



DISABILITY RIGHTS NEW MEXICO

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Promoting and Protecting the Rights of Persons with Disabilities

SPECIAL SESSION REPORT

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The contentious week-long special session of the Legislature came to an end this past Thursday. Faced with a combined budget deficit of around \$600 million for the fiscal year that ended June 30 and the current year, along with the governor's firm opposition to any form of tax increases, legislators had to scour fund balances and cut state agency budgets to try to make ends meet. Although Medicaid programs serving people with disabilities – including Centennial Care, the DD waiver and Medicaid behavioral health – were exempted from the current round of cuts, most state agencies, including those that provide disability services, will see their annual budget reduced by 5.5%. Funding for education, including special education, was also cut.

The cuts were made even though the state's current budget problems are due to inadequate revenues and *not* to excessive spending. In fact, state appropriations for this year are now at about the same level that they were eight years ago. However, falling oil and gas prices have led to sharply reduced tax revenues from these extraction industries, and revenues from personal income tax, corporate income tax and other sources of state income are also down significantly, due in part to previous tax cuts.

The final package of bills approved in the special session is expected to produce about \$371 million in "savings" for the year that began on July 1 – still short of the projected \$458 million deficit for FY 2017. The legislature cancelled a number of capital outlay projects, scooped up some unspent funds from other government programs, and plugged a few tax loopholes to narrow the gap between income and expenses. The tobacco settlement fund will be used up to cover last year's deficit and maintain a small balance in the state's checking account. But the centerpiece of the legislature's budget package is a bill (SB 9) that cuts state spending by over \$170 million.

The final version of that bill spared Medicaid from further cuts, although the program had already been significantly underfunded in the regular session. That underfunding has continued to reduce services such as personal care to persons with disabilities and led the Human Services Department to cut the rates paid to most Medicaid providers earlier this year and propose more co-pays on consumers.

Most state agencies and programs serving people with disabilities have been cut by SB 9. Non-Medicaid behavioral health services will be reduced by 2.5%, a loss of over \$2 million. Agencies hit with a 5.5% budget cut include the Division of Vocational Rehabilitation (about \$260,000, creating a total reduction of about \$1.3 million due to loss of federal matching funds), the DD Planning Council (\$295,000 cut), the Commission for the Blind (\$113,000 cut with additional loss of federal matching

funds), Independent Living programs (\$66,000), and the Governor's Commission on Disability (\$59,000).

Contrary to some published reports, the public schools budget was also cut. The school funding formula appropriation was reduced by nearly \$38 million, to be implemented through a 1.5% reduction in the "unit value". This means that special education funding to schools will be reduced by the same 1.5%. Although there is language in SB 9 intended to address the possibility that this reduced level is not enough to meet the "maintenance of effort" requirements of federal special education grants, it is unlikely that such a determination would be made and confirmed before the end of the current fiscal year.

Because the action taken in the special session doesn't completely close the budget gap, the legislature will need to take further action on the remaining deficit for the current year when it meets in regular session this coming January. And crafting a budget for the year starting next July will be challenging without additional revenues. Recent polls indicate that about 60% of New Mexicans favor addressing the state's budget problems through a balanced approach that includes increasing state revenues as well as cutting spending.

The special session was complicated – and made much longer – by Governor Martinez's decision to add a number of crime bills to the agenda rather than focusing on the state's budget crisis. Neither the governor nor the Republican-controlled House put forward any plan or proposal to address the budget situation. In the Senate, the Democratic leadership worked with Republican members to pass the package of budget bills on the first day of the session and then adjourn. The House remained in session, making minor changes to the Senate bills and spending much of their time on the crime bills, including reinstatement of the death penalty, that the governor called for – apparently with an eye to the election, just a month away, in which control of the legislature is at stake.

The House took up the bill restoring the death penalty without advance notice in the middle of the night and passed it on a party-line vote shortly before 6:00 a.m. on the last morning of the special session. The Senate returned to the Capitol that morning, agreed to the House changes to the budget bills, and adjourned again without addressing any of the House's crime bills.

The election on November 8th will determine the makeup and leadership of the 2017 state legislature. Whoever is elected will face difficult choices, and their decisions will affect funding for all aspects of state government, including disability services.

DRNM encourages everyone to participate in the political process. Tuesday, Oct. 11 is the last day to register to vote if you haven't done so already. You can let your voice be heard by voting in this year's election, and then by letting your elected legislators know how they can support disability issues.