



STATE OF NEW MEXICO
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HANNA SKANDERA
SECRETARY OF EDUCATION

SUSANA MARTINEZ
GOVERNOR

January 31, 2017

MEMORANDUM

TO: Superintendents, Business Managers, and Charter School Representatives

FROM: Hipolito "Paul" Aguilar
Deputy Secretary, Finance & Operations

SUBJECT: Capital Outlay Freeze

Recent state revenue projections reflect significant revenue shortfalls for both fiscal year 2017 and 2018. Under provisions contained in the New Mexico Constitution, the State is required to maintain a balanced budget and is precluded from deficit spending. As a result of these shortfalls, it has become necessary for the State to reduce expenses statewide. A portion of the proposed solvency plan being considered to achieve these reductions may require de-authorizing, reauthorizing or reverting stalled capital outlay projects. Consequently, effective immediately, the Public Education Department has received direction to freeze all capital outlay projects that have no activity indicated, excluding projects authorized during the 2016 legislative session. No activity includes:

1. No notice of obligation in place to encumber any of the project funding; and
2. No encumbrances or expenditures as of January 23, 2017.

What this means is that Budget Adjustment Requests, Requests to Obligate Funds (RTOF's) or Requests for Reimbursement (RfR's) will not be approved until further notice. The only exception to this will be for capital outlay projects appropriated during the 2016 legislative session, SB-9 state match funds, G.O.B. library funds, and RfR's that have an approved RTOF on file with expenditures made prior to January 23, 2017.

We appreciate your immediate attention to this matter and will keep you informed as the process unfolds. If you have any questions, or need additional information, please contact Iris Romero at (505) 827-7646 or Amanda Lupardus at (505) 827-6613.

cc: Hanna Skandera, Secretary of Education
Antonio Ortiz, Director, Student Services and Transportation Division