



2011 Regular Legislative Session Summary

- Most recent economic consensus reporting predicts a state budget deficit between \$260 million and \$450 million.
- FY 12 Department of Finance and Administration (DFA) and Legislative Finance Committee (LFC) budget recommendations:
 - Executive Branch – Department of Finance and Administration Recommendation (DFA):
 - Formula fully funded - \$7,453,691
 - Instruction and General (I&G) budget recommendation based off of FY11 post solvency appropriations
 - Main Campus reduced by 1.8%
 - Health Sciences Center reduced by 3%
 - Tobacco Settlement reduced 0% (Funds both I&G and RPSPs)
 - Tuition Credit for both resident and non-resident – 3%
 - Tuition Waivers – Entire amount cut – \$4,778,758
 - Special Projects – Cuts ranged from 3% to elimination
 - ERB – Employer/Employee swap of 2.00% on top 1.5%
 - Equipment Renewal and Replacement (ER&R) – Maintain at current level.
 - Legislative Branch – Legislative Finance Committee Recommendation (LFC):
 - Formula Funded – Not fully funded - \$6,096,118
 - Instruction and General (I&G) Reduction based on FY 11 post solvency
 - Main Campus reduced by 3.8%
 - Health Sciences Center 0.9%
 - Tobacco Settlement reduced by 36.2% (Funds both I&G and RPSPs)
 - Tuition Credit
 - In-state – 3.1%
 - Out-of-state – 9.5%
 - Tuition Waivers – Pro-rated amount of the tuition waivers cut – \$2,274,338
 - Special Projects – Cuts ranged from 5 to elimination based on various LFC criteria
 - ERB – Employer/Employee swap of 1.75% on top of the 1.5%
 - Equipment Renewal and Replacement (ER&R) – eliminated from the funding formula and deletes funding for FY 12

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- House Appropriations and Finance Committee (HAFC) Proposed Budget:
 - Higher Education budget hearing on February 10th at 1:30 p.m.
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- Senate Finance Committee (SFC) Proposed Budget:
 - Higher Education budget hearing on February 1st at 1:30 p.m.
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Retirement Issue:

DFA recommendation: Keep 2009 1.5% employee increase in place and add another 2% increase to the employee by reducing the employer contribution by 2%. Teachers are held harmless.

LFC recommendation: Add a 1.75% on top of the 1.5%, and does not hold the teachers harmless.

Decreases in the 2009 federal tax code offset the 1.5% employee increase over 2 years (FY10 & FY11), but will not offset that increase going forward in FY12. Therefore, this will be a true decrease in FY12. By adding another 1.75% or 2% to the employee contribution this will result in a 3.25% or 3.5% decrease in salary & benefits.

Before the holidays, the ERB voted to support legislation to increase the employee contribution by 2% and eventually increasing the employer contribution to approximately 13.75%. This will be hard to accomplish by decreasing the current employer contribution by another 1.75% or 2%.

Increase to the employee contribution for General Fund solvency, and ERB solvency, can result in a 5.25%, or a 5.5%, reduction in salary and benefits.

We are asking for the legislature and LFC/DFA staff to look at what those percentages would be if the cuts could be spread over all of the State's General Fund budgets. For example, in the 2010 Special Legislative Session, there was a recommended 2% compensation reduction, which is a reduction to employees' pockets and a smaller pot of money, thus calling for a higher percentage to capture more dollars. Finally, the legislature decided to take the 2% and sand it across all of State General Fund budgets, and that resulted in the institutions having to cut .544% instead of the employee loosing 2% to comp on top of the 1.5%

Employee contribution to ERB that was imposed in 2009 (FY10 & FY11)

What would the percentage be by sanding the 1.5% and either the 1.75% or 2% across all of the State's GF budgets? If the institutions endure these cuts the GF will decrease expenditures towards solvency, but employees will not see a loss in their pockets. This is also critical because there have been no COLAs in the last 4 years and this should be the last round of solvency cuts based on the LFC/DFA revenue consensus reports.

The bottom line is that employees would like to see all possible scenarios to make the General Fund solvent without having to reduce salary and benefits.

Bills of Interest:

- SB 150, RESEARCH PARK ROYALTIES TO PRE-K FUND, Senator Sapien
 - RELATING TO UNIVERSITY RESEARCH PARKS; REQUIRING STATE EDUCATIONAL INSTITUTIONS THAT FORM RESEARCH PARKS TO DISTRIBUTE ROYALTIES FROM TECHNOLOGICAL INNOVATIONS CREATED BY NEW MEXICO RESEARCH PARKS TO THE PUBLIC PRE-KINDERGARTEN FUND AND THE CHILDREN, YOUTH AND FAMILIES PRE-KINDERGARTEN FUND; MAKING AN APPROPRIATION.