

2014 Regular Legislative Session – Briefing: March 13, 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, actions by the Governor for the FY15 budget:

➤ 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%.
- 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
 - Main Campus, \$10,234,100, an increase of \$1,303,600 or 14.6% increase
 - Health Sciences Center, \$32,825,600, an increase of \$3,901,100 or 13.5% increase

➤ **Final Executive Action, SB313, General Appropriations Act of 2014**

- Governor Martinez signed the state budget on March 11, but exercised her line-item veto power to raise GF reserves. Several projects across higher education institutions were impacted. In the Executive Message regarding the vetoes, the Governor states:

“...partial vetoes are due to the concerning, continuing efforts by some legislators to insert earmarks into general appropriation acts. These earmarks take various forms, such as carving out funds from a larger program or purpose for a specific geographic area or favored cause... and they tend to receive less scrutiny and vetting than the programs and expenditures that are made throughout the rest of the budget.”

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- 1.5% compensation increase based on salaries paid by I&G funds, approx. 62% of UNM employees
- Research and Public Service Projects
 - Main Campus, \$9,707,400, an increase of \$776,700 or 8.7% increase
 - Health Sciences Center, \$32,591,100, an increase of \$3,666,700 or 12.7% 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 did not recommend \$11 million of non-recurring general fund appropriations for the Spring of 2014.
- ***Senate Bill 347, Lottery Tuition Scholarship Fund Solvency***
 - 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.
 - 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.
 - From those two variables, HED will calculate a uniform percentage of tuition for each student across each sector.
 - HED will calculate the award amount annually and will inform institutions and students until June.
 - 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.
 - 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.
 - 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***
 - 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.
- ***Executive Action, SB 347, Lottery Tuition Scholarship Fund Solvency***
 - With a last minute amendment to SB 347, an unintended error was made regarding the language and definition of a “program semester”. Prior to SB 347, a student would receive the scholarship during their first program semester or second semester of school. The amendment changed the language so a student would not receive the lottery scholarship until their second program semester or third semester in school.
 - The Governor signed the bill and used the line-item veto to fix the language in the bill. Student will continue to receive the lottery scholarship during their second semester of school.

➤ **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%.
- Governor Martinez kept the 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.
- The Governor line-item vetoed the endowment funding contained in SB 313.

➤ **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	\$ 1,000,000
UNM – LOS ALAMOS CLASSROOM REMODEL	\$ 500,000
UNM – TAOS HEALTH CAREER TRAINING CENTER	\$ 4,000,000
UNM – VALENCIA CRITICAL INFRASTRUCTURE IMPROVEMENT	\$ 1,000,000
UNIVERSITY OF NEW MEXICO TOTAL	\$39,050,000

➤ **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
• Manufacturing Engineering	\$ 65,000
• School of Law Improve and Furnish	\$ 30,000

Proposed Legislation of Interest.

- UNM Related:

SB081	Payne, William H.	UTILITY CHARGES FOR CERTAIN SCHOOLS	SPREF [2] SCC/SCONC/SCORC-SCC [4]germane-SCONC [7] DP-SCORC [11] DP - PASSED/S (27-0) [13] HENRC- DP - PASSED/H (63-1)	RELATING TO UTILITIES; AMENDING A SECTION OF THE RENEWABLE ENERGY ACT TO EXEMPT FROM CHARGES BY A UTILITY FOR RENEWABLE ENERGY PROCUREMENTS CERTAIN EDUCATIONAL INSTITUTIONS IN ARTICLE 12, SECTION 11 OF THE CONSTITUTION OF NEW MEXICO IF THE INSTITUTION HAS
SB347	Sanchez, Michael S.	LOTTERY TUTION SCHOLARSHIP FUND SOLVENCY	[7] not prntd-SFC [11] DNP-CS/w/o rec - ref SCC/SFC-SCC-germane-SFC [15] DP/a [17] PASSED/S (31-11) [13] HAFC [20] DP [24] fl/a- PASSED/H (66-1)- s/cncrd	RELATED TO THE LOTTERY SCHOLARSHIP

- Health Sciences Center Related:

SB058	Papen, Mary Kay	COMMUNITY HEALTH WORKERS ACT	SPREF [2] SCC/SPAC/SJC-SCC-germane-SPAC- DP/a-SJC [7] DNP-CS/DP [9] PASSED/S (38-0) [13] HHGIC/HJC-HHGIC- DP-HJC- DP - PASSED/H (64-0)	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.
SB136	Ivey-Soto, Daniel	FIX OUTDATED CHILD ABUSE NMSA REFERENCE	[2] SCC/SPAC/SJC-SCC [4]germane-SPAC- DP-SJC [7] DP [10] PASSED/S (37-0) [13] HJC- DP - PASSED/H (65-0)	AMENDS 30-6-4 NMSA 1978, UPDATES STATUTORY REFERENCE.
SB268	Rodriguez, Nancy	SOLE COMMUNITY PROVIDER FEDERAL COMPLIANCE	[4] SCC/SPAC/SFC-SCC [5]germane-SPAC [11] DNP-CS/DP-SFC- DP/a - fl/aa- PASSED/S (38-4) [13] HTRC- DP [14] PASSED/H (55-10)	AMENDS STATUTE RELATING TO COUNTY HOSPITALS WHICH ARE SOLE COMMUNITY PROVIDERS. MORE DETAILS TO FOLLOW.

- Budget and Capital Outlay Related:

HB055	Trujillo, Jim R.	2014 WORK NM ACT- SEVERANCE TAX BOND PROJECTS	HPREF [2] HTRC/HAFC-HTRC [13] DNP-CS/DP-HAFC- w/dm [14] fl/a- PASSED/H (65-0) [19] tld/S- w/dm - fl/a- PASSED/S (42-0) [20] h/cncrd	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 FO
SB053	Cisneros, Carlos R.	GENERAL OBLIGATION BOND PROJECTS	SPREF [2] SCC/SFC-SCC-germane-SFC [11] DNP-CS/DP - PASSED/S (40-0) [13] HTRC- DP [14] PASSED/H (64-0)	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 SPECIA
SB313	Smith, John Arthur	GENERAL APPROPRIATIONS ACT OF 2014	[5] SCC/SFC-SCC [7]germane-SFC [15] DNP-CS/DP [17] fl/a- PASSED/S (42-0) [13] HAFC [14] DP - PASSED/H (58-8)	MAKING GENERAL APPROPRIATIONS AND AUTHORIZING EXPENDITURES BY STATE AGENCIES REQUIRED BY LAW. BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO: