2012 Regular Legislative Session – End of Session Briefing: Updated March 19, 2012

Four years of state budget deficits coupled with flat revenue estimates made it difficult for the New Mexico Legislature to balance the state budget, as is mandated by law. This year began on a more positive note, and the 2012 session of the Legislature commenced with the promise of a gradual economic turnaround and consensus revenue estimates projecting "new money" in the amount of $254 million. For our purposes, new money is defined as FY 13 projected revenue less FY 12 recurring appropriations. After setting aside $50 million to reverse the 1.75% retirement swap, as mandated by triggers in the law, FY 13 new money is estimated to be $204 million:

The following summarizes how UNM fared in the HED, DFA and LFC budget recommendations for FY 13:

The initial phase of the revised funding formula, as well as the DFA and LFC budget recommendations which are based on this initial phase of the revised formula do not calculate or fund the following:

- Costs for equipment replacement and renewal, building replacement and renewal, operations and maintenance costs of I&G education square footage, or utilities costs for I&G square footage.
- Tuition credits or tuition waivers

**HED – Higher Education Department**

- I&G budget recommendation starts from the FY 12 operating base:
  - Main Campus $160,032,900, a 0.6% reduction.
  - Health Sciences Center $57,103.8, or a 0.2% increase.
  - Branch Campuses
    - Gallup $8,154,500, a -0.7% change.
    - Los Alamos $1,641,900, a -0.6% change.
    - Taos $2,730,900, a 2.2% change.
    - Valencia $4,607,100, a 1.7% change.

- No tuition credit
- No ERB Swap – Employer/Employee swap of 1.75%
- RPSP’s – Research and Public Service Projects – Held flat.
  - Main Campus $7,855,200
  - Health Sciences Center $25,446,600

**DFA - Department of Finance and Administration – Executive**

- I&G budget recommendation starts from the FY 12 operating base:
  - Main Campus $165,127,378, a 2.6% increase.
  - Health Sciences Center $58,162,500, a 2.1% increase.
  - Branch Campuses
    - Gallup $8,097,437, a -1.3% change.
    - Los Alamos $1,632,190, a -2.0% change.
    - Taos $2,790,822, a 2.0% change.
    - Valencia $4,688,189, a 0.3% change.

- No tuition credit
- ERB Swap – Employer/Employee swap of 1.75% (included in the increased funding noted above)
- RPSP’s – Research and Public Service Projects – Held flat plus ERB 1.75% swap.
  - Main Campus $8,180,600, a 3.0% increase,
  - Health Sciences Center $26,034,800, a 2.3% increase.
LFC - Legislative Finance Committee
- I&G budget recommendation starts from the FY 12 operating base:
  - Main Campus $173,764,500, an 8.0% increase
  - Health Sciences Center $58,504,100, a 2.7% increase
- Branch Campuses
  - Gallup $8,720,900, a 6.3% change.
  - Los Alamos $1,786,600, a 7.3% change.
  - Taos $3,042,800, an 11.2% change.
  - Valencia $5,040,000, a 7.9% change.
- No tuition credit
- ERB Swap – Employer/Employee Swap of 1.75% (included in the increased funding noted above)
- RPSP’s – Research and Public Service Projects
  - Main Campus $7,699,000, a 3.1% reduction
  - Health Sciences Center $25,550,400, a .04% increase
    - BA/MD $341,600

HAFC – House Appropriations and Finance Committee
- On February 21st, the HAFC Higher Education sub-committee met to discuss the DFA and LFC recommendations. The recommendations were then presented to the full HAFC committee on the 23rd, and again to the Senate Finance Committee on the 24th.
- On January 30th, House Bill 2, 2012 General Appropriation Act, was presented to the full HAFC committee for a vote, some members on the committee expressed their reluctance of certain parts of the budget and the Chair held the bill over.
- HB 2 was presented to HAFC, on February 6th at 8:30 a.m., it was voted and passed out of the committee and on its way to the House Floor, where it was unanimously approved on Tuesday, February 7th.
- The following is HB 2 as it currently stands for UNM:
  - I&G budget recommendation starts from the FY 12 operating base:
    - Main Campus $173,028,792, a 7.5% increase. This is a $735,700 reduction from the LFC recommendation.
    - The difference between the LFC recommendation and the HAFC recommendation is due to $449,800 of nursing workload was added back to Higher Education Department and $285,900 was due to sanding.
    - Health Sciences Center $58,504,100, LFC recommendation held
  - No tuition credit
  - ERB Swap – Employer/Employee Swap of 1.75% (included in the increased funding noted above)
  - RPSP’s – Research and Public Service Projects
    - Main Campus $7,744,700
    - Morrissey Hall Program was eliminated in LFC recommendation, received $45,700
    - Health Sciences Center $26,788,600
      - BA/MD is still maintains the LFC $341,600 recommendation.
      - OMI receives $447,400 more ($250,000 more than the LFC recommendation)
      - Project ECHO receives $100,000
      - Nursing Expansion receives $100,000
      - Pediatric Oncology receives $200,000
      - NMPDIC receives $191,200 more in GF, the flexibility remains to allocate $195K more in TSF
      - Cut to Out of County Indigent of $284,800

HB2cs Language:
- Tuition Trigger (Section J, UNM, 1) “If the board of regents increases tuition for the 2012-2013 academic year more than five percent over the rates for the 2011-2012 academic year, the general fund appropriation for the university of New Mexico main campus instruction and general purposes shall be reduced by an amount equal to the incremental amount generated by the tuition rate increase over five percent.”
• **RPSP Overhead (Section J)** “The policy development and institutional financial oversight program of the higher education department and higher education institutions that receive general fund appropriations for research and public service projects **shall not use more than three percent** of the research and public service project general fund appropriation for overhead costs and shall use the general fund appropriation for the direct operation of the research and public service project.”

• **Authority to Reduce Allotments (Section 10)**

  A. During fiscal year 2013, the department of finance and administration shall regularly consult with the legislative finance committee staff to compare revenue collections with the revenue estimate. If a general fund consensus revenue forecast projects that revenues and transfers to the general fund will be insufficient to meet general fund appropriations in Section 4 for fiscal year 2013, the governor, with the approval of the state board of finance and after review and an opportunity to comment by the legislative finance committee, shall reduce general fund allotments to all agencies, funds, programs and other recipients that receive a general fund appropriation in Section 4 of the General Appropriation Act of 2012, pursuant to the following guidelines:

  1. the aggregate of all the reductions in allotments shall equal the amount of the projected deficit, but shall not exceed fifty-five million dollars ($55,000,000);
  2. the reductions shall apply proportionately to all agencies, funds, programs and other recipients, and to all programs and categories within agencies, that receive a general fund appropriation in Section 4 of the General Appropriation Act of 2012, except that no reductions shall be made in the allotments for:
     a. the medicaid programs or the developmental disabilities support program,
     b. the law enforcement program of the department of public safety,
     c. the inmate management and control program of the corrections department, and
     d. any agencies that receive less than five million dollars ($5,000,000) total in general fund appropriations under Section 4;
  3. if a subsequent general fund consensus revenue forecast released during fiscal year 2013 projects revenues to increase above the previous forecast, the allotments shall be increased to reflect the new forecast, up to the amount of the original appropriations;
  4. if a subsequent general fund consensus revenue forecast released during fiscal year 2013 projects revenues to decrease further from the previous forecast, allotments shall be further reduced equal to the amount of the projected deficit; and
  5. expenditures of the appropriations made to legislative agencies in Laws 2012, Chapter 1, Subsection A of Section 3 shall also be reduced in accordance with the provisions of this subsection.

  B. If the secretary of the department of finance and administration reduces allotments pursuant to Subsection A of this Section, the secretary of the department of finance and administration, upon review by the legislative finance committee and approval by the New Mexico board of finance, is authorized to transfer from the general operating reserve to the state board of finance emergency fund two million five hundred thousand dollars ($2,500,000) to address critical public health and safety emergencies caused by an agency’s, fund’s, program’s or other recipient’s reduced allotment.

  C. As used in this section, "general fund consensus revenue forecast" means the revenue estimates prepared by the career economists of the department of finance and administration, taxation and revenue department, department of transportation and legislative finance committee.

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**SFC – Senate Finance Committee**

- SFC opened the amendment process to HB 2 on February 9th, from 8:00 am to 6:00 pm. In total 600 amendments were submitted, 250 from the Executive alone. UNM submitted several amendments on behalf of our priorities. On Sunday, February 12th, the SFC adopted 107 amendments and passed HB 2 out of committee.

- **The following adjustments impacting UNM were made:**
  - Starts from the FY 12 operating base, which was a university priority:
    - Main Campus $173,006,792, or a 7.5% increase
    - Health Sciences Center $58,625,100, a 2.9% increase
  - No tuition credit
  - ERB Swap – Employer/Employee Swap of 1.75% (included in the increased funding noted above)
Final HB 2: The House concurred with the Senate late Wednesday evening on February 15th, and the following is a total summary of what currently stands in House Bill 2, the 2012 General Appropriation Act 2012, was signed by Governor Martinez on March 2nd:

- Starts from the FY 12 operating base, which was a university priority:
  - Main Campus $173,006,792, or a 7.5% increase
  - Health Sciences Center $58,625,100, a 2.9% increase
  - Branch Campuses
    - Gallup
    - Los Alamos
    - Taos
    - Valencia
  - No tuition credit
  - ERB Swap – Employer/Employee Swap of 1.75% (included in the increased funding noted above)
  - RPSP’s – Research and Public Service Projects
    - Main Campus $7,889,700, a -0.7% reduction
      - Morrissey Hall Program, which was eliminated in LFC recommendation, receives $45,700
      - Substance abuse program, which had been cut 24% in LFC recommendation, receives $20,000
    - Health Sciences Center $26,300,400 a .05% increase
      - BA/MD receives $150,000, in addition to the $341,600 appropriated by HAFC.
      - Move Nurse Advice Line to DOH $29,000, neutral to the HSC as they won’t have to contact with DOH now.
      - Native American Suicide Program received $100,000.
      - Mandates the Cancer Center contracts with an entity that conducts research and clinical care programs in lung and tobacco-related illness in the amount of $400,000
      - HB 315 appropriates $1,000,000 to the HSC from Tobacco Settlement Funds for Lung Biology Research.

Vetoed – Section 4, Subsection J, RPSP Overhead, adjusts 3% for overhead to 6%.

Tuition trigger of 5%
Legislation of Interest. Please visit the Office of Government Relations website at http://govrel.unm.edu/, and click on 2012 Legislative Session for a list of all bills that impacted UNM.

Over 200 bills and memorials had an impact to the University of New Mexico, not counting the most pertinent, House Bill 2, the 2012 General Obligation Act, and SB 66, General Obligation Bond Projects. The following are just a few of the proposed legislation impacting UNM as a whole, Health Sciences Center, Human Resources and Retirement related, and Capital Outlay:

- **UNM Related:**

UNM graduate students worked long and hard on the Graduate Employment Tax Credit only to see the session end while it was still on the House floor. A joint memorial to student lottery tuition solvency did get approved.

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<th>Sponsor</th>
<th>Short Title</th>
<th>Status (Action)</th>
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**Health Sciences Center Related:**

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<tr>
<td>HB26</td>
<td>William “Bill” R. Rehm</td>
<td>REDUCE MILL LEVY TO PAY FOR COUNTY HOSPITALS</td>
<td>HPREF [2] HCPAC/HIGAC/HTRC-HCPAC</td>
<td>RELATING TO TAXATION; REDUCING THE MILL LEVY TO PAY THE COST OF OPERATING AND MAINTAINING COUNTY HOSPITALS IN CERTAIN CLASS A COUNTIES.</td>
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<td>HB321</td>
<td>Brian F. Egolf</td>
<td>NURSE-TO-PATIENT RATIO STANDARDS</td>
<td>[12] HCPAC/HAFHC/HCPAC</td>
<td>RELATING TO HEALTH CARE; PROVIDING STANDARDS FOR NURSE-TO-PATIENT RATIOS; PROVIDING FOR REVIEW OF THOSE STANDARDS; MAKING AN APPROPRIATION.</td>
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HB 315, Lung Cancer Research, appropriates $1,000,000 to the HSC from Tobacco Settlement Funds for Lung Biology Research in the name of “Speaker Ben Lujan Lung Cancer Research Project.” – Signed on March 7th. Executive Message states that tobacco settlement funds have already been appropriated and no additional funds are available for this project, a commitment will be required by the legislature to fully fund the project when they return in January.

Retirement and Human Resources Related:
All education retirement bills failed to make it through both houses.

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<td>HB269</td>
<td>Mimi Stewart</td>
<td>EDUCATIONAL RETIREMENT CONTRIBUTION</td>
<td>[9] not prn-d-HEC [10]</td>
<td>RELATING TO PENSIONS; AMENDING THE EDUCATIONAL RETIREMENT ACT; PROVIDING FOR AN INCREASE IN EMPLOYEE CONTRIBUTIONS; INCREASING AGE AND SERVICE REQUIREMENTS FOR RETIREMENT OF NON-VESTED MEMBERS.</td>
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Capital Outlay Related:
SB 66, the $139.3 million statewide GO bond bill contains the following UNM projects:

- $16,000,000 for Chemistry building
- $3,000,000 for Biology building
- Branch Campus:
  - Los Alamos, science labs renovate and equipment, $500,000
  - Gallup, water and sewer upgrades, $1,000,000
  - Taos, renovate and upgrades, $3,000,000
  - Valencia, infrastructure improvements, $1,000,000
- Total = $24,500,000

GO Bonds are destined to go before the voters in the November general election.
HB 191, authorizes approximately $130 million in severance tax bond money for statewide projects, the following are UNM projects:

- $1,197,000 to improve and replace main campus roofing.
- $477,000 for medical equipment for UNMH.
- $100,000 for equipment for a burn center at UNMH.
- $100,000 for campus safety lighting.
- $1,379,000 for a joint powers agreement between UNM, Albuquerque Public Schools and the New Mexico Activities Assn. for improvements to shared athletic fields.

HB 190, reauthorizes funds, the following are UNM projects:

- Magnetic resonance imaging scanner for the tri-services laboratory facility for use by the office of the medical investigator.

➢ March 7th was the deadline for Governor Martinez to sign or veto passed legislation.