

General Fund Consensus Revenue Outlook and Updated Bond Capacity Estimates

Presented to

Legislative Finance Committee

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Demesia Padilla, Cabinet Secretary

N.M. Taxation and Revenue Department

Thomas Clifford, Cabinet Secretary Designate

N.M. Department of Finance and Administration

“[F]orecasts are very uncertain.” U.S. Energy Information Administration, October, 2011.

SUMMARY:

- The consensus revenue estimating group has revised their forecast that was prepared at the beginning of July. The consensus forecast group includes economists from the executive and legislative branches.
- Table 1 below summarizes the forecast revisions to total recurring revenue. Compared with the July Forecast:
 - FY11 total recurring revenue increased by \$113 million to a total of \$5.39 billion.
 - FY12 total recurring revenue has been revised down by \$21.5 million.
 - FY13 total recurring revenue has been revised down by \$122.7 million.
- After these revisions, total recurring revenue growth was 12.3 percent in FY11, but falls to 2.3 percent in FY12 and to 3.0 percent in FY13.
- After revision, FY12 ending balances would be \$564 million, or 10.4% of recurring appropriations. Expected FY12 supplemental appropriations could reduce this figure by as much as \$100 million, or 1.8 percent of appropriations.
- FY13 “new money”, FY13 recurring revenue less FY12 recurring appropriations, would be \$245.6 million.
- General Obligation bond capacity for authorization by the 2012 legislature will be \$303 million. Senior severance bond capacity will be \$130.4 million, after issuance of \$81 million authorized by the Special Session.

Table 1

October 2011 Consensus Forecast: Total Recurring Revenue

(Dollar amounts in millions)	FY11	FY12	FY13
Post-session estimate	\$5,164.3	\$5,413.2	\$5,637.5
July 2011 Revisions	\$110.6	\$120.2	\$164.8
October 2011 Revisions	\$113.0	\$(21.5)	\$(122.7)
October 2011 Consensus Estimate	\$5,387.9	\$5,511.9	\$5,679.6
% change versus prior year	12.3%	2.3%	3.0%

ECONOMIC INDICATORS: [Appendix 1]

- U.S. economic output (GDP) grew by 2.6 percent during FY11, but growth is now expected to be only 1.3 percent in FY12, compared with the July forecast of 3.0 percent.
- New Mexico’s employment grew by only 0.2 percent in FY11, roughly equivalent to 1,600 net new jobs. Growth is now forecast at only 0.5 percent in FY12 and 1.2 percent in FY13.
- U.S. inflation, which ticked up in the spring due to higher energy and food prices has fallen to about 1 percent in recent months, and is expected to stabilize at just over 2 percent.
- Most economic indicators are pointing to weak economic growth:
 - The unemployment rate remains above 9 percent nationally, and, although the New Mexico rate has fallen below 7 percent, the decrease is primarily due to discouraged workers leaving the labor force.
 - The Federal Reserve Board announced it will maintain record low interest rates through 2013, a clear indication that they expect minimal economic growth during that period.
 - The lack of consumer confidence due to weak job and housing markets is the main headwind preventing significant economic growth.

ENERGY MARKETS: [Appendix 1]

- Crude oil prices fell sharply in August and September but have stabilized around \$80 per barrel in recent weeks. In addition to concerns about global demand under weaker economic conditions, speculation has caused oil prices to move in tandem with the stock market in recent months. The consensus group expects New Mexico oil prices to average \$82 in FY12 and \$84 in FY13.
- Natural gas prices have fallen along with oil prices, but their slump has been extended due to the lack of significant weather-related demand and due to relatively plentiful inventories. Natural gas liquids continue to provide a premium of roughly \$1.30 per thousand cubic feet relative to dry gas prices. The consensus group expects New Mexico gas prices to average \$5.35 in FY12 and \$5.80 in FY13.
- Crude oil production continues to increase in New Mexico. FY11 production reached 67 million barrels, a 6.5 percent increase over FY10. The consensus group expects production to increase again this year but to decline gradually after FY12.
- Natural gas production in New Mexico continues to decline, falling 4.5 percent in FY11. In part declining gas volumes reflect the losses associated with extracting more liquids from the gas stream. The consensus group expects some moderation in the pace of decline, with production falling 3 percent in FY12 and thereafter.

OCTOBER OUTLOOK REVISIONS BY REVENUE: [Table 2]

- The downward revisions to oil and gas prices are the largest single source of revisions in the updated outlook. The impacts reduce recurring revenue by \$28.6 million in FY12 and by \$70.9 million in FY13.
- Although GRT collections were stronger at the end of FY11, that strength was largely confined to the oil and gas drilling sector. The weaker outlook for employment and wages means subdued growth for this revenue and also for personal income tax collections.
- Selective sales tax revenues were reduced in response to the weaker economic outlook and also due to lower collections of insurance premiums tax.

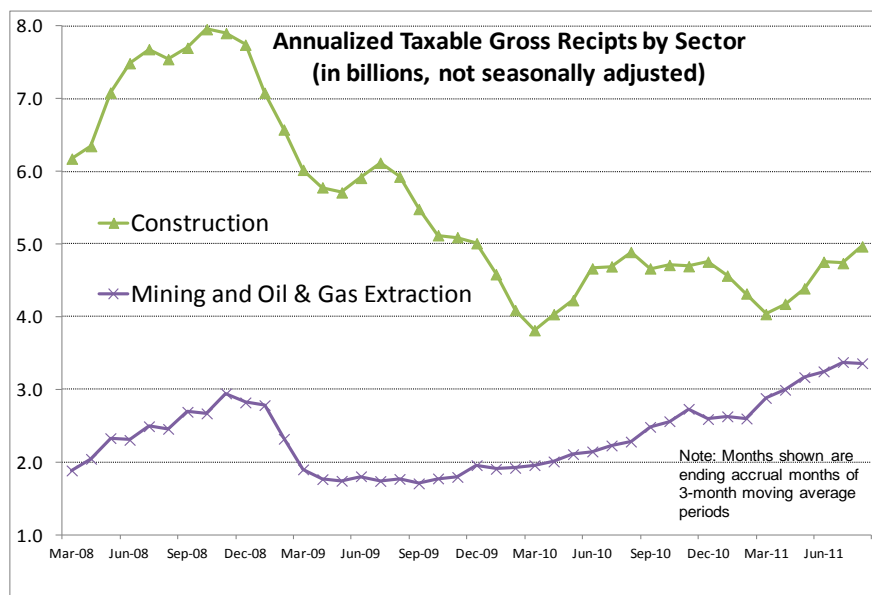
- Corporate income tax collections were higher at the end of FY11, but the July forecast already incorporated strong growth in this revenue so the forecast for FY12 and FY13 was not increased by as much as the FY11 increase.

Table 2

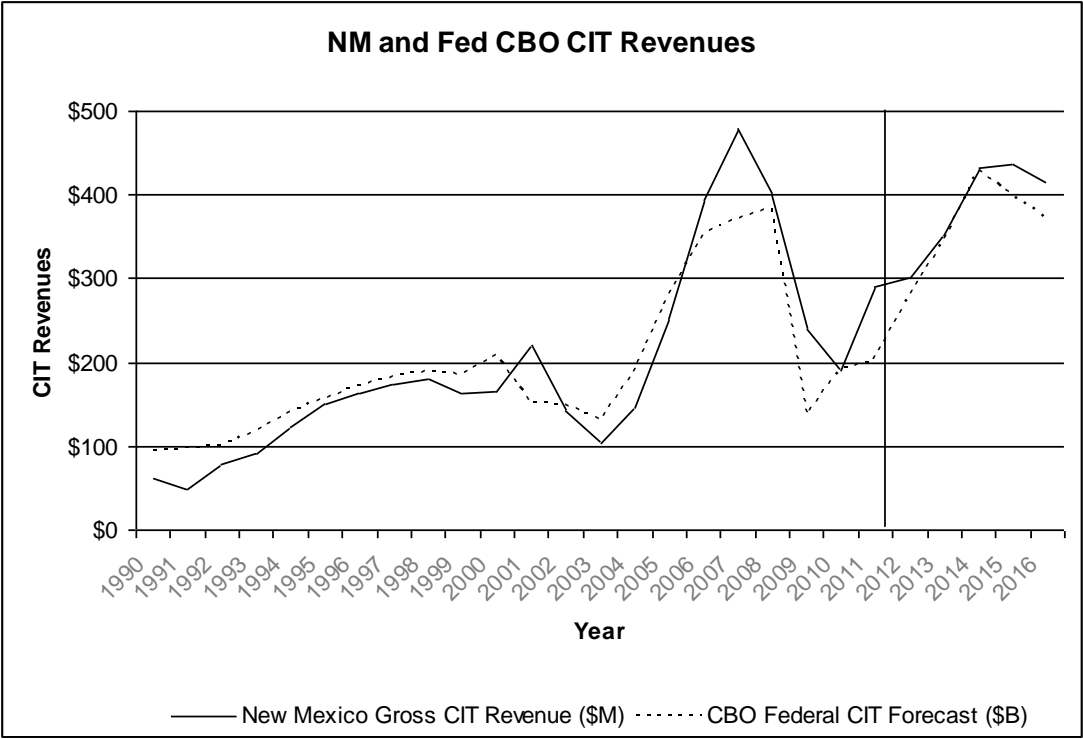
October 2011 Revisions to July Estimate by Major Revenues

(Dollar amounts in millions)	FY11	FY12	FY13
General Sales	15.6	2.0	(21.4)
Selective Sales	(3.7)	(12.9)	(20.5)
Income Taxes	61.0	21.8	5.3
Oil and Gas Revenues	36.9	(28.6)	(70.9)
Other	3.2	(3.8)	(15.2)
Total Revenue	113.0	(21.5)	(122.7)

- The chart below illustrates recent volatility in the mining and construction sectors. Construction GRT has fallen almost 40% from its peak in FY08. While it has stopped falling only very modest growth is expected in the near future.
- On the other extreme, mining and oil & gas extraction grew by 44 percent in FY11 and continued this pace over the first two months of FY12. Oil exploration activities in the Permian basin of Eddy and Lea counties account for most of the increase in this sector.



- CIT collections in FY11 were \$49.8 million higher than forecast in July. In part this was due to film credits being slightly lower than expected, \$95.5 million compared with \$102 million. The rest of the increase was due to larger payments with tax returns.
- The following figure illustrates the close relationship between New Mexico's gross CIT and CIT collections of the federal government. The figure indicates that New Mexico CIT collections rose much more quickly than federal collections in FY11. Since federal collections are expected to rise sharply in the next two years, and New Mexico collections usually follow the same pattern, there is good support for the forecast of increasing CIT.



RISKS TO THE FORECAST:

- Negative risks include the possibility of another U.S. recession, which has been put at 40 percent by the Global Insight forecasting service. Default by one of the European countries could lead to contraction in financial markets with reduced lending, slower global growth and sharply lower oil prices.
- Positive risks include the potential for fiscal or monetary stimulus, and also a stronger recovery of business and consumer confidence. Also, a successful resolution of the

European debt crisis would add to the current forecast, which assumes a European recession will occur within the next six months.

GENERAL FUND FINANCIAL SUMMARY: (Appendix 3)

- With the revised revenue forecast, FY11 revenue exceeded appropriations by \$220 million.
- FY12 revenue exceeds current appropriations by \$98.3 million leaving FY12-ending balances of \$564 million or 10.4 percent of appropriations. This amount will be reduced by needed supplemental appropriations of approximately \$100 million for Medicaid and other programs. That would leave ending balances at \$464 million or 8.5 percent.
- FY13 recurring revenue of \$5,679.6 million less FY12 recurring appropriations of \$5,340.7 million leaves “new money” of \$245.6 million. Under this forecast, the retirement “swap” would trigger off, so General Fund appropriations would increase by about \$50 million. This would leave net new money of less than \$200 million.

BOND CAPACITY UPDATE: (Appendix 4)

- After subtracting the \$81 million authorized during the 2011 special session, \$130.5 million of senior severance tax bond capacity is expected to be available for new statewide capital projects authorized during the 2012 regular session.
- \$148.7 million is expected to be available in Fiscal Year 2012 for public school facility projects through the Public School Facilities Authority
- Earmarked appropriations for Fiscal Year 2012 total \$26.4 million for water trust board projects, and \$13.2 million each for colonias and tribal infrastructure projects.
- Currently, it is estimated that \$303.3 million will be available for legislative projects to be funded through general obligation bonds subject to voter approval.
- DFA will update this estimate in December based on year-to-date actuals related to the oil and natural gas sector as well as research on residential and non-residential growth rates.

APPENDIX 1

U.S. and New Mexico Economic Indicators

	FY10		FY11		FY12		FY13		FY14		FY15	
	July11 Actual	Oct11 Revise	July11 Forecast	Oct11 Prelim	July11 Forecast	Oct11 Forecast	July11 Forecast	Oct11 Forecast	July11 Forecast	Oct11 Forecast	July11 Forecast	Oct11 Forecast
National Economic Indicators												
US Real GDP Growth (annual avg., % YOY)*	1.2	0.3	2.7	2.6	3.0	1.3	2.7	2.0	3.1	2.9	3.3	3.6
US Inflation Rate (CPI-U, annual avg., % YOY)**	1.0	2.2	2.0	2.2	2.6	2.3	1.9	2.3	2.0	2.4	2.1	2.4
Federal Funds Rate (%)	0.15	0.15	0.17	0.16	0.34	0.10	2.71	0.10	3.50	0.42	4.18	2.27
New Mexico Labor Market and Income Data												
NM Non-Agricultural Employment Growth (%)	-3.2	-3.2	0.1	0.2	1.3	0.5	1.5	1.2	1.3	1.1	1.2	1.2
NM Personal Income Growth (%)***	0.1	0.1	4.2	4.1	4.2	4.3	4.3	3.3	4.8	3.1	5.0	4.3
NM Private Wages & Salaries Growth (%)	-2.4	-2.4	2.8	2.6	4.5	2.6	4.9	3.0	4.6	3.2	4.4	3.3
Crude Oil and Natural Gas Outlook												
NM Oil Price (\$/barrel)	\$71.29	\$71.29	\$85.50	\$84.20	\$87.80	\$82.00	\$89.50	\$84.00	\$89.50	\$84.50	\$89.50	\$85.00
NM Taxable Oil Volumes (million barrels)	62.9	62.9	65.4	67.0	67.4	69.7	68.7	68.6	69.4	67.6	68.7	66.9
NM Gas Price (\$ per thousand cubic feet)****	\$5.20	\$5.20	\$5.20	\$5.50	\$5.60	\$5.35	\$6.20	\$5.80	\$6.40	\$6.20	\$6.50	\$6.25
NM Taxable Gas Volumes (billion cubic feet)	1,282	1,282	1,224	1,224	1,184	1,184	1,147	1,147	1,111	1,111	1,077	1,077

* Real GDP is BEA chained 2005 dollars, billions, annual rate

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

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

****The gas prices are estimated using a formula of NYMEX, EIA, and Global Insight future prices as well as a liquid premium based on oil prices.

Sources: September IHS Global Insight and BBER FOR-UNM

APPENDIX 2

**General Fund Consensus Revenue Estimate
October 2011**

	FY10 Prelim. Actual DFA	FY11				FY12			
		July 2011 Est. Prelim Actual	Oct 2011 Est. Prelim Actual	Change from Prior	% Change from FY10	July 2011 Est.	Oct 2011 Est.	Change from Prior	% Change from FY11
Gross Receipts Tax	1,634.4	1,797.0	1,811.4	14.4	10.8%	1,862.0	1,865.0	3.0	3.0%
Compensating Tax	50.9	68.0	69.2	1.2	35.9%	70.5	69.5	(1.0)	0.5%
TOTAL GENERAL SALES	1,685.3	1,865.0	1,880.6	15.6	11.6%	1,932.5	1,934.5	2.0	2.9%
Tobacco Taxes	45.7	87.0	88.2	1.2	93.0%	86.1	86.4	0.3	-2.0%
Liquor Excise	25.6	24.8	25.7	0.9	0.4%	25.2	26.4	1.2	2.7%
Insurance Taxes	130.3	137.3	132.7	(4.6)	1.8%	142.2	133.0	(9.2)	0.2%
Fire Protection Fund Reversion	5.0	18.3	17.6	(0.7)	252.0%	18.7	16.1	(2.6)	-8.5%
Motor Vehicle Excise	92.3	103.0	103.7	0.7	12.4%	112.0	110.2	(1.8)	6.3%
Gaming Excise	65.1	66.5	65.8	(0.7)	1.1%	67.2	66.6	(0.6)	1.2%
Leased Vehicle Surcharge	5.7	5.0	5.0	-	-12.3%	5.1	5.1	-	2.0%
Other	3.2	3.0	2.5	(0.5)	-21.6%	3.0	2.8	(0.2)	12.0%
TOTAL SELECTIVE SALES	372.9	444.9	441.2	(3.7)	18.3%	459.5	446.6	(12.9)	1.2%
Personal Income Tax	956.6	1,055.0	1,066.2	11.2	11.5%	1,094.9	1,090.0	(4.9)	2.2%
Corporate Income Tax	125.1	180.0	229.8	49.8	83.7%	283.3	310.0	26.7	34.9%
TOTAL INCOME TAXES	1,081.7	1,235.0	1,296.0	61.0	19.8%	1,378.2	1,400.0	21.8	8.0%
Oil and Gas School Tax	324.5	355.7	378.7	23.0	16.7%	373.1	355.0	(18.1)	-6.3%
Oil Conservation Tax	16.4	17.9	19.7	1.8	20.1%	18.7	22.6	3.9	14.6%
Resources Excise Tax	9.4	10.0	9.9	(0.1)	5.3%	10.0	10.0	-	1.0%
Natural Gas Processors Tax	40.4	18.0	18.2	0.2	-55.0%	22.3	22.3	-	22.5%
TOTAL SEVERANCE TAXES	390.7	401.6	426.5	24.9	9.2%	424.1	409.9	(14.2)	-3.9%
LICENSE FEES	50.3	51.7	49.8	(1.9)	-1.0%	53.5	51.5	(2.0)	3.4%
LGPF Interest	437.1	445.2	446.2	1.0	2.1%	459.7	459.7	-	3.0%
STO Interest	22.1	14.7	17.6	2.9	-20.4%	20.8	18.6	(2.2)	5.7%
STPF Interest	187.1	184.6	184.6	-	-1.3%	183.4	183.4	-	-0.7%
TOTAL INTEREST	646.3	644.5	648.4	3.9	0.3%	663.9	661.7	(2.2)	2.1%
Federal Mineral Leasing	355.3	411.7	411.8	0.1	15.9%	424.9	398.0	(26.9)	-3.4%
State Land Office	67.7	53.7	65.6	11.9	-3.1%	43.3	55.8	12.5	-14.9%
TOTAL RENTS & ROYALTIES	423.0	465.4	477.4	12.0	12.9%	468.2	453.8	(14.4)	-4.9%
TRIBAL REVENUE SHARING	64.1	65.4	65.9	0.5	2.8%	70.4	70.4	-	6.8%
MISCELLANEOUS RECEIPTS	44.4	51.4	52.1	0.7	17.3%	43.1	43.5	0.4	-16.5%
REVERSIONS	40.0	50.0	50.0	-	25.0%	40.0	40.0	-	-20.0%
TOTAL RECURRING	4,798.7	5,274.9	5,387.9	113.0	12.3%	5,533.4	5,511.9	(21.5)	2.3%
TOTAL NON-RECURRING*	478.9	66.8	66.8	-	-86.1%	18.3	18.3	-	-72.6%
GRAND TOTAL	5,277.6	5,341.7	5,454.7	113.0	3.4%	5,551.7	5,530.2	(21.5)	1.4%

*Post-session nonrecurring for FY11 assumed a \$500 thousand transfer from the 920 fund to cover projected shortfall.

General Fund Consensus Revenue Estimate
October 2011

	FY13				FY14				FY15			
	July 2011 Est.	Oct 2011 Est.	Change from Prior	% Change from FY12	July 2011 Est.	Oct 2011 Est.	Change from Prior	% Change from FY13	July 2011 Est.	Oct 2011 Est.	Change from Prior	% Change from FY14
Gross Receipts Tax	1,956.0	1,935.9	(20.1)	3.8%	2,058.0	2,011.4	(46.6)	3.9%	2,156.0	2,095.8	(60.2)	4.2%
Compensating Tax	74.4	73.1	(1.3)	5.2%	76.6	75.9	(0.7)	3.8%	77.9	77.2	(0.7)	1.7%
TOTAL GENERAL SALES	2,030.4	2,009.0	(21.4)	3.8%	2,134.6	2,087.3	(47.3)	3.9%	2,233.9	2,173.0	(60.9)	4.1%
Tobacco Taxes	84.3	84.7	0.4	-2.0%	82.8	83.1	0.3	-1.9%	81.6	81.4	(0.2)	-2.0%
Liquor Excise	25.6	26.7	1.1	1.1%	25.9	27.1	1.2	1.5%	26.2	27.5	1.3	1.5%
Insurance Taxes	147.3	131.1	(16.2)	-1.4%	152.6	129.7	(22.9)	-1.1%	158.1	128.3	(29.8)	-1.1%
Fire Protection Fund Reversion	17.6	15.2	(2.4)	-5.6%	15.2	13.6	(1.6)	-10.5%	14.1	12.1	(2.0)	-11.0%
Motor Vehicle Excise	119.0	116.1	(2.9)	5.4%	125.0	121.6	(3.4)	4.7%	130.0	126.6	(3.4)	4.1%
Gaming Excise	67.8	67.5	(0.3)	1.4%	68.8	68.4	(0.4)	1.3%	69.9	69.4	(0.5)	1.5%
Leased Vehicle Surcharge	5.4	5.4	-	5.9%	5.6	5.6	-	3.7%	5.8	5.8	-	3.6%
Other	3.2	3.0	(0.2)	7.1%	3.3	3.2	(0.1)	6.7%	4.6	3.3	(1.3)	3.1%
TOTAL SELECTIVE SALES	470.2	449.7	(20.5)	0.7%	479.2	452.3	(26.9)	0.6%	490.3	454.4	(35.9)	0.5%
Personal Income Tax	1,134.7	1,115.0	(19.7)	2.3%	1,179.7	1,150.0	(29.7)	3.1%	1,224.7	1,190.0	(34.7)	3.5%
Corporate Income Tax	350.0	375.0	25.0	21.0%	400.0	410.0	10.0	9.3%	400.0	425.0	25.0	3.7%
TOTAL INCOME TAXES	1,484.7	1,490.0	5.3	6.4%	1,579.7	1,560.0	(19.7)	4.7%	1,624.7	1,615.0	(9.7)	3.5%
Oil and Gas School Tax	394.5	366.0	(28.5)	3.1%	396.4	371.8	(24.6)	1.6%	391.4	366.3	(25.1)	-1.5%
Oil Conservation Tax	19.7	23.2	3.5	2.7%	19.8	23.4	3.6	0.9%	19.6	23.1	3.5	-1.3%
Resources Excise Tax	10.0	10.0	-	0.0%	10.0	10.0	-	0.0%	10.0	10.0	-	0.0%
Natural Gas Processors Tax	23.2	23.6	0.4	5.8%	24.0	24.6	0.6	4.2%	23.8	24.8	1.0	0.8%
TOTAL SEVERANCE TAXES	447.4	422.8	(24.6)	3.2%	450.2	429.8	(20.4)	1.7%	444.8	424.2	(20.6)	-1.3%
LICENSE FEES	55.5	54.4	(1.1)	5.6%	58.0	57.1	(0.9)	5.0%	60.7	60.0	(0.7)	5.1%
LGPF Interest	444.8	438.1	(6.7)	-4.7%	452.8	438.7	(14.1)	0.1%	494.1	472.0	(22.1)	7.6%
STO Interest	30.5	26.0	(4.6)	39.5%	33.9	41.4	7.5	59.5%	56.0	49.4	(6.6)	19.3%
STPF Interest	178.9	174.3	(4.6)	-5.0%	173.6	164.0	(9.6)	-5.9%	183.7	168.8	(14.9)	2.9%
TOTAL INTEREST	654.2	638.4	(15.9)	-3.5%	660.3	644.1	(16.2)	0.9%	733.8	690.2	(43.6)	7.2%
Federal Mineral Leasing	457.7	412.5	(45.2)	3.6%	474.5	423.1	(51.4)	2.6%	477.1	412.0	(65.1)	-2.6%
State Land Office	45.0	43.9	(1.1)	-21.3%	44.8	43.9	(0.9)	0.0%	44.6	43.7	(0.9)	-0.5%
TOTAL RENTS & ROYALTIES	502.7	456.4	(46.3)	0.6%	519.3	467.0	(52.3)	2.3%	521.7	455.7	(66.0)	-2.4%
TRIBAL REVENUE SHARING	75.4	75.4	-	7.1%	78.2	78.2	-	3.7%	81.2	81.2	-	3.8%
MISCELLANEOUS RECEIPTS	41.8	43.6	1.8	0.2%	40.7	44.0	3.3	0.9%	39.7	45.5	5.8	3.4%
REVERSIONS	40.0	40.0	-	0.0%	40.0	40.0	-	0.0%	40.0	40.0	-	0.0%
TOTAL RECURRING	5,802.3	5,679.6	(122.7)	3.0%	6,040.2	5,859.8	(180.4)	3.2%	6,270.8	6,039.3	(231.5)	3.1%
TOTAL NON-RECURRING*	(3.3)	(3.3)	-	-118.0%	(0.9)	(0.9)	-	-72.7%	-	-	-	-100.0%
GRAND TOTAL	5,799.0	5,676.3	(122.7)	2.6%	6,039.3	5,858.9	(180.4)	3.2%	6,270.8	6,039.3	(231.5)	3.1%

10/13/2011

APPENDIX 3
GENERAL FUND FINANCIAL SUMMARY
Reflecting October 2011 Consensus Revenue Forecast
(Dollars in Millions)

	<u>Estimated FY2011</u>	<u>Estimated FY2012</u>	<u>Estimated FY2013</u>
APPROPRIATION ACCOUNT			
REVENUE			
Recurring Revenue			
July 2011 consensus forecast	\$ 5,274.9	\$ 5,533.4	\$ 5,802.3
October 2011 revisions	<i>113.0</i>	<i>(21.5)</i>	<i>(122.7)</i>
October 2011 Consensus forecast	\$ 5,387.9	\$ 5,511.9	\$ 5,679.6
Nonrecurring Revenue			
October 2011 Consensus forecast	\$ 66.8	\$ 18.3	\$ (3.3)
TOTAL REVENUE	\$ 5,454.7	\$ 5,530.2	\$ 5,676.3
APPROPRIATIONS			
Recurring Appropriations			
Recurring Appropriations	\$ 5,202.8	\$ 5,416.1	\$ 5,430.7
<i>Recurring Appropriations - Feed Bill</i>	<i>8.9</i>	<i>14.6</i>	<i>-</i>
<i>2011 Recurring Appropriation Bills</i>	<i>1.3</i>	<i>-</i>	<i>-</i>
Total Recurring Appropriations	\$ 5,213.0	\$ 5,430.7	\$ 5,430.7
Nonrecurring Appropriations			
2009 & 2010 Nonrecurring Appropriations	\$ 1.1	\$ -	\$ -
Laws 2011, Chapter 1, Nonrecurring Appropriation	\$ 1.5		
<i>2011 Nonrecurring Appropriation Bills</i>	\$ 19.1	\$ -	\$ -
<i>2011 Special Session</i>		\$ 1.2	
Total Nonrecurring Appropriations	\$ 21.7	\$ 1.2	\$ -
TOTAL APPROPRIATIONS	\$ 5,234.7	\$ 5,431.9	\$ 5,430.7
Transfer to(from) Reserves	\$ 220.0	\$ 98.3	\$ 245.6
GENERAL FUND RESERVES			
Beginning Balances	\$ 278.0	\$ 470.1	\$ 564.0
Transfers from (to) Appropriations Account	220.0	98.3	245.6
Revenue and Reversions	49.4	50.3	51.3
Appropriations, expenditures and transfers out	<i>(77.4)</i>	<i>(54.6)</i>	<i>(54.6)</i>
Ending Balances	\$ 470.1	\$ 564.0	\$ 806.3
<i>Reserves as a Percent of Recurring Appropriations</i>	<i>9.0%</i>	<i>10.4%</i>	<i>14.8%</i>

GENERAL FUND FINANCIAL SUMMARY

RESERVE DETAIL

(Dollars in Millions)

	Estimated FY2011	Estimated FY2012	Estimated FY2013
OPERATING RESERVE			
Beginning balance	\$ 36.2	\$ 34.7	\$ 132.9
BOF Emergency Appropriations	(1.5)	-	-
Transfers from/to appropriation account	-	98.3	245.6
Chapter 3, Laws 2009 - SS (HB6)	-	-	-
Ending balance	\$ 34.7	\$ 132.9	\$ 378.5
APPROPRIATION CONTINGENCY FUND			
Beginning balance	\$ 29.6	\$ 0.8	\$ (15.2)
Disaster allotments	(28.8)	(16.0)	(16.0)
Other appropriations	-	-	-
Transfers in	-	-	-
Revenue and reversions	-	-	-
Ending Balance	\$ 0.8	\$ (15.2)	\$ (31.2)
Education Lock Box			
Beginning balance	\$ 53.1	\$ 44.6	\$ 44.6
Appropriations (2010 and 2011 GAA Section 5)	(8.5)	-	-
Transfers in(out)	-	-	-
Ending balance	\$ 44.6	\$ 44.6	\$ 44.6
STATE SUPPORT FUND			
Beginning balance	\$ 1.0	\$ 1.0	\$ 1.0
Revenues	\$ -	\$ -	\$ -
Appropriations	\$ -	\$ -	\$ -
Ending balance	\$ 1.0	\$ 1.0	\$ 1.0
TOBACCO PERMANENT FUND			
Beginning balance	\$ 132.0	\$ 142.9	\$ 154.6
Transfers in	38.6	38.6	38.6
Appropriation to tobacco settlement program fund	(19.3)	(19.3)	(19.3)
Gains/Losses	10.8	11.7	12.7
Additional transfers to Program Fund	(19.3)	(19.3)	(19.3)
Ending balance	\$ 142.9	\$ 154.6	\$ 167.2
TAX STABILIZATION RESERVE			
Beginning balance	\$ 26.1	\$ 246.1	\$ 246.1
Transfers in	-	-	-
Chapter 3, Laws 2009 - SS (HB6)	-	-	-
2010 Special Session reserve transfers			
2011 Session reserve transfers	220.0		
Ending balance	\$ 246.1	\$ 246.1	\$ 246.1
GENERAL FUND ENDING BALANCES	\$ 470.1	\$ 564.1	\$ 806.3
Percent of Recurring Appropriations	9.0%	10.4%	14.8%

Appendix 4
October 2011 Bonding Capacity Estimate

<i>Core Bonding Programs</i>						
<i>Sources and Uses of Funds</i>						
<i>Bonding Capacity Available for Authorization</i>						
<i>October 2011 Estimate</i>						
Sources of Funds (millions)	FY12	FY13	FY14	FY15	FY16	Five-Year
General Obligation Bonds	303.3	-	193.9	-	214.7	711.8
Severance Tax Bonds	189.5	189.5	189.5	189.5	189.5	947.5
Severance Tax Notes	74.8	83.2	76.4	66.7	50.6	351.7
Subtotal Senior STBs	264.3	272.7	265.9	256.2	240.1	1,299.2
Supplemental Severance Tax Bonds	-	-	-	-	-	-
Supplemental Severance Tax Notes	148.7	166.8	177.7	181.9	180.9	856.0
Subtotal Supplemental STBs	148.7	166.8	177.7	181.9	180.9	856.0
Total Sources of Funds	\$716.3	\$439.5	\$637.5	\$438.0	\$635.7	\$2,867.1
Uses of Funds (millions)	FY12	FY13	FY14	FY15	FY16	Five-Year
Projects approved by referendum	303.3	-	193.9	-	214.7	711.8
New Statewide Capital Projects	130.5	218.2	212.7	204.9	192.1	958.4
Authorized but Unissued STB Projects*	81.0	-	-	-	-	81.0
10% Water Projects	26.4	27.3	26.6	25.6	24.0	129.9
5% Colonias Projects	13.2	13.6	13.3	12.8	12.0	65.0
5% Tribal Projects	13.2	13.6	13.3	12.8	12.0	65.0
Education Capital	148.7	166.8	177.7	181.9	180.9	856.0
Total Uses of Funds	\$716.3	\$439.5	\$637.5	\$438.0	\$635.7	\$2,867.1

*Reflects projects authorized during the 2011 special session.