

2014 Regular Legislative Session – Briefing: February 4, 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 and LFC 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, \$187,498,700, a \$5,930,100 increase or 3.8%
 - Health Sciences Center, \$61,713,300, a \$796,000 increase or 1.3%
 - 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 9.9% increase
 - Health Sciences Center, \$32,655,600, an increase of \$3,715,100 12.9% increase

➤ **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 recommended \$11 million of non-recurring general fund appropriations for the Spring of 2014.

➤ **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.

➤ **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 has recommended \$4 million to replenish the higher education endowment fund.

➤ **SB 53, General Obligation Bond Projects, Senator Cisneros:**

FARRIS ENGINEERING	\$20,500,000
HSC – HEALTH EDUCATION BUILDING	\$12,000,000
UNM – GALLUP ZOLLINGER LIBRARY COMPLETION	\$ 1,050,000
UNM – LOS ALAMOS CLASSROOM REMODEL	\$ 500,000
UNM – TAOS HEALTH CAREER TRAINING CENTER	\$ 4,000,000
<u>UNM – VALENCIA CRITICAL INFRASTRUCTURE IMPROVEMENT</u>	<u>\$ 1,000,000</u>
UNIVERSITY OF NEW MEXICO TOTAL	\$39,050,000

➤ **2014 Legislative Session Additional Capital Outlay Needed:**

- | | |
|---|---------------------|
| • Physics and Astronomy Building | \$ 3,000,000 |
| • Campus Safety Lighting | \$ 125,000 |

➤ **Proposed Legislation of Interest.**

- Please visit the Office of Government Relations website at <http://govrel.unm.edu/>, and click on 2014 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:

HB79	HIGHER ED ENDOWMENT FUND DISTRIBUTION & USES	Larrañaga, Larry A.	HPREF [3] HEC/H AFC-HEC	CHANGING THE DISTRIBUTION PROCESS AND USES OF THE HIGHER EDUCATION ENDOWMENT FUND; PRESCRIBING POWERS AND DUTIES; PROVIDING FOR MERIT-BASED AWARDS FROM THE HIGHER EDUCATION ENDOWMENT FUND; MAKING AN APPROPRIATION.
SB36	STATE GRADUATE EMPLOYMENT TAX CREDIT & REPORT	Keller, Timothy M.	SPREF [2] SCC/SCORC/SFC SCC-germane- SCORC [4] DP- SFC	CREATING THE STATE GRADUATE TAX CREDIT AND STATE GRADUATE EMPLOYMENT CORPORATE INCOME TAX CREDIT. ALSO AUTHORIZING THE TAXATION AND REVENUE DEPARTMENT TO REVEAL AGGREGATE TAX CREDIT OR DEDUCTION INFORMATION TO FACILITATE A REPORT TO LEGISLATIVE COMMITTEES.
HB254	LOTTERY SCHOLARSHIP SOLVENCY	Smith, James E.	[7] not prmtd-HRC [10] w/dm - prmtd- ref HEC/H AFC- HEC	RELATING TO HIGHER EDUCATION; ENACTING THE LOTTERY TUITION FUND ACT TO EXTEND THE FINANCIAL SOLVENCY OF THE LOTTERY TUITION FUND; CHANGING THE AMOUNTS OF AWARDS; AMENDING, REPEALING, RECOMPILING AND ENACTING SECTIONS OF THE NMSA 1978; DECLARING AN EMERGENCY.
HB263	LOTTERY SCHOLARSHIP CHANGES	Harper, Jason C.	[7] not prmtd-HRC [10] w/dm - prmtd- ref HEC/H AFC- HEC	RELATING TO HIGHER EDUCATION; ENACTING THE LEGISLATIVE LOTTERY SCHOLARSHIP ACT TO EXTEND THE FINANCIAL SOLVENCY OF THE LOTTERY TUITION FUND; PROVIDING, FOR ALL QUALIFIED STUDENTS, A UNIFORM AWARD AMOUNT TO BE ADJUSTED ANNUALLY; AMENDING, REPEALING, RECOMPILING AND ENACTING SECTIONS OF THE NMSA 1978; DECLARING AN EMERGENCY.
SB150	LOTTERY SCHOLARSHIP SOLVENCY	Smith, John Arthur	[2] SCC/SEC/SJC/SF C-SCC [4]germane-SEC	RELATING TO HIGHER EDUCATION; MAKING CHANGES TO THE LEGISLATIVE LOTTERY SCHOLARSHIP PROGRAM TO EXTEND ITS FINANCIAL SOLVENCY; CHANGING THE AMOUNT OF AWARDS; PROVIDING FOR ADDITIONAL AWARDS IN CERTAIN CIRCUMSTANCES; REQUIRING A MINIMUM BALANCE IN THE LOTTERY TUITION FUND; AMENDING, REPEALING, RECOMPILING AND ENACTING SECTIONS OF THE NMSA 1978; MAKING APPROPRIATIONS; DECLARING AN EMERGENCY.

- Health Sciences Center Related:

HB8	MEDICAID REIMBURSEMENT RATE INCREASE	Thomson, Liz	HPREF [1] H AFC	APPROPRIATES \$13M TO INCREASE THE REIMBURSEMENT RATE FOR NURSING FACILITIES.
HB59	EXPAND NURSE EDUCATORS FUND PURPOSE	McMillan, Terry H.	HPREF [2] HHGIC/HEC/H AF C-HHGIC	WILL ALLOW ALL EMPLOYED NURSES TO ACCESS THE NURSE EDUCATORS FUND FOR THEIR PURSUIT OF AN ADVANCED DEGREE. CURRENTLY LIMITED TO NURSE EDUCATORS EMPLOYED AT A COLLEGE OR A UNIVERSITY.
SB58	COMMUNITY HEALTH WORKERS ACT	Papen, Mary Kay	SPREF [2] SCC/SPAC/SJC- SCC-germane- SPAC	ESTABLISHES THE ACT. PROVIDES FOR A VOLUNTARY CERTIFICATION SPREF PROCESS TO BE ESTABLISHED BY DOH. DEFINES WHAT A COMMUNITY HEALTH WORKER IS. ESTABLISHES CORE COMPETENCIES FOR COMMUNITY HEALTH WORKERS.

- Budget and Capital Outlay Related:

HB2	GENERAL APPROPRIATIONS ACT OF 2014	Saavedra, Henry Kiki	[1] H AFC	MAKING GENERAL APPROPRIATIONS AND AUTHORIZING EXPENDITURES BY STATE AGENCIES REQUIRED BY LAW.
HB55	2014 WORK NM ACT- SEVERANCE TAX BOND PROJECTS	Trujillo, Jim R.	HPREF [2] HTRC/H AFC- HTRC	RELATING TO CAPITAL EXPENDITURES; ENACTING THE 2014 WORK NEW MEXICO ACT; 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.
SB53	GENERAL OBLIGATION BOND PROJECTS	Cisneros, Carlos R.	SPREF [2] SCC/SFC-SCC- germane-SFC	ISSUANCE AND SALE OF CAPITAL PROJECTS GENERAL OBLIGATION BONDS TO MAKE CAPITAL EXPENDITURES FOR SENIOR CITIZEN FACILITY IMPROVEMENTS AND ACQUISITIONS, FOR LIBRARY ACQUISITIONS AND FOR CAPITAL IMPROVEMENTS AND ACQUISITIONS OF HIGHER EDUCATION, STATE SPECIAL SCHOOLS AND TRIBAL SCHOOLS. REQUIRING APPROVAL OF THE REGISTERED VOTERS AT THE 2014 GENERAL ELECTION OF THE STATE.