2013 Regular Legislative Session – Briefing: February 20, 2013

2012 was the first time in four years the University of New Mexico received an increase in state funding. This year also began on a positive note. The 2013 session of the Legislature commenced with the promise of a gradual economic turnaround and consensus revenue estimates projecting "new money" in the amount of $283 million. However, during the first week of the session, there was an indication of a shortfall of $75 million to $400 million and the possibility the Public Education Department will have to repay the federal government $43 million in special education funding. On a positive note, there is $122 million in Severance Tax Bonds but the $42 million in non-recurring general funds for capital projects is in limbo. The following summarizes how UNM fared in the HED, DFA, LFC, HAFC budget recommendations for FY 14:

**HED – Higher Education Department**
- I&G budget recommendation starts from the FY 13 operating base:
  - Main Campus $178,071,606, a 2.9% increase.
  - Health Sciences Center $60,050,1, a 2.4% increase.
- No tuition credit or tuition waivers.
- ERB Swap – Employer swap of 1.5% or $4,163,617.
- Research and Public Service Projects
  - Main Campus $8,078,300, a 1.1% increase.
  - Health Sciences Center $27,581,000, a 3.0% increase.
- No Equipment Renewal and Replacement (ER&R)

**DFA - Department of Finance and Administration – Executive**
- I&G budget recommendation starts from the FY 13 operating base:
  - Main Campus $173,847,829, a 0.5% increase.
  - Health Sciences Center $58,625,100, no increase.
- No tuition credit or tuition waivers
- ERB Swap – DFA recommendation includes ERB total of $8,730,900 rolled into Main Campus I&G line. We assume this includes ERB for HSC, Branch Campuses, and RPSPs.
- Research and Public Service Projects – Main Campus and HSC held flat
- No Equipment Renewal and Replacement (ER&R)

**LFC - Legislative Finance Committee**
- I&G budget recommendation starts from the FY 12 operating base:
  - Main Campus $179,920,400, an 4.0% increase
  - Health Sciences Center $59,512,500, a 1.5% increase
- No tuition credit or tuition waivers
- ERB Swap – Employer Swap of 1.5% and increase of 0.75% recommended funding at approximately 60% of total salaries based on the portion paid by I&G funds.
- 1% compensation increase based on salaries paid by I&G funds.
- Research and Public Service Projects
  - Main Campus $7,979,500, a 0.1% reduction
  - Health Sciences Center $28,431,000, a 6.1% increase
    - Echo $511,500
    - OMI $319,500
- No Equipment Renewal and Replacement (ER&R)
HAFC – House Appropriations and Finance Committee

- I&G budget recommendation starts from the FY 13 operating base:
  - Main Campus $178,995,909, a 3.5% increase
  - Health Sciences Center $59,949,700, a 2.3% increase
- No tuition credit or tuition waivers
- ERB Swap – Employer Swap of 1.5% is fully funded and the increase of 0.75% is funded at approximately 62% of total salaries based on the portion paid by I&G funds
- Research and Public Service Projects:
  - Main Campus $4,678,900 a 0.7% decrease
  - Health Sciences Center $28,406,900 a 6.0% increase
- No Equipment Renewal and Replacement (ER&R)
- HAFC FY14 Agency Adjustment Consideration:
  - UNM Land Grant Studies Program $100,000
  - Pediatric Oncology at the UNM HSC $100,000
  - For the School of Medicine I&G $500,000
  - Southwest Indian Law Clinic $37,400
  - Establish separate line item appropriation for the OMI and NM Poison Control

Retirement Issue:

The much anticipated bill that encompasses proposed changes to the education retirement plan endorsed by ERB stakeholder groups and approved by the Education Retirement Board last fall has been introduced. House Bill 64 is sponsored by Rep. Mimi Stewart, chair of House Education Committee, and Senate Bill 115 is sponsored by Sen. Stuart Ingle, Senate Minority Leader. The main elements include an increase of employee contributions to 10.7%; a minimum retirement age of 55 for new members and raising the eligible age for receiving a COLA from 65 to 67 for new members. With unfunded liabilities of approximately $6.2 billion, there are fears about the long-term solvency of the education retirement fund.

The HAFC has indicated that the 0.75% employer contribution increase is “contingent on enactment of 2013 legislation to further restore ERB solvency.” Also, if House Bill 64 and Senate Bill 115 are enacted, the 1.5% ERB swap would become irrelevant because the employee contribution rate will increase to 10.7%.

Endowment

- The HAFC recommended $20 million to replenish the higher education endowment fund. Main Campus would receive 18% and Health Science Center would receive 12% as provided in statute.
Proposed Legislation of Interest.

- Please visit the Office of Government Relations website at http://govrel.unm.edu/, and click on 2013 Legislative Session for a list of all bills that impact UNM. For daily legislative updates, please sign up to join our listserv for updates.

- UNM Related:

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<th>Bill</th>
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<tr>
<td>HB309</td>
<td>James P. White</td>
<td>LOTTERY SCHOLARSHIP PROGRAM SOLVENCY [10] HEC/HAFC-HEC RELATING TO HIGHER EDUCATION; MAKING CHANGES TO THE LEGISLATIVE LOTTERY SCHOLARSHIP PROGRAM TO EXTEND ITS FINANCIAL SOLVENCY. CHANGING THE VALUE OF AWARDS; PROVIDING FOR ADDITIONAL AWARDS IN CERTAIN CIRCUMSTANCES; REQUIRING A MINIMUM BALANCE IN THE LOTTERY TUITION FUND; AMENDING, REPEALING AND ENACTING SECTIONS OF THE NMSA 1978.</td>
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<td>HB586</td>
<td>James E. Smith &amp; Timothy M. Keller</td>
<td>LOTTERY SCHOLARSHIP REQUIREMENTS [24] HEC/HAFC-HEC RELATING TO HIGHER EDUCATION; PROVIDING FOR ADDITIONAL GRADE POINT AVERAGE REQUIREMENTS, MEANS TESTING AND ATTENDANCE AT AND GRADUATION FROM A NEW MEXICO HIGH SCHOOL TO RECEIVE A LEGISLATIVE LOTTERY SCHOLARSHIP.</td>
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- Health Sciences Center Related:

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<td>HB416</td>
<td>Gail Chasey</td>
<td>ANESTHESIOLOGIST ASSISTANT SUPERVISION [15] HHGIC/HUC-HHGC RELATING TO ANESTHESIOLOGIST ASSISTANT STUDENTS; PROVIDING FOR SUPERVISION OF ANESTHESIOLOGIST ASSISTANT STUDENTS BY ADDITIONAL PERSONS.</td>
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<td>HB428</td>
<td>Mimi Stewart</td>
<td>TOBACCO PRODUCTS TAX RATE &amp; DISTRIBUTION [15] HHGIC/HTRC-HHGC RELATING TO TAXATION; INCREASING THE RATE OF THE TOBACCO PRODUCTS TAX; CREATING THE 'TOBACCO PRODUCTS TAX RELIEF ACCOUNT'; PROVIDING FOR A DISTRIBUTION TO THE BENJAMIN JERNIGAN LUNG CANCER RESEARCH FUND; MAKING AN APPROPRIATION.</td>
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- Retirement and HR Related:

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- Capital Outlay Related:

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<td>SB60</td>
<td>Carlos R. Cisneros</td>
<td>SEVERANCE TAX BOND PROJECTS SPREF [1] SFC RELATING TO CAPITAL EXPENDITURES; AUTHORIZING THE ISSUANCE OF SEVERANCE TAX BONDS; AUTHORIZING EXPENDITURES FROM CERTAIN FUNDS AND BALANCES; CLARIFYING CONDITIONS FOR THE ISSUANCE OF BONDS; ESTABLISHING CONDITIONS FOR THE EXPENDITURE OF SEVERANCE TAX BOND PROCEEDS; ESTABLISHING CONDITIONS FOR THE REVERSION OF UNEXPENDED BALANCES; MAKING APPROPRIATIONS; DECLARING AN EMERGENCY.</td>
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<td>SB98</td>
<td>Carlos R. Cisneros</td>
<td>SUPPLEMENTAL SEVERANCE TAX BONDS [1] SCORC/SCI-SCORC RELATING TO CAPITAL EXPENDITURES; AMENDING THE SEVERANCE TAX BOND ACT TO TEMPORARILY ALLOW THE STATE BOARD OF FINANCE TO ISSUE SUPPLEMENTAL ROAD SEVERANCE TAX BONDS AND SUPPLEMENTAL HIGHER EDUCATION SEVERANCE TAX BONDS; CLARIFYING THE TYPES OF SUPPLEMENTAL SEVERANCE TAX BONDS; RECONCILING CONFLICTING AMENDMENTS TO THE SAME SECTION OF LAW BY REPEALING LAWS 2001, CHAPTER 37, SECTION 1; MAKING AN APPROPRIATION.</td>
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SB 60, Severance Tax Bond Project, Senator Cisneros:

MATH AND SCIENCE LEARNING CENTER PHASE 2 $6,000,000
HSC – HEALTH EDUCATION BUILDING $2,000,000
UNM-GALLUP INFRASTRUCTURE AND FIRE SUPPRESSION SYSTEM $1,500,000
UNM-TAOS CORE STUDENT SUCCESS CENTER $1,500,000
UNIVERSITY OF NEW MEXICO TOTAL $11,000,000

2013 Legislative Session Additional Capital Outlay Needed:

- **Biology Expansion- Phase II**
  - Total Project Cost: $13,699,000
  - Funding to date:
    - $1,789,000 (2007 STB’s)
    - $1,000,000 (2007 General Fund)
    - $1,690,000 (2007 UNM Bonds)
    - $420,000 (2009 UNM BR&R)
    - $5,000,000 (2008 GOB’s)
    - $3,000,000 (2012 GOB’s)
  - Funding need above SB-60: $800,000
  - The funding will allow for the completion of the shell space in the newly constructed Biology building, which improves and expands the teaching and research facilities for the Biology Department. The project will also provide research laboratories and spaces for hands-on student training. Growing student enrollment has placed significant pressure on existing facilities, evidenced by biology majors having increased 275% in the past ten years.

- **Farris Engineering- Phase I**
  - Total Project Cost: $20,000,000
  - Funding to date: $0
  - Funding need above SB-60: $700,000
  - The funding will provide planning and design funds for this critically needed renovation. The project will renovate a 45 year old building to address current teaching and research needs as well as overall facility deficiencies for the Chemical and Nuclear Engineering and Computer Science departments. The project will upgrade the mechanical and electrical systems, which are beyond their useful lives, as well as address critical safety and code compliance issues. Finally, it provides renovated teaching and office space, which is needed to meet the modern educational and research demands in this field.