NEW MEXICO

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“I have this day VETOED and am returning SENATE FINANCE COMMITTEE SUBSTITUTE FOR SENATE BILL 1, enacted by the Forty-fifth Legislature, Second Session, 2002.

“Any General Appropriations Act passed by the Legislature must be fiscally sound and balanced.”

Gary E. Johnson, Governor

INTRODUCTION

Unlike many western states facing a crisis in 2003, New Mexico’s crisis was not fiscal but political. With the words quoted above, Governor Johnson vetoed for the second time in 2002 the entire General Appropriations Act for FY 03. The Legislature’s response to the Governor’s veto of the initial general appropriations act was to pass a revised appropriations act on the last day of the regular session. The Governor’s veto of this bill left New Mexico state government without a general appropriations act for FY 03. The Governor vowed that he would not call the Legislature into special session unless there was a pre-session agreement that met his fiscal demands. He declared that he would keep state government operating by spending at the FY 02 rate (Albuquerque Journal, March 8, 2002, p. 83). The state Treasurer announced that he would acquiesce to the Governor’s spending plan and sign the disbursement checks. Predictably, the legislative leaders argued that the state constitution forbids the spending of state money not appropriated by the Legislature (Constitution of the State of New Mexico, Article IX, Sec. 30). The annual budget deadlock threatened to become a constitutional crisis. The crisis was averted by the unprecedented actions of the Legislature. Employing a heretofore never used provision of the New Mexico constitution, the legislative leadership forced the Governor to call an “extraordinary” session of the Legislature by obtaining the signatures of three-fifths of the legislators on a petition certifying that “in their opinion an emergency exists in the affairs of the state of New Mexico.” During the one-day session held on May 24, the
Legislature passed a third general appropriations act which the Governor promptly vetoed. As soon as the bill was returned to the Legislature an overwhelming majority in each chamber voted to override the Governor’s veto and to enact the appropriations bill.

ECONOMY OF THE STATE

The New Mexico economy remained weak in 2001 with non-agricultural employment growth at only 1.4 percent and only a 4.8 percent growth in personal income. The FY 03 forecast is bleaker yet with the employment and income growth at only 1.1 percent and 3.5 percent respectively. The lower income growth rate will affect the state’s broadest tax revenues–personal income tax and gross receipts tax. Severance tax and mineral royalty revenues were directly affected by lower crude oil and natural gas prices in 2001 than had been predicted in the previous budget cycle. For FY 03 the December estimate of general fund recurring revenues forecast a $54 million reduction from the FY 02 total and an increase of less than $8 million above the FY 02 operating budget (Budget in Brief, p. 1).

REVENUE ESTIMATE

The consensus general fund revenue estimate for FY 03 was $3,868,400,000 in December 2001. This estimate reflected the predictions that personal income tax receipts would remain flat in FY 03 after a growth of 15 percent in FY 02 and that corporate income tax receipts would decline 21 percent from the FY 01 high point. Given the spending level for the current year comparing recurring revenue to recurring expenditures yields only $7.9 million in “new money” (Budget in Brief, p. 2).

DEMOGRAPHICS

The population of New Mexico as recorded by the Census in 2000 was 1,819,046. New Mexico is the only state in which no racial or ethnic group constitutes a majority; everyone in New Mexico is a member of a minority. The Census found the racial/ethnic distribution to be: White (not Hispanic) 45 percent, Hispanic 42 percent, American Indian 10 percent, Black 2 percent, and Asian 1 percent. The median age of the New Mexico population is 34.6 years with 28 percent of the residents under the age of 18 compared to the United States’ median age of 36.3 years with 25.6 percent of the population under 18. The New Mexico population is not only relatively young it is poor. The 2000 census found that 18.4 percent of the residents live below the poverty level ranking New Mexico third worst in the nation. The population being relatively young and poor means that the provision of education and social services will continue to dominate New Mexico politics.

THE POLITICAL ENVIRONMENT

The distribution of party identifiers among the electorate has remained quite stable over the last eight years. It continues to be a predominately Democrat state. The number of citizens who registered for the 2002 Primary Election (a closed primary) totaled 931,589. The party affiliations were: Democrat, 52 percent; Republican, 33 percent; other parties, 3 percent; and
no party, 12 percent. Despite the Democrats registration advantage, the majority of voters are conservative in ideology. Consequently, Republicans do win elections. One U.S. Senator and two U.S. Representatives are Republican with the other Senate seat and on U.S. House seat held by Democrats. The Governor and Lieutenant Governor (elected together) are Republican. The other five elected state executive officers are all Democrats. The party distribution in the New Mexico House of Representatives is 42 Democrats and 28 Republicans. In the Senate the distribution is 24 Democrats and 18 Republicans. While the Democrats dominate both chambers, their majorities are not large enough to override the Governor’s vetoes. Enough loyal Republican legislators voted to sustain the Governor’s vetoes so that only two of his 750 vetoes have been overridden. It is this steadfast Republican support that has permitted the Governor to use the veto as his principal tool for achieving his political objective of restricting the growth of state government. The Governor has essentially refused to negotiate, compromise, or build coalitions with legislators preferring to govern without the Legislature whenever and wherever possible. This approach has left the Democratic legislative leaders deeply frustrated, acutely disappointed, and increasingly combative. The executive–legislative impasse has stifled policy innovation as well as contained government growth.

THE BUDGET PROCESS

In the New Mexico budget process we can see most clearly how a part-time, non-salaried, non-professional legislature meeting for a severely limited time not only maintains substantial independence from the executive branch but also may ultimately impose its will on a recalcitrant governor. There are essentially two General Fund budgets prepared each year and submitted to the Legislature for use in the appropriations process. The Executive Budget is compiled by the Budget Division of the Department of Finance and Administration (DFA) using the spending target and program priority guidance given by the Governor. The other budget is technically a report of budget recommendations prepared by the Legislative Finance Committee (LFC), a joint interim committee. However, the LFC follows essentially the same procedures as the DFA, thus basically creating its own budget. Both budget documents are referred to the House Appropriations and Finance Committee at the beginning of the regular legislative session as starting points for the drafting of the General Appropriations Act.

A common problem faced by all central budget offices is fitting the total amount of requests into some reasonable estimate of revenues. Thus, at the same time that the DFA and LFC examiners are analyzing agency requests for appropriations, other staff members are busy estimating General Fund revenues. Revenue estimation is a cooperative effort (normally) of the LFC, the DFA, the Taxation and Revenue Department, and the State Land Office. This procedural agreement by the legislature and the executive to use a common revenue number ameliorates part of the conflict inherent in the dual budget process. Two recent innovations in the New Mexico budget process are projecting Five Year Revenue Estimates and Performance Budgeting.
5-YEAR FORECAST

The Secretary of the Department of Finance and Administration issued the Department’s 5-year revenue forecast with the caution that uncontrollable factors, including the economy and federal tax legislation, make such forecasting risky business.

Table 1 summarizes the Executive’s 5-year forecast for recurring revenues and expenditures. It shows an economy in the doldrums, a little weaker in the current fiscal year, an exact balance for the next fiscal year, and negligible surplus in the out years.
Table 1. Summary of Projected Total Recurring Revenues and Expenditures

(In Millions of Dollars)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
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<td>Recurring Revenues</td>
<td>3,373</td>
<td>3,991</td>
<td>3,832</td>
<td>3,868</td>
<td>4,015</td>
<td>4,155</td>
<td>4,310</td>
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<tr>
<td>Recurring Expenditures</td>
<td>(3,340)</td>
<td>(3,541)</td>
<td>(3,860)</td>
<td>(3,868)</td>
<td>(4,003)</td>
<td>(4,143)</td>
<td>(4,289)</td>
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<td>Surplus/ Deficit</td>
<td>33</td>
<td>450</td>
<td>(28)</td>
<td>0</td>
<td>12</td>
<td>12</td>
<td>21</td>
</tr>
</tbody>
</table>


New Mexico is one of less than a dozen states with a budget surplus, even if only a small one. The extraordinary revenues for FY2001 are from sales of oil and natural gas. Shortages and cold weather last winter led to ahistorical prices for New Mexico energy resources. The conditions of scarcity are not expected to reoccur. The LFC also anticipates limited revenue growth with stable energy revenue and weaker personal income tax revenue.

Expenditures are stipulated to grow by 3.5% annually after FY 2003. Medicaid, Public Safety/Corrections and Education will continue to drive the expenditure side of the budget. The issue of water use and conservation will take its place as a major expenditure item, driven by drought, population pressure, and deliveries of water to Texas required by the Pecos River Compact.

PERFORMANCE-BASED BUDGETING

The Accountability in Government Act of 1999 (AGA) is an ambitious plan to change the way New Mexico creates its budget. It anticipates a performance based-budget for all state government entities, including state agencies, the legislative and judicial branches of government, and higher education, by FY04. The current incremental budget based on two input categories, current year funding and fulltime equivalent personnel levels, will change to output based analysis of specific results of the budget policies.

The first stage of the new process is almost complete. State government entities have identified programs, defined performance measures, and established targeted levels of performance. Budget requests must be aligned with these input measures. Budget allocations to the Departments will depend on the specified cost of each specific “activity” that will be performed in order to achieve the overall policy goal. For example, merely listing a departmental goal, such as reducing teen pregnancy, is insufficient justification for a budget allocation. Specific activities that will lead to decline in teen pregnancy, the estimate of their effect on the problem, and how much each activity will cost will be required before resources are allocated to the Department for the policy goal.
Once every budget decision is evaluated according to its result, performance budgeting will become the “primary management tool for resource allocation and the evaluation of programs and individuals” (Fiscal Summary, pp. 34-37).

According to the Legislative Finance Committee, agencies have made progress in establishing goals and benchmarks, collecting data and developing the required reporting mechanisms. The LFC has a new audit unit determining reliability and accuracy of reported data. The legislative interim committees are reviewing the performance based budget plans of the agencies that report to them.

EXECUTIVE BUDGET

In his last budget message, Governor Johnson admonished the Legislature to hold the line on expenditure growth by saying:

I intend to leave state government in much better fiscal shape than when I entered the governor’s office by enhancing our reserves and keeping FY 03 spending to a minimum. That will mean making some tough decisions about spending for education and programs like Medicaid. This administration has said it before and will say it again: the old ways of spending and the old priorities for spending don’t work. They haven’t worked in the past and they don’t work now. Changes must be made and we will continue to push for changes in our education programs, in our health and human services programs, and in our overall approach to government (Budget in Brief).

The Governor proposed to spend the entire projected recurring revenue of $3.868 billion. He noted that this would be a two-tenths of one percent increase in recurring expenditures. His proposal did not provide for any salary increase for state employees and contained a warning that unless Medicaid eligibility was restructured that program would be $60 million short. The Governor’s spending allocation mirrored his past recommendations: 47 percent to Public Education (K-12), 15 percent to Higher Education, 21 percent to Health and Human Services, 7 percent to Public Safety, and 10 percent to General Government. The Executive Budget would leave the cash reserves at $344 million, which would be 8.9 percent of the recurring appropriations (Budget in Brief, pp. 7-8).

LEGISLATIVE BUDGET

The Legislative Finance Committee’s recommendations for General Fund expenditures totaled $3.896 billion (a 1.4 percent increase over the FY 02 appropriated level) allocated roughly the same as the Executive Budget but with somewhat more for Higher Education and less for Corrections. The Committee recommended drawing $28 million from the Operating Reserve to cover its suggested spending. The Committee noted that if the total reserves were
drawn down to 5 percent of recurring appropriations there would be $172.7 million more for appropriation (Fiscal Summary, p. 3). The Committee recognized the probable shortfall in Medicaid funding but refused to propose changes to the eligibility criteria. “The LFC does not recommend lowering the income thresholds or age eligibility for Medicaid or eliminating any optional health services, but encourages continued cooperation with HSD [Human Services Department] and DFA to find responsible cost control measures” (Fiscal Summary, p. 5).

BUDGET TRANSPARENCY

Can someone understand the budget and the budgetary trends of New Mexico merely by reading the General Appropriations Act (GAA)? Yes and No.

The background information underlying budget decisions is available from the Legislative Finance Committee and Department of Finance and Administration, but takes some focused attention to request and review it. An experienced budget analyst would be able to follow the revenue and expenditure trails whereas a novice would have difficulty. The data available and necessary includes, appropriation of recurring and non-recurring general funds, and allocation of revenues and expenditures to specific fiscal years, supplemental and deficiency requests, the budget adjustment authority granted to an agency and the actual budget transfers made by the agency between programs or divisions.

Ironically, performance-based budgeting may reduce the transparency of the budget because the line-item appropriations of incremental budgeting, while available to the legislature for information purposes, are no longer the focus of the budget process and are not printed in the published GAA. Rather, as noted above, policy outcomes based on a matrix of activities are central to performance based budgeting and the specific use of exact dollar amounts by function, by last year’s budget and by FTE are not provided. Hence, the new budget process is not as transparent as is incremental funding.

APPROPRIATIONS

The Legislature modified the LFC proposal by increasing the spending for public schools, higher education, and general government, but slightly reducing spending for Medicaid. It sent the General Appropriations Act to Governor Johnson mid-way through the session. The bill was vetoed on February 7, with one week left in the 30-day session.

The Legislature responded with Senate Bill 1, a few days later. This proposal changed the budget proposal along the lines of the Governor’s veto by reducing spending on public schools, higher education and Medicaid, eliminating the substitution of tobacco settlement funds for general funds in the non-tobacco related health care programs, and reducing the use of the operating reserves to make up the shortfall in general fund revenue. The Governor vetoed it a second time, and said he would not call the Legislature back into Special Session, but would continue to run government according to the current FY02 budget.
The legislative leadership responded by appointing a negotiating team of six representatives, three Republicans and three Democrats, and six senators, also three Republicans and three Democrats to develop another proposal. After meeting for three days in April, the team sent the Governor and each Caucus suggested modifications of the vetoed bill, received comments back and wrote a third budget bill.

The proposal reduced spending from the SB1 General Appropriations Act by $8.4 million for a total expenditure level of $3.87 billion, a 0.4 percent increase over the FY02 operating budget. Only recurring money was used to fund recurring expenditures. The operating reserve fund balance was raised to 8 percent, three percent over the usual benchmark, at the Executive’s insistence for “prudence” in these difficult economic times. Public Schools and Higher Education were held almost flat, although agreement was reached to continue the third year of the five year “roll in” of voluntary, full day kindergarten. Overall, the budgets for the General Government category increased very slightly.

The Legislature responded to the Executive concern that certain agencies were under-funded by providing broader budget adjustment authority and creating a contingency fund for certain shortfalls. The Governor, however, said he needed the flexibility of complete budget adjustment authority in the agencies that were, he believed, under-funded.

Chart A-1 compares the recommendations of the Legislative Finance Committee, the Executive, vetoed House Bill 2, Senate Bill 1 Final, and the First Extraordinary Session in five categories: Public Schools and Other Education, Higher Education, Medicaid, Rest of Government, Use of Tobacco Settlement Funds for health programs.

EXTRAORDINARY SESSION

The vetoes left the State of New Mexico without a budget for fiscal year 2003. As required by the New Mexico Constitution, the Legislature adjourned on the thirtieth day of the session. After all negotiations between the Executive and the Legislature on a new budget and on calling a Special Session had ended in stalemate, the Legislature determined it would call itself into its first Extraordinary Session. To do this, 60 percent of the members of each Chamber must sign a petition certifying that, “…in our opinion, an emergency exists…and that it is necessary for the legislature to convene.” The petition requests that the Governor convene the legislature in extraordinary session. (Article 4, Section 6 of the Constitution of New Mexico). All House majority members and seven minority members signed; all but one member of the Senate majority party and seven minority members, including the minority leader, also signed. The Speaker and President Pro Tem delivered the petition to the Governor on Saturday, May 18. The Governor’s Office cooperated in the logistics of putting the session together. The Constitution also provides that, unless the Governor acts within five days of receiving the petitions, the Legislature can convene itself. The Speaker and President Pro Tem each wrote a
letter to his respective members, dated May 21, and on May 24, the Governor issued a
Proclamation and the Session convened at 10:00 in that same morning.

The Proclamation contains no “Call” or agenda. It merely repeats the provisions of Article
IV, Section 6 of the Constitution and sets the time and place of the Session.

Following an agreed plan, the Senate introduced the budget bill and voted on it without
sending it to committee. The House received the bill from the Senate, passed it and sent it to the
Governor.

THE VETOES

In his veto message for HB2, the first of the three budget bills sent to the governor,
Governor Johnson said that “this proposed budget is clearly overspent”; that some critical
agencies are under-funded; and that no realistic attempt had been made to control the growth of
Medicaid spending; that tobacco revenue was earmarked to pay for recurring expenses; and
that our fiscal reserves were being “eroded.” (House Executive Message No. 91, p. 2).

The Governor vetoed SB1, the second General Appropriations Act sent to him for FY03
and also announced refusal to call the Legislature back into Special Session. In Senate
Executive Message No. 94, the governor called the proposed budget “fiscally irresponsible.”
He said that recurring spending exceeded available recurring revenues by $54 million; that
“critical state agencies” were under-funded by nearly $26 million; that there are “no solutions to
our current Medicaid crisis”; and that it “jeopardizes our state’s reserves in the future.”

The Governor returned the veto message for SB1 of the First Extraordinary Session within
hours of receiving it. The veto message limited its scope to three “unacceptable” provisions:

• Medicaid is under-funded for the FY02 and for FY03; tobacco settlement funds and
  operating reserves are used instead of recurring general fund; and Medicaid growth has
  not been curbed

• Some of the largest, entitlement-driven agencies in state government are under-funded
  by a collective $16 million;

• Insufficient “budget adjustment authority providing the executive with flexibility to move
  money between agencies where bills need to be paid.”

In each of the three FY03 veto messages, the Governor repeated that the budget presented
to him portends higher taxes and expanded government spending. He repeats his goals: reduce
taxes, shrink government, and provide “the executive with the ability to faithfully and fully
execute the laws of this state” (Senate Executive Message No.2, p.2).
**VETO OVERRIDE**

Shortly after the Governor received SB1 of the First Extraordinary Session, it was vetoed and returned to the Legislature. A motion to override the veto followed almost immediately. The vote on the veto override was 62-7 in the House and 36-4 in the Senate. To paraphrase the Republican leader of the House, the Republican firewall that sustained the Governor’s 750 vetoes was down.

**CONCLUSION**

This budget session, while very restricted because of a status quo revenue picture, was the logical conclusion to eight years of stalemate and failure of politics. Beginning with the over 200 vetoes in the first year of his first term, the Governor was determined to shrink government on his own terms. In 2002, the eighth year of the two-term, Governor, was no different except that the Legislature and its leaders had gone to extraordinary lengths, including the bi-partisan committee, to build a budget and avoid a showdown. The result was the first, ever, Extraordinary Session. By providing this option as well as the veto override, the Constitution takes the side of the Legislature when the two branches of government find it impossible to compromise and maintain the affairs of the State.

**APPENDIX**

This appendix contains revenue and appropriations data for the period FY97 through FY03 estimated. It shows the changes in revenue and expenditure decisions made by the State of New Mexico.

**I. Revenues: FY97 through FY03**

The relative share of revenues from the various sources is given in Tables 1 and 2. Severance taxes and royalties continued their downward trend in price and as a percent of revenues from their historic high in FY01. Further decline is anticipated in FY03. The Indian gaming compacts were signed in 2001. However, the Department of Finance and Administration made no estimate of gaming revenue whereas the Legislative Finance Committee included gaming revenue estimates of $8 and $33 million for FY02 and FY03, respectively.
TABLE A-1
FY97 - FY03: SOURCES OF GENERAL FUND REVENUE
(In Millions $)

<table>
<thead>
<tr>
<th>Revenue 1</th>
<th>FY97 Actual</th>
<th>FY98 Actual</th>
<th>FY99 Actual</th>
<th>FY00 Actual</th>
<th>FY01 Actual</th>
<th>FY02 Estimate</th>
<th>FY03 Estimate</th>
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<tr>
<td>Income Taxes 3</td>
<td>864</td>
<td>989</td>
<td>986</td>
<td>1,047</td>
<td>1,126</td>
<td>1,226</td>
<td>1,212</td>
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<tr>
<td>All Other 4</td>
<td>83</td>
<td>101</td>
<td>53</td>
<td>67</td>
<td>114</td>
<td>200</td>
<td>126</td>
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<td>Gross Receipts &amp; Sales Taxes 5</td>
<td>1,280</td>
<td>1,340</td>
<td>1,340</td>
<td>1,415</td>
<td>1,536</td>
<td>1,585</td>
<td>1618</td>
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<td>Investment Income 6</td>
<td>363</td>
<td>388</td>
<td>388</td>
<td>411</td>
<td>453</td>
<td>470</td>
<td>494</td>
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<tr>
<td>Native American 2 Gaming</td>
<td>0</td>
<td>19</td>
<td>319</td>
<td>18</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Severance &amp; Royalties 7</td>
<td>374</td>
<td>370</td>
<td>370</td>
<td>416</td>
<td>765</td>
<td>441</td>
<td>420</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>2,964</strong></td>
<td><strong>3,207</strong></td>
<td><strong>3,456</strong></td>
<td><strong>3,374</strong></td>
<td><strong>3,994</strong></td>
<td><strong>3922</strong></td>
<td><strong>3870</strong></td>
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1 Source: N.M. Department of Finance and Administration, Budget in Brief, FY2003
2 Source: Legislative Finance Committee, Report to 45th Legislature, Second Session, January 2002, adds Indian gaming funds for FY02 and FY03 at $8 million and $33 million, respectively
3 Includes Personal and Corporate Income Taxes.
4 Includes License Fees, Misc. Income, Fraternal Gaming, and Reversions.
5 Includes Gross Receipts, Compensating and Selective Sales taxes.
6 Includes Earnings from Permanent funds and interest off State Treasurer’s balances.
7 Includes Mineral Production Taxes and Rents and Royalties.
TABLE A-2
FY97 - FY03: GENERAL FUND REVENUE SHARE

<table>
<thead>
<tr>
<th>Revenue</th>
<th>FY97 Actual</th>
<th>FY98 Actual</th>
<th>FY99 Actual</th>
<th>FY00 Actual</th>
<th>FY01 Actual</th>
<th>FY02 Estimate</th>
<th>FY03 Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income Taxes</td>
<td>29.2%</td>
<td>30.8%</td>
<td>31.3%</td>
<td>31.0%</td>
<td>26.2%</td>
<td>31.3%</td>
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<tr>
<td>All Other</td>
<td>2.8%</td>
<td>3.1%</td>
<td>2.3%</td>
<td>2.0%</td>
<td>2.9%</td>
<td>5.0%</td>
<td>3.3%</td>
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<tr>
<td>Gross Receipts &amp;</td>
<td>43.1%</td>
<td>41.8%</td>
<td>43.4%</td>
<td>41.9%</td>
<td>38.5%</td>
<td>40.4%</td>
<td>41.8%</td>
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<tr>
<td>Sales Taxes</td>
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<td></td>
<td></td>
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<tr>
<td>Interest Income</td>
<td>12.2%</td>
<td>12.1%</td>
<td>13.1%</td>
<td>12.2%</td>
<td>11.0%</td>
<td>11.6%</td>
<td>12.8%</td>
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<tr>
<td>Gaming</td>
<td>0.0%</td>
<td>0.6%</td>
<td>1.0%</td>
<td>0.5%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
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<tr>
<td>Severance &amp; Royalties</td>
<td>12.6%</td>
<td>11.5%</td>
<td>8.9%</td>
<td>12.3%</td>
<td>19.1%</td>
<td>16.4%</td>
<td>10.9%</td>
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<td>TOTAL(^1)</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
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\(^1\)May not add to 100% because of rounding.

II. Appropriations: FY97 through FY03

Tables 3 and 4 show the seven-year trends in general appropriations for the major categories of expenditure. There was no compensation package in the FY03 budget.

The percent change in appropriations for FY03 over FY02 is 0.4%. Higher Education and General Government lost a few tenths of a percent in budget share while Public Safety, Public Education and Health, Hospitals and Human Services gained a few tenths of a percent.
<table>
<thead>
<tr>
<th>Appropriations</th>
<th>FY97</th>
<th>FY98</th>
<th>FY99</th>
<th>FY00</th>
<th>FY01</th>
<th>FY02</th>
<th>FY03</th>
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<td>Public Safety</td>
<td>179</td>
<td>184</td>
<td>202</td>
<td>214</td>
<td>236</td>
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<td>General Government</td>
<td>299</td>
<td>306</td>
<td>320</td>
<td>392</td>
<td>411</td>
<td>422</td>
<td>386</td>
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<td>Compensation</td>
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<td>0.464</td>
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<td>Public Schools</td>
<td>1326</td>
<td>1378</td>
<td>1,490</td>
<td>1,563</td>
<td>1,632</td>
<td>1,782</td>
<td>1,809</td>
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<tr>
<td>Higher Education</td>
<td>485</td>
<td>483</td>
<td>515</td>
<td>521</td>
<td>565</td>
<td>602</td>
<td>602</td>
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<tr>
<td>Health, Hospitals &amp; Human Services</td>
<td>633</td>
<td>646</td>
<td>616</td>
<td>640</td>
<td>673</td>
<td>782</td>
<td>811</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>2922</strong></td>
<td><strong>2997</strong></td>
<td><strong>3,143</strong></td>
<td><strong>3330</strong></td>
<td><strong>3487</strong></td>
<td><strong>3844</strong></td>
<td><strong>3875</strong></td>
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</tbody>
</table>

1 General Government includes the following categories: Legislative Branch, Judicial, General Control, Commerce and Industry, Agriculture, and Energy and Natural Resources.
2 Compensation is listed as a separate item for the first time in the FY02 budget process.
3 Public Schools includes Public School Support through the equalization formula and Other Education.
### TABLE A-4

**FY97 - FY03: GENERAL FUND RECURRING APPROPRIATIONS SHARE**

<table>
<thead>
<tr>
<th>Appropriations</th>
<th>FY97</th>
<th>FY98</th>
<th>FY99</th>
<th>FY00</th>
<th>FY01</th>
<th>FY02</th>
<th>FY03</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Safety</td>
<td>6.12%</td>
<td>6.15%</td>
<td>6.44%</td>
<td>6.62%</td>
<td>6.7%</td>
<td>6.7%</td>
<td>6.9%</td>
</tr>
<tr>
<td>General Government</td>
<td>10.24%</td>
<td>10.21%</td>
<td>10.17%</td>
<td>9.72%</td>
<td>10.4%</td>
<td>10.9%</td>
<td>9.7%</td>
</tr>
<tr>
<td>Compensation</td>
<td></td>
<td></td>
<td></td>
<td>0.13%</td>
<td>0.6%</td>
<td></td>
<td>0.0%</td>
</tr>
<tr>
<td>Public Schools</td>
<td>45.38%</td>
<td>45.99%</td>
<td>47.41%</td>
<td>47.74%</td>
<td>47.5%</td>
<td>46.4%</td>
<td>46.7%</td>
</tr>
<tr>
<td>Higher Education</td>
<td>16.59%</td>
<td>16.10%</td>
<td>16.38%</td>
<td>16.11%</td>
<td>16.2%</td>
<td>15.7%</td>
<td>15.5%</td>
</tr>
<tr>
<td>Health &amp; Human Services</td>
<td>21.66%</td>
<td>21.55%</td>
<td>19.60%</td>
<td>19.80%</td>
<td>19.2%</td>
<td>20.3%</td>
<td>20.9%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

1Does not total 100% due to rounding.
REFERENCES


Constitution of the State of New Mexico, Article IX, Sec. 30; Article IV, Sec. 6.


State of New Mexico, Budget in Brief and Capital Budget, Fiscal Year 2003, Santa Fe, New Mexico, December 31, 2001.


Senate Executive Message No. 94, Forty-Fifth Legislature, Second Session, March 6, 2002.

CHART A-1
GENERAL FUND DOLLAR INCREASE/DECREASE FOR FY03 OVER FY02

General Fund $ Increase (Decrease) Over Prior Year
LFC Recommendation, Executive Recommendation, Vetoed HB2, SB1 Final and Extraordinary Session
($ in Thousands)

| Source: N. M. Legislative Finance Committee, May 23 |