

2017 Legislative Session – Briefing: January 30, 2017

The 2017 legislative session, similar to the previous two legislative sessions, commenced with diminishing state revenues. In December, the Consensus Revenue Estimate predicted a \$69 million short fall for FY17 and \$93 million shortfall for FY18. The Consensus Revenue group is expected to release new revenue estimates the middle of February. The Severance Tax Bonds are estimated at \$60 million for FY18, \$80 million less than the previous fiscal year. Both chambers of the legislature have been occupied with solvency legislation to deal with the FY17 budget shortfall and only recently began their regular budget hearings for House Bill 2, General Appropriations Act. The following summarizes how UNM fared in the solvency legislation for FY17 and the FY18 DFA and LFC budget recommendations.

➤ FY17 Solvency Legislation

- Of the three solvency bills that passed both chambers (HB4, SB113, SB114), only SB113, Reduce Appropriations and Fund Transfers, impacts UNM.
- SB113 authorizes the governor to reduce all agency general fund appropriations including the Legislature in FY17 by \$60 million, or about 1 percent, if projected revenues are insufficient to meet general fund appropriations for fiscal year 2017. The bill exempts the Medicaid program and the Medicaid Behavioral Health program of the Human Services Department and the Developmental Disabilities Support program of the Department of Health from the general fund reductions.

➤ DFA – Department of Finance and Administration – Executive

- I&G budget recommendation starts from the FY 17 Special Session operating base:
 - Main Campus, \$175,651,400, a \$1,770,200 decrease or -1.0%
 - Medical School, \$57,201,100, a \$574,500 decrease or -1.0%
 - Branch Campuses
 - Gallup, \$8,481,100, a \$85,600 decrease or -1.0%
 - Los Alamos, \$1,719,300, a \$17,400 decrease or -1.0%
 - Taos, \$3,263,400, a \$33,000 decrease or -1.0%
 - Valencia, \$5,132,800, a \$51,800 decrease or -1.0%
- Research and Public Service Projects
 - Main Campus, \$8,730,100, a -1.0% decrease
 - Health Science Center, \$30,980,900, a -1.0% decrease
 - Branch Campuses, \$571,500, a -1.0% decrease

➤ LFC – Legislative Finance Committee

- I&G budget recommendation starts from the FY 17 operating base:
 - Main Campus, \$177,768,500, a \$346,900 increase or 0.2%
 - Medical School, \$55,753,500, a \$2,022,100 decrease or -3.5%
 - Branch Campuses
 - Gallup, \$8,417,100, a \$149,600 decrease or -1.7%
 - Los Alamos, \$1,718,700, a \$18,000 decrease or -1.0%
 - Taos, \$3,318,000 a \$21,600 increase or 0.7%
 - Valencia, \$5,189,500 a \$4,900 increase or 0.1%
- Research and Public Service Projects
 - The Legislative Finance Committee folded several Research and Public Service Projects into the I&G of the respective campuses. These projects are considered to have I&G related activities (student success, student advisement, etc.) The RPSPs that have been recommended to be included in the I&G also received a -6.5% cut, savings the LFC believes will be associated with including these programs in the I&G.



- Main Campus, \$8,524,800, a -3.3% decrease
- Health Sciences Center, \$30,867,300, a -1.4% decrease
- Branch Campuses, \$540,000, a -6.5% decrease

➤ **Lottery Scholarship:**

- The following is a list of bills that have been introduced that impact how the lottery scholarship is administered or changes the funding for the scholarship.
 - HB194, Lottery Scholarship a Full Need-Based Award, Representative Debra Sarinana
 - Adds the element of need to qualify for the Legislative Lottery Tuition Scholarship, available only to students with family annual net household incomes that do not exceed \$75,000. Other qualifications (high school graduation, grade point average, timing of entry into college) in the act remain. Introduces a new application process for the scholarship. Requires that scholarships be awarded for full tuition costs for seven semesters. Changes how Lottery Tuition Scholarship funds are distributed to higher education institutions to reflect the change in student qualifications and scholarship size. Reduces the required annual average balance in the fund from \$2 million to \$1 million.
 - HB 237, Lowers but Extends Liquor Excise Tax Distribution to Lottery Scholarships, Representative Carl Trujillo
 - Extends the temporary distribution of liquor excise tax revenues from June 30, 2017 to June 30, 2020 but lowers the distribution percentage from 39 to 30.
 - HB 250, Lottery Authority Bonuses and Unclaimed Prizes, Representative Jason Harper
 - Specifies that any bonus or incentive compensation awarded to an employee of or vendor for the Lottery Authority shall be calculated based on the monthly amount transmitted to the State Treasurer for deposit into the Lottery Tuition Fund, and shall not be calculated based on the authority's gross revenues. Prohibits the Lottery Authority from offering any style of video lottery game. The bill also places any unclaimed prize money into the lottery fund annually.
 - SB 192, Transfers of Lottery Revenue, Senator John Arthur Smith
 - Directs the New Mexico Lottery Authority to transmit all net revenue to the State Treasurer for deposit in the Lottery Tuition Fund. Estimated net revenue shall be transmitted monthly, provided that all net revenue for a fiscal year must be transmitted by the August 1 following the end of that fiscal year. This bill also removes the 30% minimum deposit of all net revenues.

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- Please visit the Office of Government Relations website at <http://govrel.unm.edu/>, and click on 2017 Bill Tracker for a list of all bills that impact UNM and for daily legislative updates, please sign up to join our listserv.