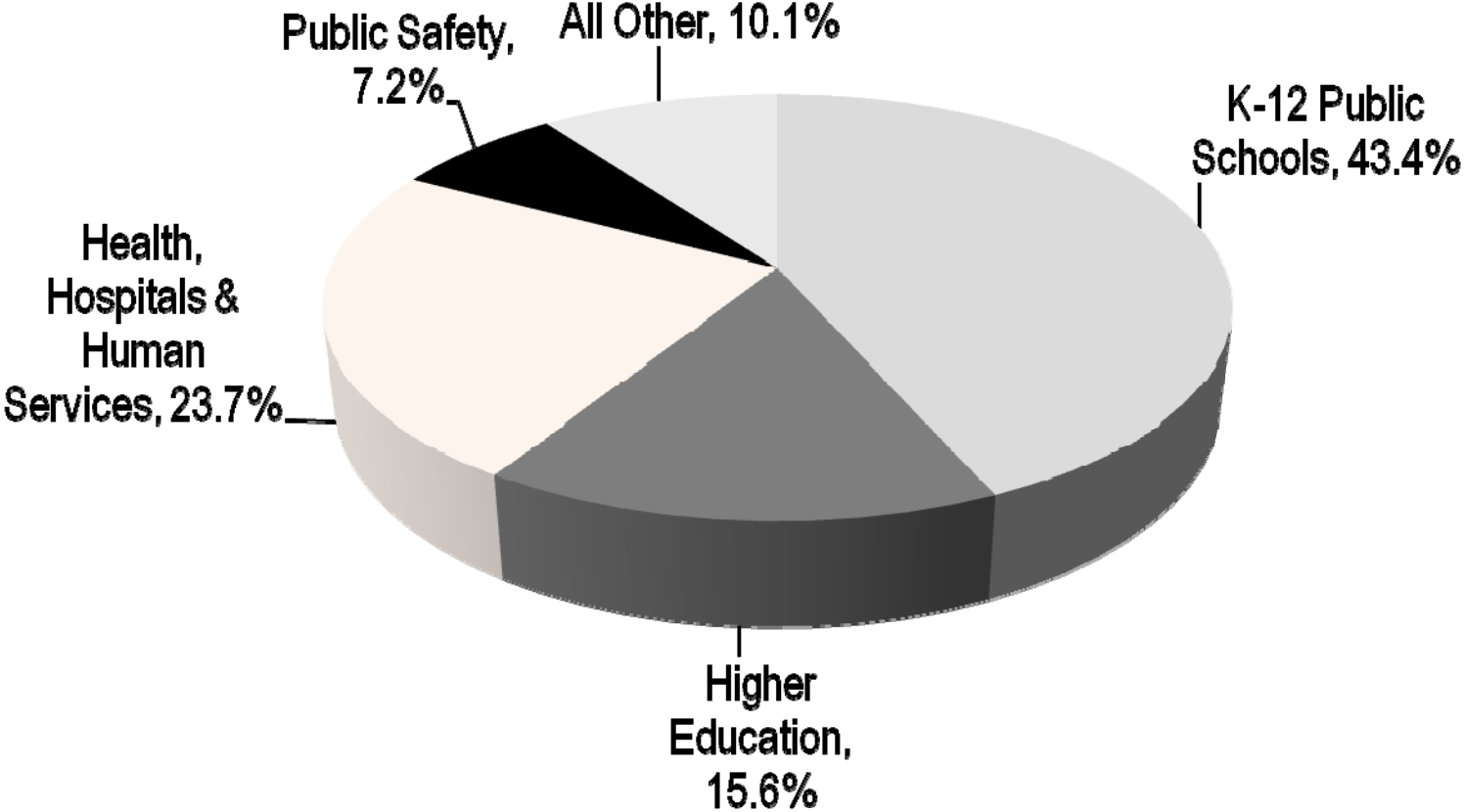
- Public Safety (state police, etc.); Corrections; Military Affairs; and 3 other agencies

## All Other

- Governor; Legislature; Courts; Energy, Minerals and Natural Resources Dept.; Public Regulation; Taxation and Revenue; and more than 30 other agencies

# New Mexico's Budget Priorities

FY10



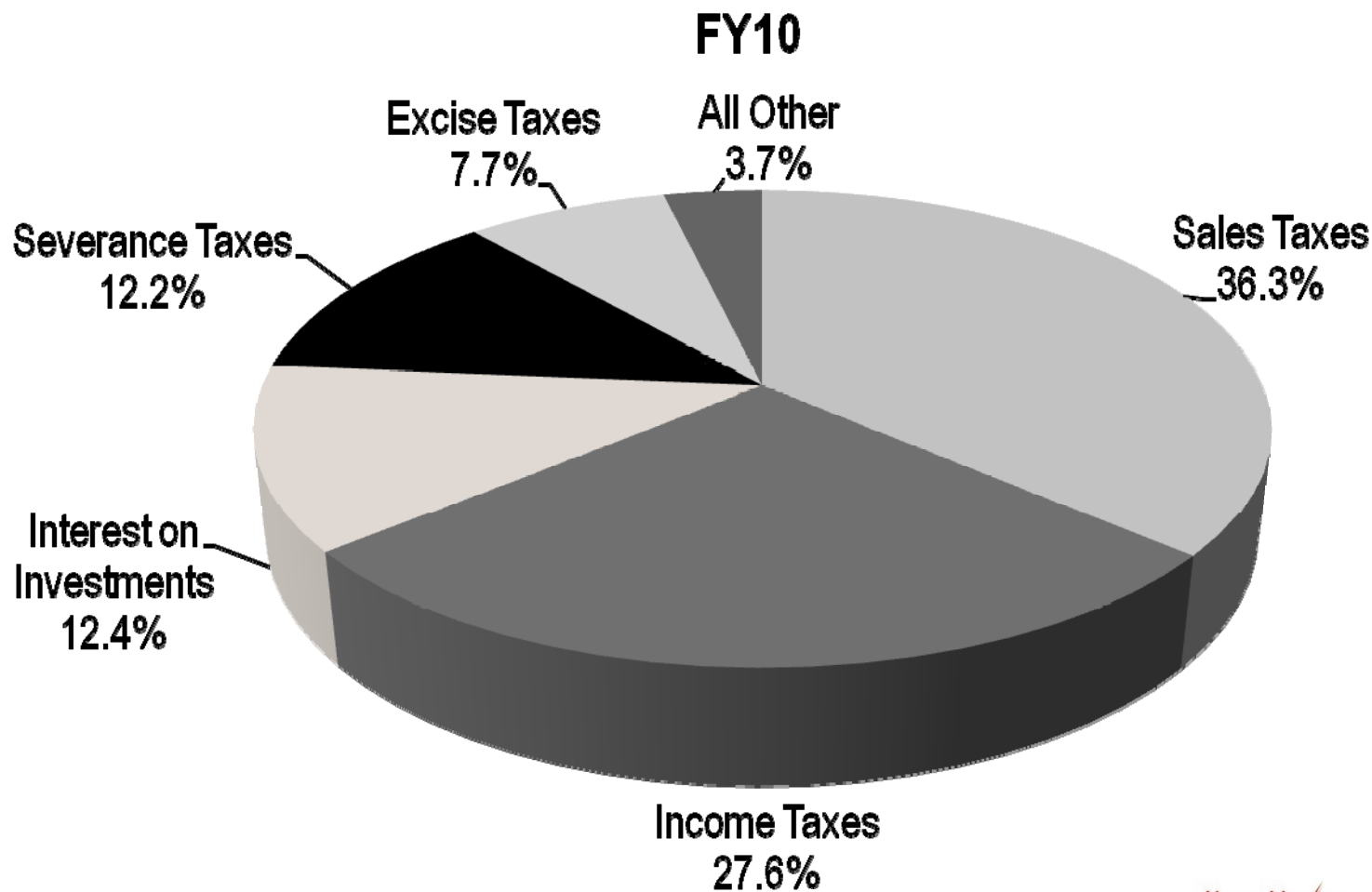
# Total Funds vs. General Fund

- **Total FY10 State Budget = \$14.9 billion**
  - General Fund
  - Federal funds
  - Road Fund
  - Fees
  - Includes revenues that are dedicated to a specific purpose and not available for general use
  - FY09 = \$14.6 billion
- **FY10 General Fund Budget = \$5.5 billion**
  - FY09 = \$6 billion (before reductions)

# Budget Drivers

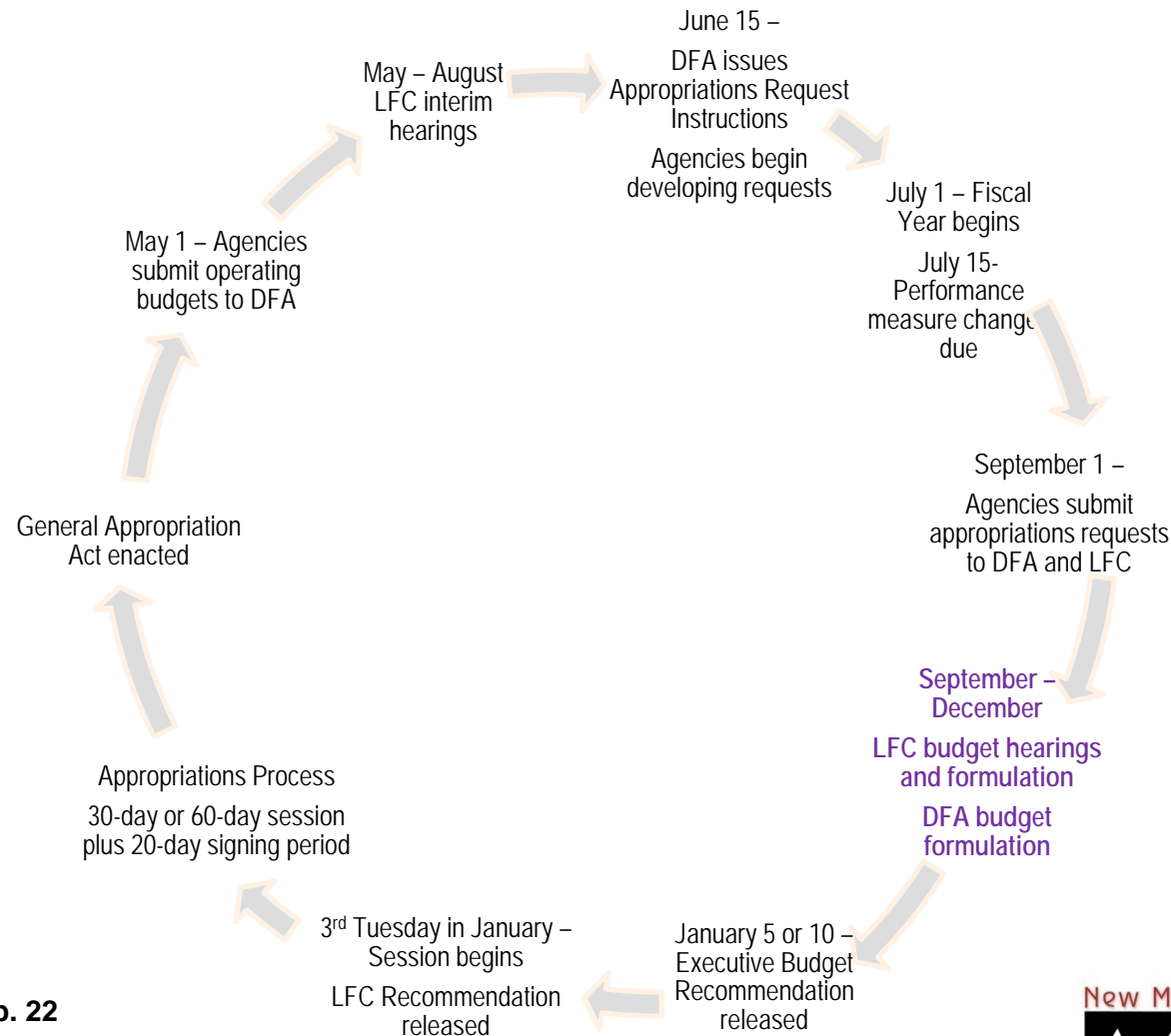
- Available revenue
- Inflation
- Population changes
- State employee salaries and benefits
- Prior commitments
- Increase or decrease of federal funds
- New initiatives
- Politics!

# General Fund Revenue Sources



Budget Guide, p. 9

# The Budget Cycle



Budget Guide, p. 22

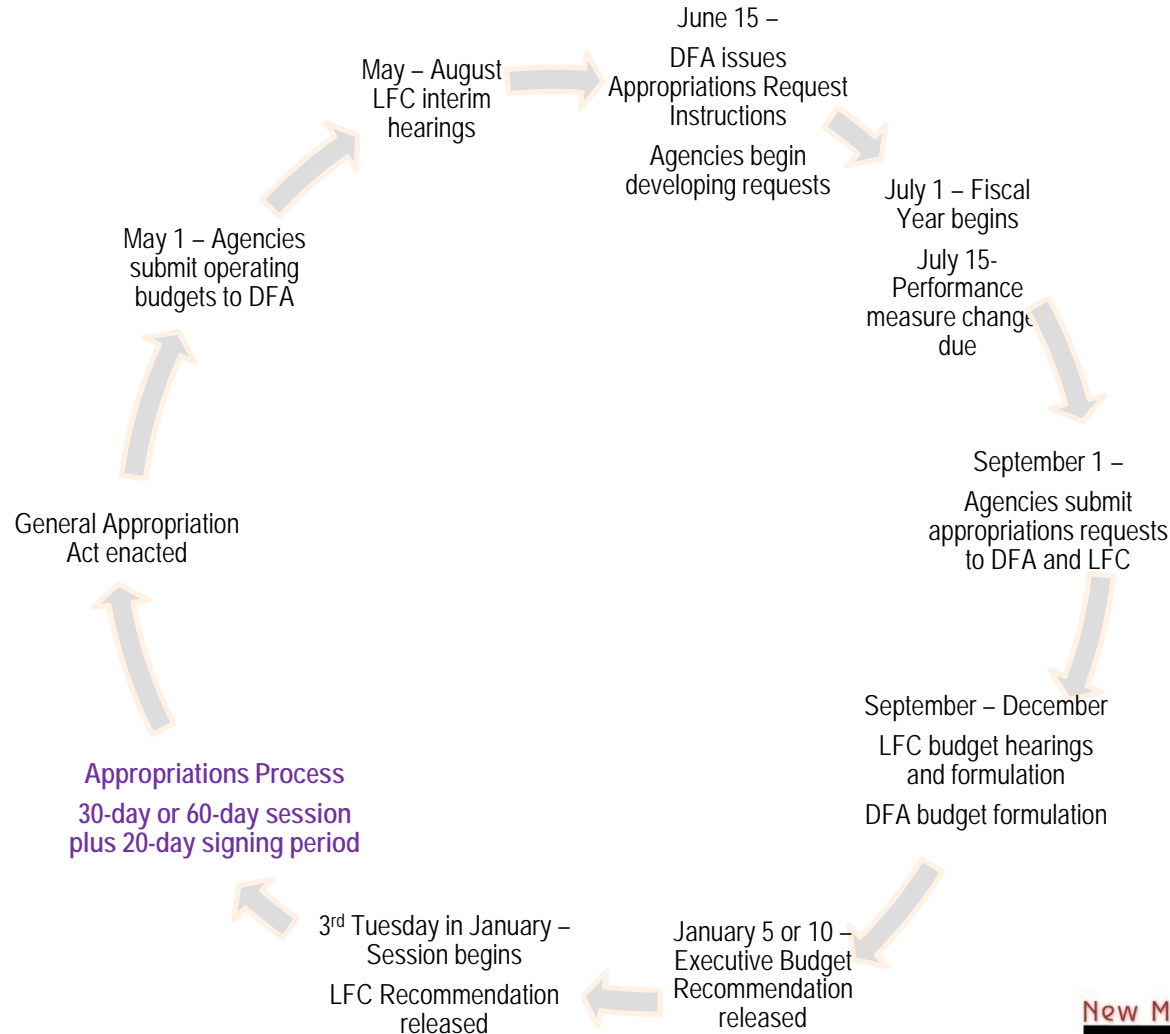
# Executive Budget Formulation

- Analyst review
- No public hearings
- DFA review
- Governor decisions
- January release of:
  - Executive Budget Recommendation
  - Budget in Brief

# Legislative Budget Formulation

- Analyst review
- LFC public hearings
  - “Advocate’s day”
- LFC final decisions in December
- LFC release of budget in first week of session
  - Volume I: Policy discussion
  - Volume II: Agency budget recommendations
  - Volume III: Technical background material

# Budget Appropriations



# Appropriations – House

- House Appropriations and Finance Committee
  - Difference sheets
  - Hearings
  - House Bill 2 release
  - House vote

# House Bill 2

(a.k.a. the General Appropriation Act)

- Includes:
  - HAFC recommendations
  - Education Appropriation Act
  - Dept. of Transportation Appropriation Act
  - State Fair Commission Appropriation Act
  - Dept. of Game and Fish Appropriation Act
  - Public employee salary increase bill

# Other Appropriations

- “Junior” Appropriations Bill
  - Project-level funding by agency
  - Members given equal dollar amounts to spend
- Stand-alone appropriations bills
  - If not incorporated into HB2 or a junior bill, unlikely to pass

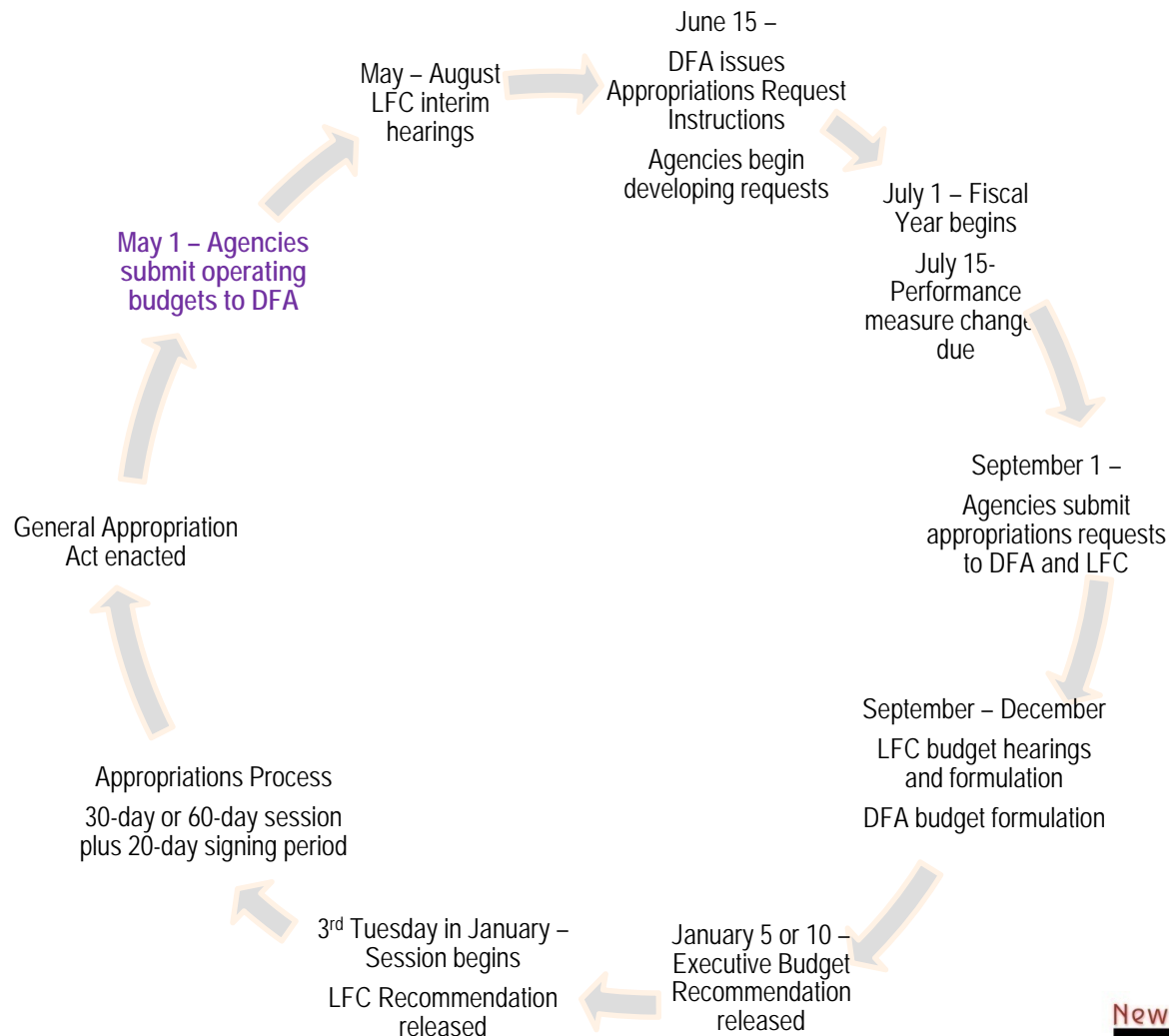
# Appropriations – Senate

- Senate Finance Committee
  - Hearings
  - Senate amendment process
  - Senate vote

# Appropriations – Final

- Conference Committee
  - Compromise between House and Senate bills
  - No public hearings
  - House and Senate votes
    - Amendments prohibited
- Governor's Action
  - Signing period
  - Vetoes

# Budget Implementation



# Implementation

- Operating Budget
  - Distribution of salary increases
  - Agency-wide reductions
  - Federal funds
  - No final published document
- Fiscal Year begins July 1
  - LFC hearings start in April/May
  - Budget preparation for next year starts in June

# Performance Budgeting

- Accountability in Government Act
- Performance measures
  - Outcomes versus reporting
- Link to budget?
  - Information

# Making Your Case

- Tell the story
  - Why should anyone care?
  - Who will be helped?
  - What help is being provided and how measured?
  - How much will it really cost?
- Understand the issue
  - Who will support? Who will oppose?
- Be clear and concise