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Egolf and MLG move to slash $2.6 billion from state budget

Santa Fe, NM – Despite increased inflation with no end in sight, disruption in the global supply chain, and the 5th highest unemployment rate in the nation, Speaker Brian Egolf and Gov. Lujan Grisham are holding a "Climate Change Summit," a pep rally for the progressive elite, calling for the end of New Mexico's oil and gas industry. The progressive activists are advocating for a total shutdown of the state's largest job and revenue producing industry which will lead to a 45% decline in state revenue, dramatically slashing some $2.6 billion or 35% in government spending across the board. House Republicans today released a document revealing what impact Egolf and Lujan Grisham's slash and burn, $2.6 billion spending reduction, would have on state programs.

"*In his announcement of the summit, Speaker Egolf seemed to indicate that he was aware his extreme policies are negatively affecting New Mexico's people of color*," **said House Republican Whip Rod Montoya.** "*Speaker Egolf and Governor Lujan Grisham have recently ensured that hundreds of Navajo families are losing their income, while at the same time raising energy rates on working families all over New Mexico. It's fair to say that Santa Fe political bosses have sold out New Mexico to out-of-state special interests.*"

New Mexicans are still reeling from the economic turmoil of Lujan Grisham's multiple shutdowns, and President Biden's supply chain crisis is already hitting the state's retail shelves. Egolf's summit and eco-activism will shut down the oil and gas sector that brings in 45% of the state's revenue. House Democrats have no transformative economic plans and will likely raise taxes to keep government spending the same, or they will have to institute severe budget cuts. These extreme policies will force Democrats to slash public schools funding, Medicaid services and other programs that New Mexico working families rely on. Nearly half of all New Mexicans already rely on government assistance, and Egolf and Lujan Grisham's slash and burn plan will cause oil and gas workers to become unemployed and reliant on Democrat's reduced government services.

"*Governor Lujan Grisham and the political elite in Santa Fe should be focused on rebuilding the economy that was destroyed with their multiple economic shutdowns, instead they are slashing state revenue to pacify their donors. This should alarm every New Mexican*," **said House Republican Leader Jim Townsend**. "*The fact that Speaker Egolf is advocating for such drastic revenue cuts without a plan to offset this loss reveals how selfish they are to sacrifice New Mexico's long-term future for immediate campaign contributions. They are screaming that the sky is falling, and they are right – New Mexico is falling apart under progressive control.*"

A document detailing Egolf and Lujan Grisham's dramatic slash and burn future for New Mexico is attached.
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AN ACT

MAKING GENERAL APPROPRIATIONS AND AUTHORIZING EXPENDITURES BY STATE AGENCIES REQUIRED BY LAW. BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. SHORT TITLE.--This act may be cited as the "General Appropriation Act of 2022".

Section 2. DEFINITIONS.--As used in the General Appropriation Act of 2022:

A. "agency" means an office, department, agency, institution, board, bureau, commission, court, district attorney, council or committee of state government;

B. "efficiency" means the measure of the degree to which services are efficient and productive and is often expressed in terms of dollars or time per unit of output;

C. "explanatory" means information that can help users to understand reported performance measures and to evaluate the significance of underlying factors that may have affected the reported information;

D. "federal funds" means any payments by the United States government to state government or agencies except those payments made in accordance with the federal Mineral Leasing Act;

The House Democratic Caucus' Budget Plan for FY 2023 if NM's Oil and Gas Revenues Are Eliminated as Progressives Demand

	FY 2022 (current appropriations)	FY 2023 (appropriations with no oil and gas revenues)	Amount of Spending Reduction
K-12 Public School Funding (Public School Support)	$3.354 billion	$2.180 billion	$1.174 billion
Higher Education (funding to universities, colleges)	$829.5 million	$539.2 million	$290.3 million
Opportunity Scholarships	$7 million	$4.5 million	$2.5 million
Medicaid (Program, Administrative, Behav. Health)	$1.032 billion	$670.8 million	$361.2 million

	FY 2022 (current appropriations)	FY 2023 (appropriations with no oil and gas revenues)	Amount of Spending Reduction
Public Education Department	$14.9 million	$9.7 million	$5.2 million
Higher Education Department (except Opportunity Scholarships)	$33.7 million	$21.9 million	$11.8 million
TANF and Income Support Funding (HSD)	$87.1 million	$56.6 million	$30.5 million
Courts, DAs, and Public Defender	$324.2 million	$210.7 million	$113.5 million
Early Childhood Education and Care Department	$191.6 million	$124.5 million	$67.1 million
Children, Youth, and Families Department	$210.9 million	$137.1 million	$73.8 million
Department of Health	$313.7 million	$203.9 million	$109.8 million
Department of Public Safety	$128.7 million	$83.7 million	$45.0 million
Corrections Department	$327.9 million	$213.1 million	$114.8 million
Legislative Branch	$21.7 million	$14.1 million	$7.6 million
Taxation and Revenue Department	$64.7 million	$42.1 million	$22.6 million
Environment Department	$15.4 million	$10.0 million	$5.4 million
Governor’s Office	$4.6 million	$3.0 million	$1.6 million
Attorney General	$14.2 million	$9.2 million	$5.0 million
Secretary of State	$16.6 million	$10.8 million	$5.8 million

	FY 2022 (current appropriations)	FY 2023 (appropriations with no oil and gas revenues)	Amount of Spending Reduction
Tourism Department	$16.7 million	$10.9 million	$5.8 million
Economic Development Department	$13.8 million	$9.0 million	$4.8 million
Cultural Affairs Department	$33.2 million	$21.6 million	$11.6 million
Energy, Minerals, and Nat. Res. Dept.	$23.8 million	$15.5 million	$8.3 million

Notes:

1. The most recent Consensus Revenue Estimate (prepared in August 2021) is projecting that Fiscal Year 2023 General Fund revenues will be $8.84 billion. In addition, LFC has a chart within the Consensus Revenue Estimate showing the percentage of General Fund revenues derived from the oil and gas industry will be 45 percent in FY 2023. If NM's oil and gas industry would suddenly no longer be operating in the state, as progressives ultimately want to achieve, in Fiscal Year 2023, the projected $8.84 billion in General Fund revenues would fall to $4.86 billion --- a 45 percent reduction. In turn, the Legislature would only have $4.86 billion to spend on recurring spending in Fiscal Year 2023 and compared to the Fiscal Year 2022 recurring spending amount of $7.45 billion, the amount of spending reductions required in Fiscal Year 2023 would be about $2.6 billion in order to match recurring revenues with recurring expenditures.

   Therefore, this required $2.6 billion in spending reduction in Fiscal Year 2023 would result in a 35 percent across-the-board spending reduction in all state agencies and programs. In other words, eliminating NM's oil and gas industry and the resulting 35 percent cut in state spending would be devastating to NM's families that depend on public education, higher education, and Medicaid.

2. The last time the General Fund state budget was below $5 billion was in Fiscal Year 2006 when the state's operating budget was $4.68 billion.

3. If such a 35 percent across-the-board reduction would be necessary, the across-the-board spending reduction approach contained in this document would actually be the "best case scenario" for most of the state budget because Medicaid spending would likely have to be kept at current Fiscal Year 2022 levels in order to receive the full amount of federal matching dollars. Therefore, an additional $361.2 million in deeper spending cuts would be needed from other state agencies to keep Medicaid whole.