

## The Legislature Tackles Solvency for the Current Budget Year

Both the House Appropriations and Finance Committee and the Senate Finance Committee approved a package of legislation designed to balance this year's budget. The part of the plan affecting public education ([HB 4](#)) would take \$50 million dollars from school district cash balances (cumulatively estimated at \$250 million) by reducing the School Equalization Guarantee by that amount with the intent that school districts dip into cash balances to cover the shortfall. A competing proposal by Republican Gov. Susana Martinez would sweep \$120 million from school district reserves.

The other measures would:

Add as much as \$75 million to the general fund with by spending tax revenues from insurance premium as it is collected in the current year, rather than gathering funds to spend the following year.

Take as much as \$120 million of cash balances from various state accounts into the state general fund, and make additional program spending cuts. Including \$22 million from below the line spending for performance-based public school initiatives sought by the governor.

Eight million dollars would be saved by canceling two local construction projects, freeing up money for the general fund. The measures are on the way to the floor of the House and Senate.

The House bills and links are below; there are companion bills to each in the Senate.

<a href="#">HB 4</a>	REVERT BALANCES OF CERTAIN FUNDS	Lundstrom
<a href="#">*HB 5</a>	CAPITAL OUTLAY PROJECT CHANGES	Dodge
<a href="#">*HB 6</a>	REDUCE APPROPRIATIONS & TRANSFER FUNDS	Lundstrom
<a href="#">*HB 7</a>	SCHOOL DISTRICT CASH BALANCES	Dodge

These measures would cover this year's \$80 million deficit and add \$165 million to general fund reserves to shore up the state's credit rating.

While this is clearly not great news for public schools, it does solve this year's solvency issues without the deeper cuts sought by the governor.

Tell legislators that next year's budget cannot continue to cut school funding. New revenue sources must be identified.