2014 Regular Legislative Session – Briefing: February 20, 2014

The 2014 legislative session commenced with the promise of a gradual economic turnaround. The LFC and DFA revenue estimates projected "new money" in the amount of $293 million. Additionally, there is $167 million in GO Bond capacity and $185 million in Severance Tax Bonds available for capital projects. The following summarizes how UNM fared in the HED, DFA, LFC, HAFC and SFC budget recommendations for FY 15:

➢ HED – Higher Education Department
  - I&G budget recommendation starts from the FY 14 operating base:
    - Main Campus, $183,921,000, a $3,517,500 increase or 1.9%
    - Health Sciences Center, $61,417,200, a $499,900 increase or 0.8%
  - ERB – Employer contribution of 0.75%.
  - Research and Public Service Projects
    - Main Campus, $9,580,272, a 6.8% increase
    - Health Sciences Center, $30,579,800, an 5.7% increase

➢ DFA - Department of Finance and Administration – Executive
  - I&G budget recommendation starts from the FY 14 operating base:
    - Main Campus, $183,156,500, a $2,752,000 increase or 1.5%
    - Health Sciences Center, $61,667,300, a $750,000 increase or 1.2%
    - Branch Campuses
      - Gallup, $9,037,000, a $69,400 increase or 0.8%
      - Los Alamos, $1,901,900, a $25,900 increase or 1.4%
      - Taos, $3,467,900, a $49,300 increase or 1.4%
      - Valencia, $5,460,500, a $110,500 increase or 2.1%
  - ERB – Employer contribution of 0.75%, details not yet available for ERB breakout
  - Research and Public Service Projects – No reductions

➢ LFC - Legislative Finance Committee
  - I&G budget recommendation starts from the FY 14 operating base:
    - Main Campus, $186,344,600, a $5,930,100 increase or 3.3%
    - Health Sciences Center, $61,713,300, a $796,000 increase or 1.3%
    - Branch Campuses
      - Gallup, $9,281,200, a $313,600 increase or 3.5%
        - Nursing Expansion, $209,800, a $59,100 increase or 39.2%
      - Los Alamos, $1,904,500, a $28,500 increase or 1.5%
      - Taos, $3,492,100 a $73,500 increase or 2.2%
        - Nursing Expansion, $244,600
      - Valencia, $5,522,600 a $172,600 increase or 3.2%
        - Nursing Expansion, $170,300
  - ERB – Employer contribution of 0.75% recommends funding at General Fund rate of I&G salaries.
  - 1.5% compensation increase based on salaries paid by I&G funds, approx. 62% of UNM employees
  - Research and Public Service Projects
    - Main Campus, $9,184,100, a 2.8% increase
    - Health Sciences Center, $32,525,600, a 12.9% increase
HAFC – House Appropriations and Finance Committee

- I&G budget recommendation starts from the FY 14 operating base:
  - Main Campus, $186,600,206, a $6,195,100 increase or 3.4%
  - Health Sciences Center, $61,788,300, a $871,000 increase or 1.4%
  - Branch Campuses
    - Gallup, $9,208,700, a $241,100 increase or 2.6%
    - Nursing Expansion, $209,800, a $59,100 increase or 39.2%
    - Los Alamos, $1,888,600, a $12,600 increase or 0.6%
    - Taos, $3,492,100 a $49,400 increase or 1.4%
    - Nursing Expansion, $244,600
    - Valencia, $5,522,600 a $135,600 increase or 2.4%
    - Nursing Expansion, $170,300

- ERB – Employer contribution of 0.75% recommends funding at General Fund rate of I&G salaries.
- 1.5% compensation increase based on salaries paid by I&G funds, approx. 62% of UNM employees
- Research and Public Service Projects
  - Main Campus, $9,909,100, an increase of $978,600 or 11.0% increase
  - Health Sciences Center, $32,675,600, an increase of $3,751,100 13.0% increase

House Chamber

- On Friday, Feb. 7, the full House failed to approve HB2 on a tie vote.
- A floor amendment, introduced by Minority Leader Don Bratton (R-Hobbs), contained a provision that decreased by 1% the compensation being considered for state government and higher education employees. This amendment also failed on a tie vote.

SFC – Senate Finance Committee/Senate Bill 313, General Appropriation Act of 2014

- The SFC started their work from the failed HB2 and adopted all the HAFC amendments. The SFC budget included a 0.275% reduction to all agencies, institutions and programs that are funded by the general fund except public education.
  - I&G budget recommendation starts from the FY 14 operating base:
    - Main Campus, $186,084,606, a $5,679,500 increase or 3.1%
    - Health Sciences Center, $61,618,400, a $701,100 increase or 1.1%
    - Branch Campuses
      - Gallup, $9,183,400, a $215,100 increase or 2.6%
      - Nursing Expansion, $209,200, a $59,200 increase or 39.2%
      - Los Alamos, $1,883,600, a $7,400 increase or 0.39%
      - Taos, $3,458,000 a $39,400 increase or 1.1%
      - Nursing Expansion, $243,900
      - Valencia, $5,477,700 a $127,700 increase or 2.4%
      - Nursing Expansion, $169,800
  - ERB, $896,011, Employer contribution of 0.75% recommends funding at General Fund rate of I&G salaries, approx. 62% of UNM employees. The $896,011 is not included in the new I&G monies listed above.
  - 1.5% compensation increase based on salaries paid by I&G funds, approx. 62% of UNM employees
• Research and Public Service Projects
  o Main Campus, $10,234,100, an increase of $1,303,600 or 14.6% increase
  o Health Sciences Center, $32,825,600, an increase of $3,901,100 or 13.5% increase

• SB 313 was approved unanimously by the full Senate on 2/18/14. The full House approved SB 313 on 2/19/14 with a 58-8 vote. Governor Martinez has until March 12 to act on all legislation that has reached her desk.

➢ Lottery Scholarship:

• For FY 14, HED has requested an $11 million non-recurring general fund appropriation and has provided the legislature with 32 different scenarios to achieve solvency.

• The LFC recommends $11 million of non-recurring general fund appropriation for the Spring of 2014 and an additional $8 million recurring general fund appropriation for FY 15. The $8 million appropriation is contingent on enacting legislation during the 2014 session that improves lottery scholarship solvency. The LFC proposal also includes an additional $2.9 million to provide full tuition for current students who have received the scholarship for four semesters. The LFC proposes that the legislation include: capping the scholarship awards; raising the GPA requirement from 2.5 to 2.75; and 15 credits per semester. The LFC predicts that these changes will save the scholarship approximately $5 million in FY15.

• The House Appropriations and Finance Committee did not recommend $11 million of non-recurring general fund appropriations for the Spring of 2014.

• Senate Bill 347, Lottery Tuition Scholarship Fund Solvency
  o Legacy students, maintains full tuition for the remaining eight semesters for students who have completed three or more semesters on the lottery scholarship, juniors and seniors.
  o Non-legacy students will have their tuition award calculated on two variables.
    • A sector tuition average for Research, Comprehensives and Community Colleges.
    • The amount of money available in the lottery scholarship fund.
  o From those two variables, HED will calculate a uniform percentage of tuition for each student across each sector.
  o HED will calculate the award amount annually and will inform institutions and students until June.
  o Non-legacy students will also have their award reduced from eight semesters to seven, and community college students will only have 3 semesters paid by the lottery scholarship fund.
  o The definition of full time student is changed for students attending four-year institutions a minimum of 15 credit hours per semester will now be required. Students enrolled at two-year institutions will be maintain the 12 credit hour requirement.
  o Appropriates $11 million from other state funds in FY14 and an estimated $19 million (39%) from the general fund portion of the liquor excise tax distribution for FY16 and FY17.

• SB 313, General Appropriation Act
  o There is an additional $2.9 million and $11.5 million contained in general appropriation act that is contingent on the enacting of legislation that addresses the solvency of the lottery scholarship fund.
Compensation

- The Executive budget recommends $14.2 million in targeted compensation for hard to fill position such as public safety, corrections, social workers and IT.

- The LFC has recommended a 1.5% cost of living adjustment for all state employees. However, for the university, this would be funded at the General Fund rate of I&G salaries, roughly 62%.

- The HAFC adopted the LFC recommendation with a 1.5% cost of living adjustment that is funded at the General Fund I&G rate of approximately 62%.

- SB 313, adopted the LFC recommendation with a 1.5% cost of living adjustment that is funded at the General Fund I&G rate of approximately 62%.

Endowment & Economic Development

- The Executive budget has recommended $7.5 million to replenish the higher education endowment fund. Main Campus would receive 18% and Health Science Center would receive 12% as provided in statute. In addition, the Executive recommends $2 million for the Technology Research Collaborative.

- The HAFC adopted $4 million to replenish the higher education endowment fund.

- SB 313 includes $4 million to replenish the higher education endowment fund.

SB 53, General Obligation Bond Projects, Senator Cisneros:

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Amount</th>
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<tr>
<td>FARRIS ENGINEERING</td>
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<tr>
<td>HSC – HEALTH EDUCATION BUILDING</td>
<td>$12,000,000</td>
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<tr>
<td>UNM – GALLUP ZOLLINGER LIBRARY COMPLETION</td>
<td>$1,050,000</td>
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<tr>
<td>UNM – LOS ALAMOS CLASSROOM REMODEL</td>
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<td>UNM – TAOS HEALTH CAREER TRAINING CENTER</td>
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<td>UNM – VALENCIA CRITICAL INFRASTRUCTURE IMPROVEMENT</td>
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<tr>
<td>UNIVERSITY OF NEW MEXICO TOTAL</td>
<td>$39,050,000</td>
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2014 Legislative Session Additional Capital Outlay:

- Anderson School of Management                             | $721,000   |
- Physics and Astronomy                                      | $846,000   |
- Safety Lighting and Johnson Field                          |  $160,000  |
- Meteorite Museum                                           |  $50,000   |
- Julian Zamora                                              |  $75,000   |
- Manufacturing Engineering                                  |  $65,000   |
- School of Law Plan and Design                              |  $100,000  |
- School of Law Improve and Furnish                          |  $30,000   |
Proposed Legislation of Interest.

- **UNM Related:**

<table>
<thead>
<tr>
<th>Bill</th>
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<tbody>
<tr>
<td>HB79</td>
<td>HIGHER ED ENDOWMENT FUND DISTRIBUTION &amp; USES</td>
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<tr>
<td>SB36</td>
<td>STATE GRADUATE EMPLOYMENT TAX CREDIT &amp; REPORT</td>
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<td>SB347</td>
<td>PUBLIC PEACE, HEALTH, SAFETY &amp; WELFARE</td>
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- **Health Sciences Center Related:**

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<td>HB59</td>
<td>EXPAND NURSE EDUCATORS FUND PURPOSE</td>
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<tr>
<td>SB58</td>
<td>COMMUNITY HEALTH WORKERS ACT</td>
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<tr>
<td>SB268</td>
<td>SOLE COMMUNITY PROVIDER FEDERAL COMPLIANCE</td>
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- **Budget and Capital Outlay Related:**

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<tr>
<td>HB55</td>
<td>2014 WORK NM ACT- SEVERANCE TAX BOND PROJECTS</td>
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<tr>
<td>SB53</td>
<td>GENERAL OBLIGATION BOND PROJECTS</td>
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<tr>
<td>SB313</td>
<td>GENERAL APPROPRIATIONS ACT OF 2014</td>
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