2013 Regular Legislative Session – Briefing: February 6, 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 and LFC budget recommendations for FY 13:

**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 – Employee 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 – Employee 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)
House Appropriation and Finance Committee (HAFC)

- The HAFC adopted the DFA budget recommendation.

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)

The HAFC also appointed the following members to the Higher Education Sub-Committee:

- Representative Patricia Lundstrom, Chair
- Representative Don Trip
- Representative William White
- Representative Larry Larranaga
- Representative Stephanie Garcia Richards
- Representative Doreen Gallegos
- Representative William Gray
- Representative Rudy Martinez
- Representative Lucky Varela

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 LFC 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%.

Building Renewal and Replacement

- The LFC Budget Recommendation provided $20 million to the Higher Education Department for building renewal and replacement for higher education institutions. The LFC did not specify how the money would be distributed.

Endowment

- The LFC also 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:

<table>
<thead>
<tr>
<th>Bill</th>
<th>Sponsor</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>HB309</td>
<td>James P. White</td>
<td>LOTTERY SCHOLARSHIP PROGRAM SOLVENCY</td>
</tr>
<tr>
<td>HJM27</td>
<td>W. Ken Martinez &amp; Mary Kay Papen</td>
<td>LEGISLATIVE COUNCIL JOBS COUNCIL</td>
</tr>
<tr>
<td>SB11</td>
<td>Timothy M. Keller and James E. Smith</td>
<td>STATE GRADUATE EMPLOYMENT TAX CREDIT</td>
</tr>
<tr>
<td>SB392</td>
<td>Michael S. Sanchez</td>
<td>LOTTERY TUTION FUND DISTRIBUTIONS</td>
</tr>
</tbody>
</table>

- Health Sciences Center Related:

<table>
<thead>
<tr>
<th>Bill</th>
<th>Sponsor</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>HB416</td>
<td>Gail Chasey</td>
<td>ANESTHESIOLOGIST ASSISTANT SUPERVISION</td>
</tr>
<tr>
<td>HB428</td>
<td>Mimi Stewart</td>
<td>TOBACCO PRODUCTS TAX RATE &amp; DISTRIBUTION</td>
</tr>
<tr>
<td>SB56</td>
<td>Sue Wilson</td>
<td>UNM HEALTH CENTER PROJECT ECHO</td>
</tr>
</tbody>
</table>

- Retirement and HR Related:

<table>
<thead>
<tr>
<th>Bill</th>
<th>Sponsor</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>HB64</td>
<td>Mimi Stewart</td>
<td>EDUCATIONAL RETIREMENT CHANGES</td>
</tr>
<tr>
<td>SB115</td>
<td>Stuart Ingle</td>
<td>EDUCATIONAL RETIREMENT CHANGES</td>
</tr>
</tbody>
</table>

- Capital Outlay Related:

<table>
<thead>
<tr>
<th>Bill</th>
<th>Sponsor</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>SB60</td>
<td>Carlos R. Cisneros</td>
<td>SEVERANCE TAX BOND PROJECTS</td>
</tr>
<tr>
<td>SB96</td>
<td>Carlos R. Cisneros</td>
<td>SUPPLEMENTAL SEVERANCE TAX BONDS</td>
</tr>
</tbody>
</table>
SB 60, Severance Tax Bond Project, Senator Cisneros:

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>MATH AND SCIENCE LEARNING CENTER PHASE 2</td>
<td>$6,000,000</td>
</tr>
<tr>
<td>HSC – HEALTH EDUCATION BUILDING</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>UNM-GALLUP INFRASTRUCTURE AND FIRE SUPPRESSION SYSTEM</td>
<td>$1,500,000</td>
</tr>
<tr>
<td>UNM-TAOS CORE STUDENT SUCCESS CENTER</td>
<td>$1,500,000</td>
</tr>
<tr>
<td>UNIVERSITY OF NEW MEXICO TOTAL</td>
<td>$11,000,000</td>
</tr>
</tbody>
</table>

**2013 Legislative Session Additional Capital Outlay Needed:**

- **Chemistry Building- Renovation**
  - Total Project Cost: $24,000,000
  - Funding to date: $3,000,000 (UNM Capital Funds)
    $16,000,000 (2012 GOB’s)
  - Funding need above SB-60: $5,000,000
  - The funding will fully fund this renovation. This facility, built in 1951, is critical to the University’s overall curriculum and the project will stop the demise of this critical department. It will provide needed modern labs and allow for recruitment of new research faculty. Chemistry is a “Central Science”, and a core pipeline for students to go into medicine, pharmacy, nursing, science fields, and engineering.

- **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 increase 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.