

## **Solvency Bills for Current Fiscal Year Soon to be on Governor's Desk January 19, 2017**

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 Senate versions of these bills passed on near unanimous votes yesterday. As this update is written, the House is preparing to reconvene to take up debate on the measures. They will likely reach the Governor's desk by weeks end.

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.

After this action, the legislature will likely wind down until Monday.

**On Monday both the [Senate](#) and [House](#) Education Committees will meet. For the first time in memory, both will be chaired by NEA-New Mexico Members! The [Senate Committee](#) by retired member [Senator Bill Soules](#) and the [House Committee](#) by active member [Representative Stephanie Garcia Richard](#).**

**Our Message to Legislators and the Governor: Next year's budget cannot continue to cut school funding. New revenue sources must be identified.**