

# ***Consensus General Fund Revenue Outlook***

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Presented to the Legislative Finance Committee

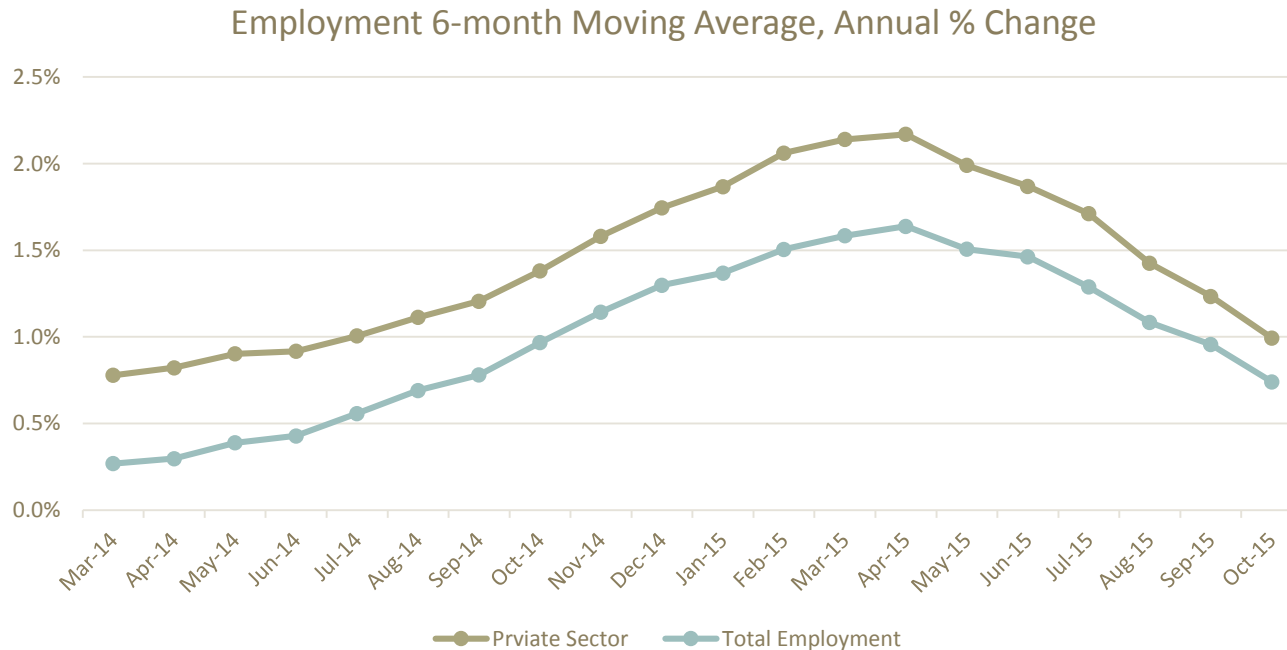
December 7, 2015

# *U.S. Economic Outlook\**

- US economic growth accelerating
- Job growth strong, full employment end of fiscal year
- Wage growth accelerating – strong real wage growth
- Vehicle, Home sales increasing
- Household debt burdens lowest in 50 years
- Trade and Government will be a drag, won't eliminate growth
- Low inflation gives Fed flexibility in raising rates
- Risk due to regulatory overreach

*\*Source: Moody's Analytics, U.S. Macro Outlook, November 2015*

# *New Mexico Employment*



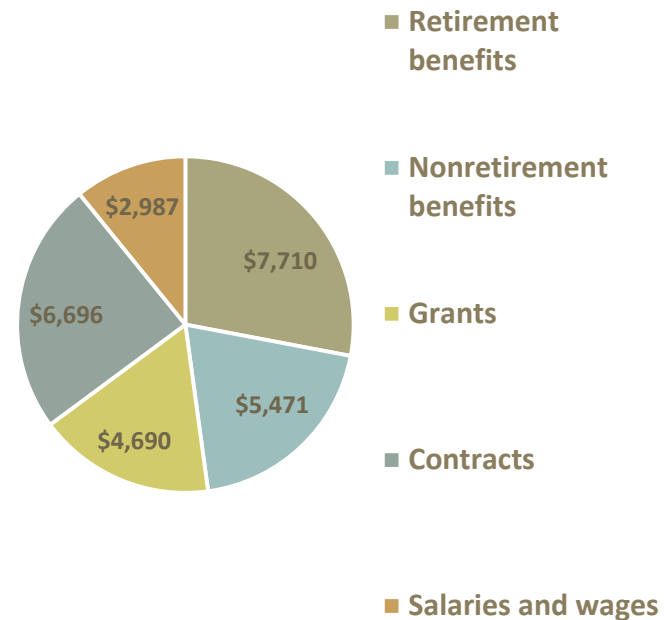
Source: Bureau of Labor Statistics, seasonally-adjusted

- Wide-spread job growth -- Education & Health Care, Professional Services, Leisure & Hospitality
- Mining job loss may be stabilizing

# Factors Impacting NM Revenues

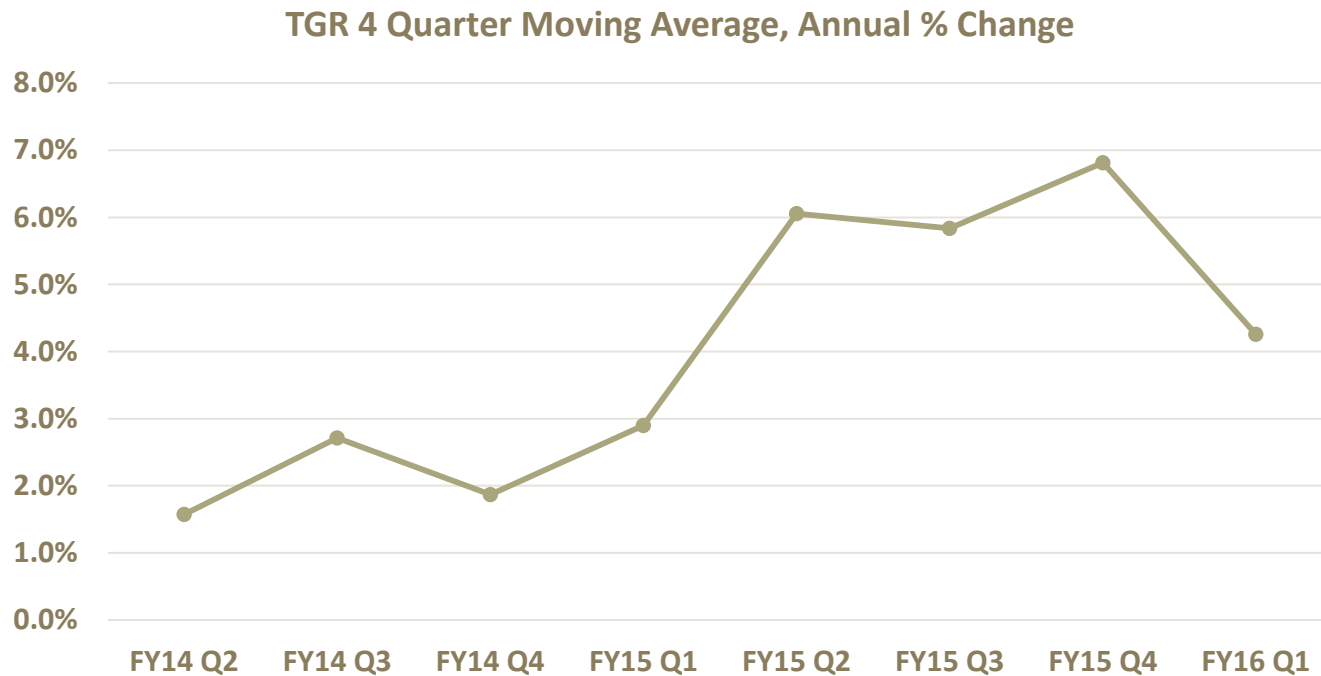
- Low gasoline prices mean New Mexican families will have \$600 million more to spend in FY 2016
  - Consumers spend roughly 80% of their saving from lower gas prices\*.
- November Federal budget deal increased federal spending 8% over next two years
  - Potential NM benefit over \$600 million per year

Components of Federal Spending in NM FFY 2013 (\$millions)



\*<https://www.jpmorganchase.com/corporate/institute/document/jpmc-institute-gas-report.pdf>

# Gross Receipts Base Growing Strongly



Source: NM Taxation and Revenue Department, RP 500.

- Construction, Services have strongest growth rates
- Retail rebounding from weak growth in FY14
- Mining, Manufacturing growth slowed

# *Energy Market Outlook*

- Market forces will lead to increased prices:
  - Low oil prices have slowed drilling, production;
    - US rig count cut by 2/3
    - Non-OPEC producers being priced out of market
    - OPEC and Non-OPEC producers face budget crises
  - Low prices are increasing demand, e.g. SUV, truck sales
- Lower energy prices will boost consumer, business spending
  - Increases the GRT tax base
- Industry consensus oil price will reach \$50/barrel next year:
  - Supply disruption could drive prices much higher

# *New Mexico Oil & Gas Outlook*

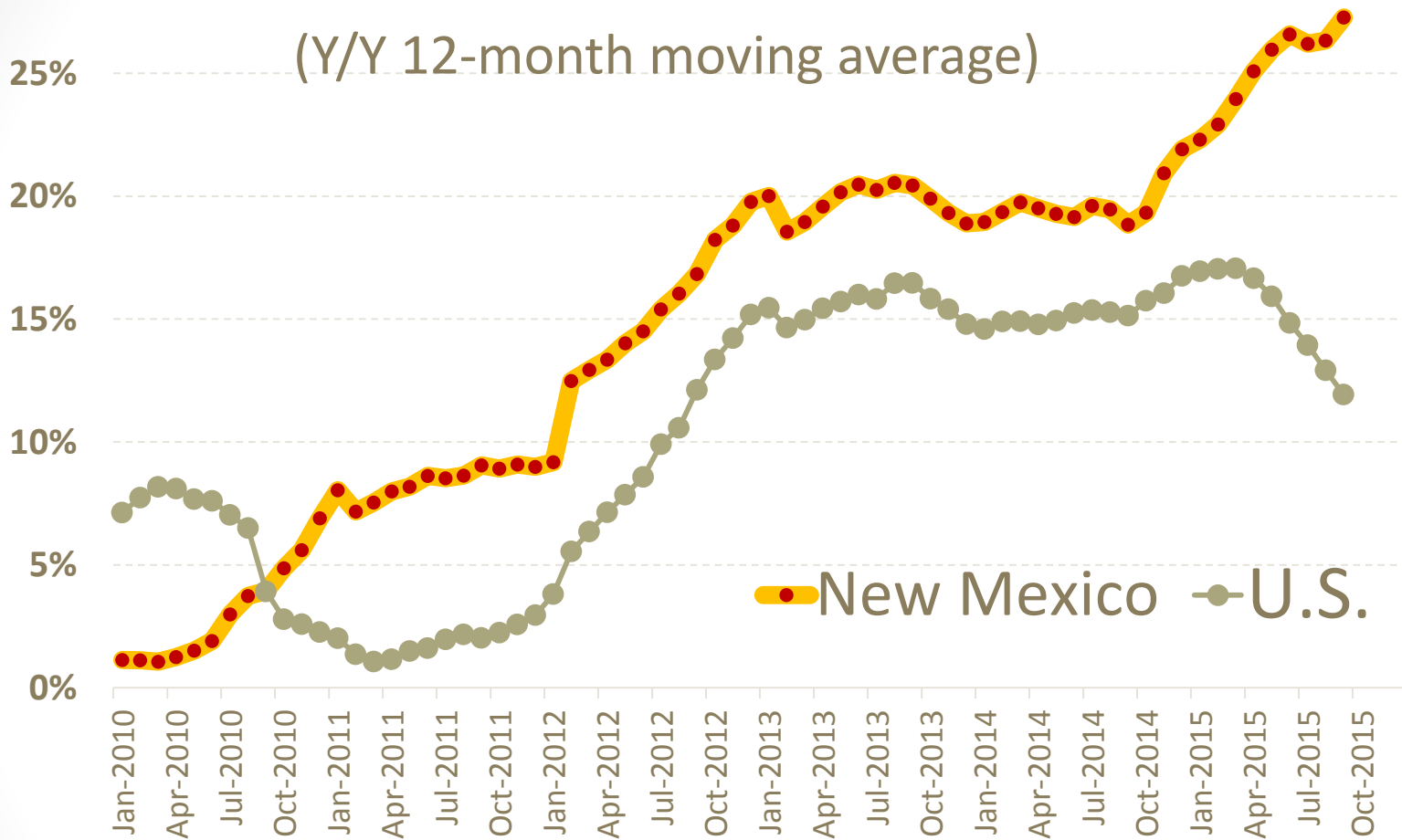
	FY15	FY16	FY17
<b><u>Crude Oil:</u></b>			
Price (\$/barrel)	\$61.67	\$44.00	\$49.00
Production (mill. barrels)	141.4	150.0	155
<b><u>Natural Gas:</u></b>			
Price (\$/1,000 cu. ft.)	\$3.77	\$2.90	\$3.20
Production (Bill. cu. ft.)	1,180	1,200	1,170

*Source: ONGARD; Consensus Revenue Estimating Group.*

- *Oil production continues to exceed forecast; FY15 = record*
- *Permian Basin one of strongest regions in US*
- *\$0.10 change in gas price causes a \$10 million change in GF*
- *\$1.00 change oil price causes a \$9 million change in GF*

# Oil Production Growth

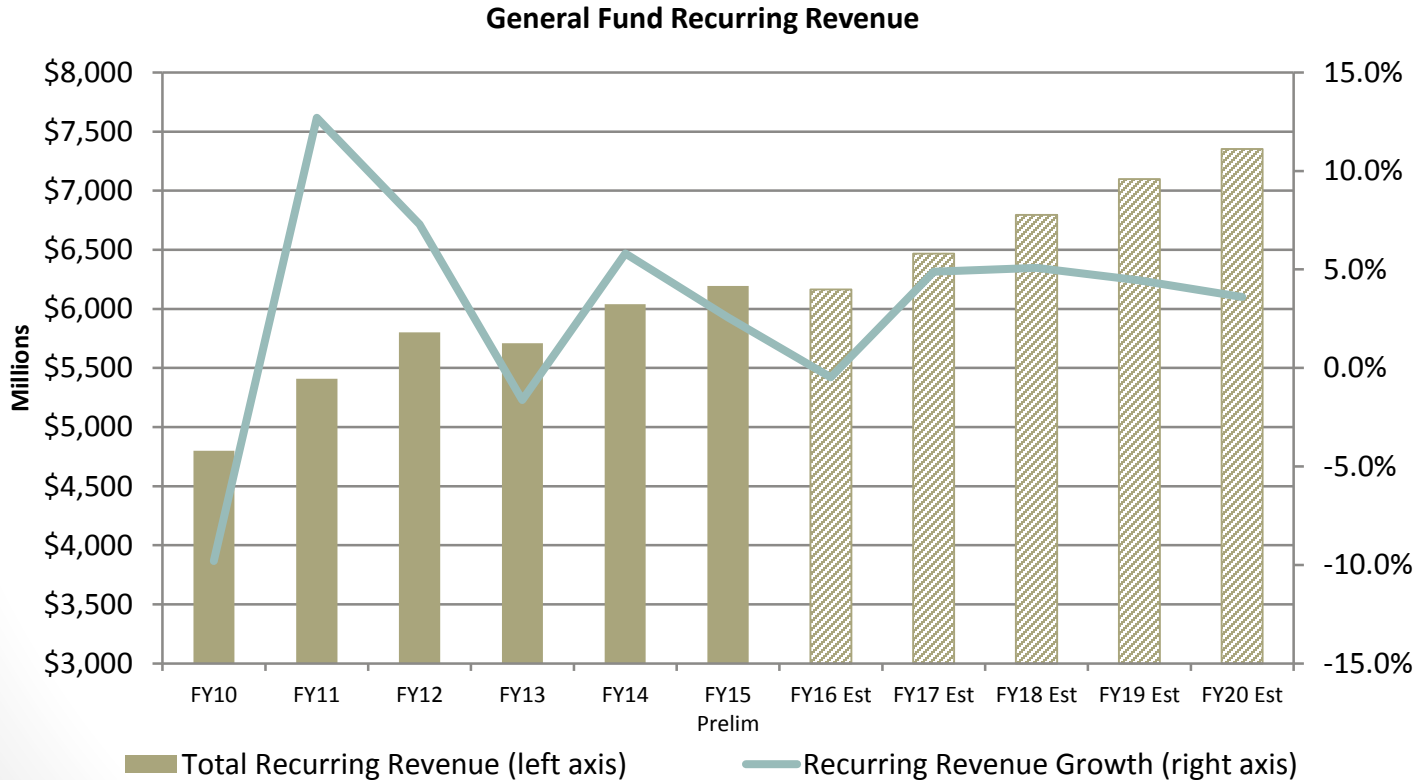
(Y/Y 12-month moving average)



- *NM benefitting from improved efficiency, transportation capacity*
- *“Forget Peak Oil”*

# General Fund Revenue Outlook

- Recurring revenue reached record high in FY15
- FY15 growth 2.6%, 6.5% excluding oil and gas
- FY16 -0.5%,
- Long term growth 4.5%



# General Fund Forecast Summary

December 2015 Consensus General Fund Forecast						
	FY15		FY16		FY17	
	\$ Millions	% Change	\$ Millions	% Change	\$ Millions	% Change
General Sales	\$2,167	4.7%	\$2,244	3.5%	\$2,402	7.1%
Selective Sales	\$489	10.0%	\$516	5.7%	\$549	6.4%
Income Taxes	\$1,594	9.8%	\$1,619	1.6%	\$1,672	3.3%
O&G Revenue	\$1,012	-13.8%	\$791	-21.8%	\$808	2.2%
Investment Income	\$703	10.0%	\$770	9.6%	\$804	4.4%
Other	\$231	-11.6%	\$225	-2.3%	\$231	2.4%
Total Recurring Revenue	\$6,195	2.6%	\$6,165	-0.5%	\$6,466	4.9%
<b>Recurring Less O&amp;G</b>	<b>\$5,183</b>	<b>6.5%</b>	<b>\$5,374</b>	<b>3.7%</b>	<b>\$5,658</b>	<b>5.3%</b>

- Income taxes grew strongly in FY15, conservative growth in forecast
- Investment income boosted by contributions, stock market
- 2-year growth of 4.4% reflects abundance of caution

# General Fund Financial Summary

*Million Dollars*

	FY15	FY16	FY17
Beginning Balance	\$638	\$613	\$507
Revenue	\$6,236	\$6,171	\$6,466
Spending	(\$6,276)	(\$6,266)	<b>“New Money” \$232</b>
Reserve Transfers, etc.	\$15	(\$11)	
Ending Balance	\$613	\$507	
Percent of Appropriations	10.0%	8.1%	

- FY15 balances at 10% target level
- FY17 “new money” \$232 million, 3.7% over FY16 budget

# *New Mexico's Budget – Healthy and Stable*

- Important for economic development and business recruitment
- Stability in the face of strong headwinds
  - Largest structural budget deficit in state history
  - Sequestration/federal budget cuts
  - Oil and gas price crash
- Moody's Investors Service recognizes NM as one of most successful oil-producing states in managing budget
  - NM on firmer footing than LA and OK, despite greater dependence on O&G revenues
  - Moody's rates NM's bonds at Aaa, highest-possible rating

# *New Mexico's Budget – Healthy and Stable*

- A focus on the fundamentals:
  - Restrain government growth (recurring expenditures)

Fiscal Year	Budget Growth
FY12	4.3%
FY13	4.1%
FY14	4.2%
FY15	4.4%
FY16	1.2%

Fiscal Year	Budget Growth
FY05	6.6%
FY06	7.4%
FY07	8.6%
FY08	11.0%
FY09	6.3%

- Invest in key priority areas
- Spend no more than what is projected to be available








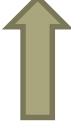
# *New Mexico's Budget – Healthy and Stable*

A focus on the fundamentals:

- Maintain a healthy reserve (target 10%)
  - Reserves:
    - FY12 - 13.1%
    - FY13 – 11.9%
    - FY14 - 10.8%
    - FY15 - 10.3%
- Manage agency budgets well, limit overspending, revert
  - Total reversions:
    - FY12 - \$66M, 1.2% of recurring approp
    - FY13 - \$66M, 1.2% of recurring approp
    - FY14 - \$97M, 1.6% of recurring approp
    - FY15 - \$51 M, 0.8% of recurring approp
- No tax increases

# *Uncertainty in the Revenue Forecast (in BOTH directions)*

- Broad-based, non O&G revenues cautiously projected:
  - 6.5% FY15 decreasing to 3.7% FY16
- Oil price assumptions track current futures markets
- Direct O&G revenues down to 12.5% of GF, less risk than recent years

	<i>Non O&amp;G Revenues underforecast</i>	<i>Non O&amp;G Revenues hit forecast</i>	<i>Non O&amp;G Revenues overforecast</i>
<i>Oil Prices Fall</i>			
<i>Oil Prices hit forecast</i>		<b>\$232 Million</b>	
<i>Oil Prices rebound</i>			

# *Budget Priorities*

- Public Education
  - Maintain share of roughly 44% of the budget
- Medicaid
  - Reduction in federal match for expansion population
  - Woodwork effect
- Large Requests from Courts, Public Defender not affordable
- Administration Focus:
  - Public Safety, Education Reform, Economic Development

# Public Employee Compensation – Middle of the Pack

<b>TOTAL Compensation Ranking (8-State Comparison Region)</b>	
Wyoming	\$89,563
Utah	\$82,951
Colorado	\$79,457
<b>New Mexico</b>	<b>\$73,227</b>
Nevada	\$73,021
Arizona	\$71,051
Kansas	\$63,250
Oklahoma	\$62,643
Texas	\$60,871

<b>BASE Compensation Ranking (8-State Comparison Region)</b>	
Colorado	\$53,772
Wyoming	\$49,213
Nevada	\$47,216
Utah	\$46,592
Arizona	\$43,832
<b>New Mexico</b>	<b>\$43,576</b>
Texas	\$40,398
Oklahoma	\$37,700
Kansas	\$37,336

Source: 2014 Classified Service Compensation Report, State Personnel Board

NOTE: In addition, since 2005, average base pay for NM public employees has risen by nearly \$8K annually, the fourth highest increase in the region.

# *Tax Policy Priorities*

- Improving access to capital
- Expanding the skilled workforce
- Helping small businesses grow
- Recruiting new businesses
- Promoting balanced energy development

# Capital Outlay

- Estimated \$140 million available for statewide capital projects (\$190M in other carve-outs, \$187M GO Bond)
- Reform badly needed
  - Focus on infrastructure (roads, water, buildings, etc.)
  - Large-scale, cover projects locals cannot afford themselves
  - Pool resources to complete projects quicker
- HB 236 and lower revenue reduce taxable capacity significantly – private use capacity is sharply reduced
- Supreme Court ruling on prevailing wage will increase costs, reduce funding adequacy:
  - Potential cost increase of 6% to 12% for public school construction
  - Public school costs already rising more than 10% per year – every 4 years losing 50% of purchasing power

# *Financial Reporting Update*

- Cash reconciliation Phase II under way, brings third party payment systems (e.g. Medicaid) into full reconciliation
- CAFR progress: improved timeliness; automation; inclusion of 130 agencies and numerous component units will take time
- Book-to-bank reconciliation is tracking closely
- SHARE system has been stabilized; Upgrade will increase bandwidth and strengthen financial and human capital systems

<b>U.S. and New Mexico Economic Indicators</b>	FY15	FY16		FY17		FY18		FY19	
	<b>Prelim Actual</b>	<b>Jul 2015 Forecast</b>	<b>December Forecast</b>	<b>Jul 2015 Forecast</b>	<b>December Forecast</b>	<b>Jul 2015 Forecast</b>	<b>December Forecast</b>	<b>Jul 2015 Forecast</b>	<b>December Forecast</b>
<b>National Economic Indicators</b>									
US Real GDP Growth (annual avg. ,% YOY)*	2.7	2.6	2.5	3.0	3.1	2.8	2.9	2.5	2.4
US Inflation Rate (CPI-U, annual avg., % YOY)**	0.7	1.7	1.1	2.7	2.4	2.8	2.9	2.8	3.0
Federal Funds Rate (%)	0.11	0.81	0.33	2.58	1.25	3.61	3.10	3.82	3.82
<b>New Mexico Labor Market and Income Data</b>									
NM Non-Agricultural Employment Growth	1.4	1.6	1.2	2.4	2.3	2.0	2.0	1.3	1.5
NM Nominal Personal Income Growth (%)***	5.0	3.5	3.2	3.5	3.1	4.1	3.9	4.3	4.4
NM Total Wages & Salaries Growth (%)	3.6	3.1	2.0	3.8	3.6	4.4	4.3	4.6	4.8
NM Real Gross State Product (% YOY)	1.8	2.2	1.7	2.7	2.7	2.3	2.2	2.2	2.1
<b>New Mexico Energy Prices &amp; Volumes</b>									
NM Oil Price (\$/barrel)	\$60.67	\$51.50	\$44.00	\$56.50	\$49.00	\$61.25	\$56.00	\$66.00	\$59.00
NM Taxable Oil Volumes (million barrels)	141.4	145.0	150.0	149.5	155.0	153.0	158.0	155.0	160.0
NM Gas Price (\$ per thousand cubic feet)****	\$3.78	\$3.60	\$2.90	\$3.90	\$3.20	\$4.15	\$3.40	\$4.25	\$3.45
NM Taxable Gas Volumes (billion cubic feet)	1,185	1,139	1,200	1,105	1,170	1,071	1,140	1,039	1,120

\*Real GDP is BEA chained 2009 dollars, billions, annual rate.

\*\*CPI is all urban, BLS 1982-84=1.00 base.

\*\*\*Nominal Personal Income growth rates are for the calendar year in which each fiscal year begins.

\*\*\*\*The oil and natural gas prices are estimated using a formula of NYMEX, EIA, Moody's Analytics, and IHS Global Insight futures and forecast prices as well as a premium for natural gas liquids based on the oil price forecast.

Sources: Moody's Analytics baseline forecast, November 2015 & July 2015

General Fund Revenue Estimate  
December 2015

Millions	FY15		FY16				FY17			
	A	B	C	D	E	F	G	H	I	J
	Unaudited	% Change from FY14	Aug. 2015	Dec. 2015	Change from Prior	% Change from FY15	Aug. 2015	Dec. 2015	Change from Prior	% Change from FY16
1 Gross Receipts Tax	2,095.2	5.2%	2,233.9	2,178.0	(55.9)	4.0%	2,331.7	2,336.7	5.0	7.3%
2 Compensating Tax	71.8	-8.4%	68.6	65.5	(3.1)	-8.8%	68.0	65.4	(2.6)	-0.2%
3 TOTAL GENERAL SALES	2,167.0	4.7%	2,302.5	2,243.5	(59.0)	3.5%	2,399.7	2,402.1	2.4	7.1%
4 Tobacco Taxes	82.3	5.0%	82.0	82.4	0.4	0.1%	81.0	81.4	0.4	-1.2%
5 Liquor Excise	26.3	-0.5%	6.7	6.7	-	-74.5%	6.9	6.9	-	3.0%
6 Insurance Taxes	149.9	30.2%	183.0	188.0	5.0	25.5%	213.0	219.1	6.1	16.5%
7 Fire Protection Fund Reversion	15.2	-5.9%	14.0	13.7	(0.3)	-9.6%	12.8	12.4	(0.4)	-9.5%
8 Motor Vehicle Excise	138.7	4.1%	146.0	147.0	1.0	6.0%	150.0	152.0	2.0	3.4%
9 Gaming Excise	70.4	5.9%	68.9	70.1	1.2	-0.4%	67.7	70.1	2.4	0.0%
10 Leased Vehicle Surcharge	5.2	0.7%	5.2	5.2	-	-0.7%	5.2	5.2	-	0.0%
11 Other	0.5	-83.0%	3.0	3.2	0.2	540.0%	2.2	2.1	(0.1)	-34.4%
12 TOTAL SELECTIVE SALES	488.5	10.0%	508.8	516.3	7.5	5.7%	538.8	549.2	10.4	6.4%
13 Personal Income Tax	1,339.7	6.8%	1,379.0	1,401.0	22.0	4.6%	1,440.0	1,455.0	15.0	3.9%
14 Corporate Income Tax	254.5	29.3%	224.7	218.0	(6.7)	-14.3%	234.7	217.0	(17.7)	-0.5%
15 TOTAL INCOME TAXES	1,594.2	9.8%	1,603.7	1,619.0	15.3	1.6%	1,674.7	1,672.0	(2.7)	3.3%
16 Oil and Gas School Tax	375.4	-25.0%	331.8	283.7	(48.1)	-24.4%	365.1	315.3	(49.8)	11.1%
17 Oil Conservation Tax	20.1	-26.1%	17.6	15.1	(2.5)	-24.8%	19.4	16.7	(2.7)	10.6%
18 Resources Excise Tax	13.3	2.7%	13.0	13.0	-	-2.6%	13.0	13.0	-	0.0%
19 Natural Gas Processors Tax	18.6	14.8%	18.7	19.7	1.0	5.9%	14.2	15.0	0.8	-23.9%
20 TOTAL SEVERANCE TAXES	427.5	-23.3%	381.1	331.5	(49.6)	-22.4%	411.7	360.0	(51.7)	8.6%
21 LICENSE FEES	55.9	8.1%	53.5	54.5	1.0	-2.5%	54.6	55.5	0.9	1.8%
22 LGPF Interest	502.8	11.9%	553.2	553.2	-	10.0%	547.0	548.1	1.1	-0.9%
23 STO Interest	17.0	-10.5%	29.9	23.4	(6.5)	37.5%	60.8	52.6	(8.2)	124.8%
24 STPF Interest	182.7	7.2%	193.5	193.5	-	5.9%	203.5	203.4	(0.1)	5.1%
25 TOTAL INTEREST	702.5	10.0%	776.6	770.1	(6.5)	9.6%	811.3	804.1	(7.2)	4.4%
26 Federal Mineral Leasing	542.2	-4.9%	420.0	421.7	1.7	-22.2%	430.0	407.1	(22.9)	-3.5%
27 State Land Office	42.2	-11.0%	39.3	37.6	(1.7)	-11.0%	41.4	41.2	(0.2)	9.6%
28 TOTAL RENTS & ROYALTIES	584.4	-5.3%	459.3	459.3	(0.0)	-21.4%	471.4	448.3	(23.1)	-2.4%
29 TRIBAL REVENUE SHARING	67.2	-0.6%	64.3	64.3	-	-4.3%	65.8	65.8	-	2.3%
30 MISCELLANEOUS RECEIPTS	56.2	24.9%	52.9	56.5	3.5	0.5%	55.0	59.4	4.3	5.1%
31 REVERSIONS	51.5	-46.6%	45.0	50.0	5.0	-2.9%	45.0	50.0	5.0	0.0%
32 TOTAL RECURRING	6,194.7	2.6%	6,247.7	6,165.0	(82.7)	-0.5%	6,528.0	6,466.3	(61.8)	4.9%
33 TOTAL NON-RECURRING*	24.6		5.5	5.5	-				-	
34 GRAND TOTAL	6,219.3	3.0%	6,253.2	6,170.5	(82.7)	-0.8%	6,528.0	6,466.3	(61.8)	4.8%

General Fund Revenue Estimate  
December 2015

§Millions	FY18				FY19				FY20			
	K	L	M	N	O	P	Q	R	S	T	U	V
	Aug. 2015	Dec. 2015	Change from Prior	% Change from FY17	Aug. 2015	Dec. 2015	Change from Prior	% Change from FY18	Aug. 2015	Dec. 2015	Change from Prior	% Change from FY19
1 Gross Receipts Tax	2,424.5	2,421.3	(3.2)	3.6%	2,525.8	2,550.0	24.2	5.3%	2,630.0	2,673.0	43.0	4.8%
2 Compensating Tax	69.4	66.4	(3.0)	1.5%	72.2	67.9	(4.3)	2.3%	71.3	67.5	(3.8)	-0.6%
3 TOTAL GENERAL SALES	2,493.9	2,487.7	(6.2)	3.6%	2,598.0	2,617.9	19.9	5.2%	2,701.3	2,740.5	39.2	4.7%
4 Tobacco Taxes	80.0	80.4	0.4	-1.2%	79.0	79.4	0.4	-1.2%	78.1	78.4	0.3	-1.3%
5 Liquor Excise	26.1	26.1	-	278.3%	28.9	28.9	-	10.7%	27.7	27.7	-	-4.2%
6 Insurance Taxes	226.0	231.8	5.8	5.8%	237.0	243.3	6.3	5.0%	247.2	255.6	8.4	5.1%
7 Fire Protection Fund Reversion	11.5	11.2	(0.3)	-9.7%	10.2	10.0	(0.2)	-10.7%	8.6	8.5	(0.1)	-15.0%
8 Motor Vehicle Excise	155.0	157.0	2.0	3.3%	158.0	161.0	3.0	2.5%	161.0	164.0	3.0	1.9%
9 Gaming Excise	66.5	70.3	3.8	0.3%	65.4	69.1	3.7	-1.7%	65.3	68.0	2.7	-1.6%
10 Leased Vehicle Surcharge	5.2	5.2	-	0.0%	5.2	5.2	-	0.0%	5.2	5.2	-	0.0%
11 Other	2.2	2.1	(0.1)	0.0%	2.2	2.1	(0.1)	0.0%	2.2	2.1	(0.1)	0.0%
12 TOTAL SELECTIVE SALES	572.5	584.1	11.6	6.4%	585.9	599.0	13.1	2.6%	595.3	609.5	14.2	1.8%
13 Personal Income Tax	1,511.0	1,522.0	11.0	4.6%	1,580.0	1,606.0	26.0	5.5%	1,641.0	1,683.0	42.0	4.8%
14 Corporate Income Tax	194.7	205.0	10.3	-5.5%	174.7	163.0	(11.7)	-20.5%	183.4	168.0	(15.4)	3.1%
15 TOTAL INCOME TAXES	1,705.7	1,727.0	21.3	3.3%	1,754.7	1,769.0	14.3	2.4%	1,824.4	1,851.0	26.6	4.6%
16 Oil and Gas School Tax	394.6	362.2	(32.4)	14.9%	418.1	378.1	(40.0)	4.4%	430.5	383.8	(46.7)	1.5%
17 Oil Conservation Tax	20.9	19.2	(1.7)	15.0%	22.2	20.1	(2.1)	4.7%	22.8	20.4	(2.4)	1.5%
18 Resources Excise Tax	13.0	13.0	-	0.0%	13.0	13.0	-	0.0%	13.0	13.0	-	0.0%
19 Natural Gas Processors Tax	13.9	14.8	0.9	-1.3%	13.5	14.5	1.0	-2.0%	13.1	14.3	1.2	-1.4%
20 TOTAL SEVERANCE TAXES	442.4	409.2	(33.2)	13.7%	466.8	425.7	(41.1)	4.0%	479.4	431.5	(47.9)	1.4%
21 LICENSE FEES	55.9	56.6	0.7	2.0%	57.3	57.9	0.6	2.3%	58.9	59.3	0.4	2.4%
22 LGPF Interest	600.3	601.9	1.6	9.8%	650.6	651.9	1.3	8.3%	693.6	693.9	0.3	6.4%
23 STO Interest	67.0	60.3	(6.7)	14.6%	72.3	67.7	(4.6)	12.3%	86.1	82.6	(3.5)	22.0%
24 STPF Interest	216.7	216.5	(0.2)	6.4%	227.7	227.5	(0.2)	5.1%	237.2	235.9	(1.3)	3.7%
25 TOTAL INTEREST	884.0	878.7	(5.3)	9.3%	950.6	947.1	(3.5)	7.8%	1,016.9	1,012.4	(4.5)	6.9%
26 Federal Mineral Leasing	466.0	430.0	(36.0)	5.6%	497.0	453.0	(44.0)	5.3%	516.0	460.0	(56.0)	1.5%
27 State Land Office	43.6	43.7	0.1	6.1%	45.1	45.2	0.1	3.4%	45.9	45.7	(0.2)	1.1%
28 TOTAL RENTS & ROYALTIES	509.6	473.7	(35.9)	5.7%	542.1	498.2	(43.9)	5.2%	561.9	505.7	(56.2)	1.5%
29 TRIBAL REVENUE SHARING	67.8	67.8	-	3.0%	71.0	71.0	-	4.7%	73.1	73.1	-	3.0%
30 MISCELLANEOUS RECEIPTS	55.9	60.3	4.5	1.7%	56.8	61.3	4.5	1.5%	57.8	62.3	4.5	1.7%
31 REVERSIONS	45.0	50.0	5.0	0.0%	45.0	50.0	5.0	0.0%	45.0	50.0	5.0	0.0%
32 TOTAL RECURRING	6,832.7	6,795.1	(37.6)	5.1%	7,128.1	7,097.0	(31.2)	4.4%	7,414.1	7,395.3	(18.7)	4.2%
33 TOTAL NON-RECURRING*			-				-				-	
34 GRAND TOTAL	6,832.7	6,795.1	(37.6)	5.1%	7,128.1	7,097.0	(31.2)	4.4%	7,414.1	7,395.3	(18.7)	4.2%

**Department of Finance and Administration**  
**GENERAL FUND FINANCIAL SUMMARY**  
**August 2015 Consensus Revenue Forecast**  
(Dollars in Millions)

		<u>Prelim FY2015</u>	<u>Estimated FY2016</u>	<u>Estimated FY2017</u>
<b>APPROPRIATION ACCOUNT</b>				
<b>REVENUE</b>				
Recurring Revenue				
1	August 2015 Forecast	\$ 6,226.8	\$ 6,247.8	\$ 6,528.0
2	<i>December 2015 Forecast Revisions</i>	\$ (32.1)	\$ (82.7)	\$ (61.7)
3	Total Recurring Revenue	\$ 6,194.7	\$ 6,165.1	\$ 6,466.3
Nonrecurring Revenue				
4	August 2015 Forecast	\$ 24.6	\$ 5.5	\$ -
5	<i>December 2015 Forecast Revisions</i>	\$ 16.6	\$ -	\$ -
6	Total Non-Recurring Revenue	\$ 41.2	\$ 5.5	\$ -
<b>TOTAL REVENUE</b>		<b>\$ 6,235.9</b>	<b>\$ 6,170.6</b>	<b>\$ 6,466.3</b>
<b>APPROPRIATIONS</b>				
Recurring Appropriations				
7	2013 & 2014 General Appropriation	\$ 6,150.6	\$ 6,219.1	"New Money" \$232MM
8	<i>Feedbill - 2015 Regular Session*</i>	\$ 10.1	\$ 15.5	
	<i>FY15 Audit</i>	\$ 0.4		
9	Total Recurring Appropriations	\$ 6,161.1	\$ 6,234.6	
Nonrecurring Appropriations				
10	2013-2015 Regular Sessions**	\$ 110.7	\$ 1.0	
11	<i>2015 Special Session</i>	\$ 4.3	\$ 30.0	
	<i>FY15 Audit</i>	\$ (0.8)		
12	Total Nonrecurring Appropriations	\$ 114.2	\$ 31.0	\$ -
<b>TOTAL APPROPRIATIONS</b>		<b>\$ 6,275.3</b>	<b>\$ 6,265.6</b>	<b>\$ -</b>
13	Transfer to (from) Reserves	\$ (39.4)	\$ (95.0)	\$ -
<b>GENERAL FUND RESERVES</b>				
14	Beginning Balances***	\$ 637.9	\$ 613.1	
15	Transfers from (to) Appropriations Account	(39.4)	(95.0)	
16	Revenue and Reversions	64.9	73.2	
17	Appropriations, expenditures and transfers out	(50.3)	(84.1)	
18	<b>Ending Balances</b>	<b>\$ 613.1</b>	<b>\$ 507.2</b>	
19	<i>Reserves as a Percent of Recurring Appropriations</i>	<i>10.0%</i>	<i>8.1%</i>	

\*Legislative session expenses treated as recurring appropriation.

\*\*FY15 includes \$16.6 million from Laws 2014, Section 5.

\*\*\*Beginning balances are reduced by \$101.7 million for cash reconciliation noted in FY12 and FY13 general fund audits; \$20 million for Special Education Funding Maintenance of Effort noted in FY13 audit; \$36 million in restricted fund balances for Special Education Maintenance of Effort noted in the FY14 audit; and a \$73.7 million adjustment for HSD as noted in the FY14 audit.

**Department of Finance and Administration**  
**GENERAL FUND FINANCIAL SUMMARY (Continued)**  
**RESERVE DETAIL**  
**(Dollars in Millions)**

	<b>Prelim FY2015</b>	<b>Estimated FY2016</b>	<b>Estimated FY2017</b>
<b>OPERATING RESERVE</b>			
20	\$ 274.5	\$ 219.6	\$ 102.6
21	(0.5)	(2.0)	
22	(15.0)	(20.0)	
23	(39.4)	(95.0)	-
24	<u>\$ 219.6</u>	<u>\$ 102.6</u>	<u>\$ 102.6</u>
<b>APPROPRIATION CONTINGENCY FUND</b>			
25	\$ 18.4	\$ 28.5	\$ 26.5
26	(12.5)	(22.0)	(22.0)
27	15.0	20.0	
28	-		
29	7.7	-	-
30	<u>\$ 28.5</u>	<u>\$ 26.5</u>	<u>\$ 4.5</u>
<b>Education Lock Box</b>			
31	\$ 3.0	\$ 0.0	\$ -
32	(3.0)	-	-
33	-	-	-
34	<u>\$ 0.0</u>	<u>\$ 0.0</u>	<u>\$ -</u>
<b>STATE SUPPORT FUND</b>			
35	\$ 1.0	\$ 1.0	\$ 1.0
36	-	-	-
37	-	-	-
38	<u>\$ 1.0</u>	<u>\$ 1.0</u>	<u>\$ 1.0</u>
<b>TOBACCO PERMANENT FUND</b>			
39	\$ 193.5	\$ 216.4	\$ 229.6
40	35.0	37.0	37.0
41	(19.3)	(18.5)	(18.5)
42	7.1	16.2	17.2
43	-	(21.6)	
44	<u>\$ 216.4</u>	<u>\$ 229.6</u>	<u>\$ 265.3</u>
<b>TAX STABILIZATION RESERVE</b>			
45	\$ 147.5	\$ 147.5	\$ 147.5
46	-	-	
47	<u>\$ 147.5</u>	<u>\$ 147.5</u>	<u>\$ 147.5</u>
48	<b>\$ 613.1</b>	<b>\$ 507.2</b>	<b>\$ 520.9</b>
49	<i>Percent of Recurring Appropriations</i>	<i>10.0%</i>	<i>8.1%</i>

\*The FY14 transfer is earmarked for budget shortfalls resulting from federal sequestration.

\*\*Contingent on federal announcement of base realignment and closure initiative.