



2011 Regular Legislative Session Briefing – March 16, 2011

- Most recent economic consensus reporting predicts a state budget deficit between \$260 million and \$450 million.
 - FY 12 Department of Finance and Administration (DFA) and Legislative Finance Committee (LFC) budget recommendations:
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➤ **DFA - Department of Finance and Administration Recommendation:**

- Formula fully funded - \$7,453,691
 - Instruction and General (I&G) budget recommendation start from FY11 revenue consensus allotment reductions as the new base.
 - Main Campus reduced by 2.3%
 - Health Sciences Center reduced by 3%
 - Tobacco Settlement reduced 0% (Funds both I&G and RPSPs)
 - Tuition Credit for both resident and non-resident – 3%
 - Tuition Waivers
 - 100% Non-Discrimination Waiver
 - 50% Part - time
 - Special Projects – Cuts ranged from 3% to elimination
 - ERB – Employer/Employee swap of 2.00% on top 1.5%
 - Hold Public School Teachers harmless
 - Equipment Renewal and Replacement (ER&R) – Maintain at current level.
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➤ **LFC - Legislative Finance Committee Recommendation:**

- Formula Funds Enrollment Growth only - \$6,096,118
- Instruction and General (I&G) budget recommendation start from FY11 revenue consensus allotment reductions as the new base.
 - Main Campus reduced by 3.8%
 - Health Sciences Center 0.9%
 - Tobacco Settlement reduced by 36.2% (Funds both I&G and RPSPs)
- Tuition Credit
 - In-state – 3.1%, Average full-time student will pay \$100.00 more a semester
 - Out-of-state – 9.5%
- Tuition Waivers – Pro-rated amount of the tuition waivers cut – \$2,274,338
- Special Projects – Cuts ranged from 5 to elimination based on various LFC criteria
- ERB – Employer/Employee swap of 1.75% on top of the 1.5%
- Equipment Renewal and Replacement (ER&R) – eliminated from the funding formula and deletes funding for FY 12

➤ **HAFC - House Appropriations and Finance Committee:**

Budget hearing for higher education department and institutions was on Thursday, February 10th, both the DFA and LFC presented their proposed budgets to the committee, and the institutions had an opportunity to express their concerns. UNM made the following comments:

- Support the DFA recommendation
 - Request flexibility between RPSPs and Instruction and General (I&G)
 - The University administration supports a strong and solvent retirement fund for our educational retirees and plans to continue to engage during this session in the debate over ERB contributions and distribution
 - Strongly recommends the development of 3 new funding formulas, one for two-year institutions and one for research and comprehensive institutions, which differentiate between the missions of the different institutions in New Mexico rather than the current one-size-fits-all formula
- HAFC created a Higher Education Sub-Committee Recommendation:
- Fully funded the Formula
 - Instruction and General (I&G):
 - Main Campus reduced by 3.3%
 - Health Sciences Center reduced by 1.0%
 - Tobacco Settlement reduced by 36.2% (Funds both I&G and RPSPs)
 - Tuition Credit – Adopted LFC recommendation:
 - In-state – 3.1%
 - Out-of-state – 9.5%
 - Tuition Waivers:
 - Adopted from the DFA recommendation, 100% reduction to the part-time waiver (overall to higher education \$12.2 million)
 - Adopted from the LFC recommendation, reductions to the non-discrimination waiver (overall to higher education \$4.2 million)
 - Special Projects, closely resembles the LFC recommendation:
 - Main Campus reduced by 19.1%
 - HSC reduced by 14.4%
 - ERB – Adopted LFC recommendation, Employer/Employee swap of 1.75% on top of the 1.5%
 - Equipment, Renewal & Replacement (ER&R) – adopted the DFA – Maintain at current level
- The HAFC recommendations have been formally adopted by the full committee and HB 2, the General Appropriation Act, has been sent to House floor to be heard and voted on.
- HAFC passed HB 2 on February 18th and sent to the House floor to be voted on, the bill was not heard and was referred back to HAFC. HAFC voted on and passed out HB 2 on February 26th where it was sent back to the House floor. It is currently sitting on the House Temporary Calendar.
 - On March 2nd, the House voted on and barely passed out HB 2 at a vote of 34 to 35. HB 2 was then sent to the Senate Finance Committee to be heard and voted on.

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- **SFC – Senate Finance Committee:**
 - Higher Education budget hearing was on February 1st at 1:30 p.m.
 - SFC accepted amendments to HB 2 from March 4th at 8:00 am to March 5th closing at noon.
 - On March 12th, late Saturday evening, amendments to the budget bill were adopted by the committee.
 - On Monday morning, March 14, HB 2 was adopted by SFC and sent to the Senate floor for a full vote of the Senate.

 - **SFC Recommendation:**
 - Fully funded the Formula
 - Instruction and General (I&G) (Note: the percentage reduction does not include the ERB reduction):
 - Main Campus reduced by 3.2%
 - Health Sciences Center reduced by 1.0%
 - Tobacco Settlement reduced by 36.2% (Funds both I&G and RPSPs)
 - Tuition Credit – Adopted LFC recommendation:
 - In-state – 3.1%
 - Out-of-state – 9.5%
 - Tuition Waivers:
 - Adopted from the DFA recommendation, 100% reduction to the part-time waiver (overall to higher education \$12.2 million)
 - Adopted from the LFC recommendation, reductions to the non-discrimination waiver (overall to higher education \$4.2 million)
 - Special Projects, closely resembles the LFC recommendation:
 - Main Campus reduced by 18.9%
 - HSC reduced by 14.4%
 - ERB – Adopted LFC recommendation, Employer/Employee swap of 1.75% on top of the 1.5%
 - Equipment, Renewal & Replacement (ER&R) – adopted the DFA – Maintain at current level

 - **HB 2 is currently on the calendar, to be heard on the Senate floor, for third reading of legislation.**
 - On March 16th early in the morning the Senate floor voted a Do Pass on HB 2 with a 27 – 14 vote, it is now on its way to the House for a concurrence. The following pieces of legislation accompany the proposed budget in the appropriation bill:
 - HB 607, Film Production Tax Credit, Sponsored by Speaker Ben Lujan, sets \$50 million as the aggregate amount of film credit claims that may be authorized for payment in a fiscal year.
 - HB 628, Contribution Rate Changes in Retirement Plans, Sponsored by Representative Donald Bratton, makes three primary changes for pension contributions for state employee plans administered by the Public Employees Retirement Association (PERA) and the Educational Retirement Board (ERB), as explained in the Retirement Issue below.

- **RPSP's – Research and Public Service Projects:**

- The University of New Mexico has gone to great lengths to create a comprehensive plan in the evaluation of special project appropriations and we have worked to create a more centralized approach through continuous communication and collaboration between the Office of Government Relations, budget offices for main campus and Health Sciences Center, the Provost and Academic Affairs financial division, and branch campus executive directors.
- Criteria have been created to evaluate special projects for their goals, outcomes and performance measures, and dividing RPSP's into the categories of student success, academic/faculty scholarship, research, statewide services, economic development, legislator initiatives, and "pass throughs".
- In 2009 a Special Project Task force was created in which the Deans prioritized their Colleges special projects in the manner of how the program serves the college, university mission, and the role of the university to its community and the services it provides statewide.
 - In August 2010 we were instructed by the Legislative Finance Committee to put together two scenarios, based on a 5% and 10% cut, on how UNM would distribute budget reductions to special projects, if cuts were made, for the 2011 legislative session.
 - Based on the work of the Special Project Task Force, UNM submitted two scenarios in October 2010
 - In November 2010, the LFC requested a list of I&G RPSP's at the University of New Mexico.
 - In December 2010, in the LFC budget recommendation for FY 12, UNM's 5 to 10% budget reduction recommendation was not accepted, and instead special projects was reduced by 25%.
 - At the beginning of the 2011 NM Legislative Session, the House Appropriations & Finance Committee created a Higher Education Sub-Committee and UNM again requested flexibility to below the line, special projects, and submitted the redistribution of cuts as approved by the Deans based on the work of the Special Project Task Force.
 - HAFC did not accept UNM's recommendation to HB 2 and instead re-distributed to programs that were not priorities to the university or meet UNM's core mission.
 - When HB 2 went over to the Senate Finance Committee UNM, again, worked with committee members, staff and LFC to propose amendments to special projects re-distributing the cuts.
 - SFC did not accept UNM's amendment's based on a decision by the LFC to maintain programs they wanted to protect, therefore, maintaining what was adopted in HAFC.

- **Legislation impacting Retirement and Benefits, the Lottery Scholarship and Fund, Capital Outlay, and UNM Sponsored bills:**

- Retirement Issue:

DFA recommendation: Keep 2009 1.5% employee increase in place and add another 2% increase to the employee by reducing the employer contribution by 2%. Teachers are held harmless.

LFC recommendation: Add a 1.75% on top of the 1.5%, and does not hold the teachers harmless.

Decreases in the 2009 federal tax code offset the 1.5% employee increase over 2 years (FY10 & FY11), but will not offset that increase going forward in FY12. Therefore, this will be a true decrease in FY12. By adding another 1.75% or 2% to the employee contribution this will result in a 3.25% or 3.5% decrease in salary & benefits.

The University administration supports a strong and solvent retirement fund for our educational retirees. We plan to engage during this session in the debate over ERB contributions and distribution.

- We have worked with the ERB and support the December 22nd ERB board recommendations, which is reflected in SB 265, Education Retirement Contributions, sponsored by Senator Asbill, increasing the employee amount .125% each year for 4 years totaling a .5% increase. SB 265 was tabled in SFC.
- We do not support the DFA recommended 2% or LFC recommend 1.75% increase above this bill. These recommendations could mean a 4% or 3.75% decrease to salaries and benefits:
 - a. DFA: $1.5\% + 2\% + .5\% = 4\%$
 - b. LFC: $1.5\% + 1.75\% + .5\% = 3.75\%$

The bottom line is that employees would like to see all possible scenarios to make the General Fund solvent without having to reduce salary and benefits.

- Retirement and HR Related Impacting Legislation:

- HB 628/CS makes three primary changes for pension contributions for state employee plans administered by the Public Employees Retirement Association (PERA) and the Educational Retirement Board (ERB):
 - 1. Extends the 1.5 percent contribution shift implemented for FY10 and FY11 from the employer to the employee for those employees making more than \$20,000 another two years (FY12 and FY13);
 - 2. Makes a one-year contribution shift of 1.75 percent from the employer rate to the employee rate for those making more than \$20,000 for FY12; and
 - 3. Delays the two remaining 0.75 percent increases for ERB, currently scheduled for FY12 and FY13, to FY14 and FY15.

- HB 628/CS passed out of the Senate Finance Committee with two amendments.
 - Calls for an actuarial study on what impact HB 628 has on the actuarial fund and if it causes the fund to lose money, the legislature will have to provide a supplemental to cover any loss to the fund.
 - A temporary provision is added in Section 16 that would essentially extend the 1.75% shift for an additional year into FY13 but allows the shift to sunset contingent upon two general fund thresholds as measured by the last consensus revenue forecast. This forecast would trigger continuing the shift only if actual general fund revenues forecasted for FY12 at that mid-year point are not \$100 million more than originally forecasted for FY12 and state reserves are projected to be less than the targeted 5 percent by the end of the fiscal year.

Benefits Related (Employment):				
<u>HB 129</u>	Varela	RETURNING EDUCATIONAL RETIREE PAYMENTS	[3] HEC/HAFC-HEC [18] DP/a-HAFC [26] DP [27] PASSED/H (66-0) [22] SEC/SFC-SEC- DP-SFC [37] w/drm [40] PASSED/S (37-0)	RELATING TO EDUCATIONAL RETIREMENT; REQUIRING RETIRED MEMBERS WHO RETURN TO WORK TO MAKE CERTAIN PAYMENTS TO THE EDUCATIONAL RETIREMENT FUND; REDUCING THE PAYMENTS MADE TO THE FUND BY THE LOCAL ADMINISTRATIVE UNITS THAT EMPLOY RETIRED MEMBERS.
<u>HB 133</u>	Stewart	DELAY EDUCATIONAL RETIREMENT CONTRIBUTIONS	[3] HLC/HEC-HLC [13] DP-HEC [32] DP [33] w/drm – ref HLC/HEC/HAFC-HAFC	RELATING TO EDUCATIONAL RETIREMENT; DELAYING EMPLOYER CONTRIBUTION INCREASES FOR EDUCATIONAL RETIREMENT.
<u>HB 251</u>	Stewart, Ingle	AMEND CERTAIN RETIREMENT ACTS	[9] HLC/HHGAC-HLC	RELATING TO PENSIONS; AMENDING THE PUBLIC EMPLOYEES RETIREMENT ACT AND THE EDUCATIONAL RETIREMENT ACT; REDUCING COST-OF-LIVING ADJUSTMENTS AND INCREASING AGE AND SERVICE REQUIREMENTS FOR RETIREMENT OF CERTAIN LEGISLATORS AND EMPLOYEES.
HB 628	Bratton	CONTRIBUTION RATE CHANGES IN RETIREMENT PLANS	[24] not prntd-HRC [32] w/drm - HAFC [33] DNP-CS/DP [40] PASSED/H (43-26) [30] SFC [40] DP/a [44] PASSED/S (29-12)	RELATING TO THE PUBLIC PEACE, HEALTH, SAFETY AND WELFARE; CHANGING THE EMPLOYER AND EMPLOYEE CONTRIBUTION RATES IN CERTAIN RETIREMENT PLANS.
<u>SB 248</u>	Ingle	CHANGE PUBLIC RETIREE CONTRIBUTIONS	[2] SPAC/SFC-SPAC [16] DP/a-SFC [30] DP/a	RELATING TO PUBLIC EMPLOYEE RETIREMENT; CHANGING THE EMPLOYER AND EMPLOYEE CONTRIBUTION RATES IN CERTAIN RETIREMENT PLANS.
<u>SB 265</u>	Asbill	EDUCATIONAL RETIREMENT CONTRIBUTIONS	[2] SEC/SFC-SEC [5] DP-SFC	RELATING TO EDUCATIONAL RETIREMENT; ADJUSTING THE EMPLOYER AND EMPLOYEE CONTRIBUTION RATES.

Employment Related (Non-Benefits Related):				
HB 59	Stewart	UNEMPLOYMENT CONTRIBUTION TEMPORARY SCHEDULE	HPREF [2] HCPAC/HLC-HCPAC [18] DNP-CS/DP-HLC [31] DP/a [32] PASSED/H (59-9) [25] SPAC/SFC-SPAC [30] DP-SFC [40] DP/a	RELATING TO UNEMPLOYMENT COMPENSATION; ESTABLISHING A TEMPORARY SCHEDULE FOR CONTRIBUTIONS.

HB 60	Rehm	NO "GOLDEN PARACHUTE" FOR SOME EMPLOYEES	HPREF [2] HLC/HHGAC-HLC [11] w/o rec-HHGAC- w/dm-HJC	RELATING TO PUBLIC EMPLOYERS, INCLUDING STATE AGENCIES, EDUCATIONAL INSTITUTIONS AND SCHOOLS; PROHIBITING THE AWARD OF A "GOLDEN PARACHUTE" OR OTHER EXTRAORDINARY BENEFIT TO A PUBLIC EMPLOYEE WHO RESIGNS OR IS TERMINATED FOR CAUSE.
<u>HB 404</u>	Begaye	HIGHER EDUCATION EMPLOYMENT BACKGROUND CHECKS	[17] HLC/HEC-HLC [40] DP/a-HEC [47] DP - PASSED/H (62-0) [44] SEC/SJC-SEC	RELATING TO HIGHER EDUCATION; PROVIDING FOR BACKGROUND CHECKS OF APPLICANTS FOR EMPLOYMENT; ALLOWING INSTITUTIONS OF HIGHER EDUCATION TO CONDUCT EMPLOYEE BACKGROUND CHECKS.
HJR 19	James	EMPLOYEE REPRESENTED SECRET BALLOT VOT, CA	[10] HLC/HJC/HVEC- HLC	PROPOSING TO AMEND THE CONSTITUTION OF NEW MEXICO TO PROVIDE THAT THE RIGHT TO VOTE BY SECRET BALLOT FOR EMPLOYEE REPRESENTATION IS FUNDAMENTAL AND SHALL BE GUARANTEED WHERE LOCAL, STATE OR FEDERAL LAW PERMITS OR REQUIRES ELECTIONS, DESIGNATIONS OR AUTHORIZATIONS FOR EMPLOYEE REPRESENTATION.
SB 52	Fischman	ELECTRONIC COPIES OF PUBLIC RECORDS	SPREF [1] SPAC/SJC- SPAC [2] DNP-CS/DP- SJC [5] DP [12] PASSED/S (39-0) [20] HCPAC/HJC-HCPAC [47] DP/a-HJC- DP	RELATING TO PUBLIC RECORDS; PROVIDING FOR DELIVERY OF COPIES OF PUBLIC RECORDS IN ELECTRONIC FORMAT.
SB 72	Keller	EMPLOYEE CREDIT INFORMATION PRIVACY ACT	SPREF [1] SCORC/SJC-SCORC	RELATING TO CONSUMER CREDIT INFORMATION; PROHIBITING EMPLOYERS FROM USING AN EMPLOYEE'S OR PROSPECTIVE EMPLOYEE'S CREDIT INFORMATION AS A BASIS FOR EMPLOYMENT, RECRUITMENT, DISCHARGE OR COMPENSATION WITH SOME EXCEPTIONS; PROVIDING NOTICE TO EMPLOYEES OR PROSPECTIVE EMPLOYEES WHEN CREDIT INFORMATION IS USED BY EMPLOYERS OR PROSPECTIVE EMPLOYERS AS A BASIS FOR EMPLOYMENT, RECRUITMENT, DISCHARGE OR COMPENSATION.
SB 251	Beffort	UNEMPLOYMENT COMPENSATION BENEFIT CALCULATION	[2] SPAC/SFC-SPAC	RELATING TO UNEMPLOYMENT COMPENSATION; PROVIDING THAT CERTAIN BASE PERIOD WAGES SHALL BE EXCLUDED IN THE CALCULATION OF THE WEEKLY BENEFIT AMOUNT; PROVIDING THAT THE ACCOUNTS OF CERTAIN BASE-PERIOD EMPLOYERS SHALL NOT BE CHARGED FOR BENEFITS PAID TO AN INDIVIDUAL WHO LEFT THE EMPLOYMENT UNDER CERTAIN CONDITIONS; PROVIDING THAT CERTAIN PENSION PAYMENTS BE DEDUCTED FROM BENEFITS; PROVIDING BENEFIT ELIGIBILITY CONDITIONS FOR CERTAIN LEGISLATIVE SESSION EMPLOYEES.
<u>SB 400</u>	Ortiz y Pino	POST-SECONDARY ASSISTANTS AS EMPLOYEES	[5] SEC/SFC-SEC [16] DP-SFC	RELATING TO CERTAIN PUBLIC POST-SECONDARY EDUCATIONAL INSTITUTIONS; PROVIDING THAT, EXCEPT AS OTHERWISE PROVIDED BY LAW, INDIVIDUALS EMPLOYED AS GRADUATE ASSISTANTS, TEACHING ASSISTANTS, RESEARCH ASSISTANTS AND PROJECT ASSISTANTS BY THE INSTITUTIONS SHALL BE CONSIDERED EMPLOYEES FOR ALL PURPOSES.

➤ Lottery Impacting Legislation:

<u>HB 62</u>	O'Neill	EXTEND LOTTERY SCHOLARSHIP APPLICATION TIME	HPREF [2] HCPAC/HEC-HCPAC [9] DP-HEC [21] DP [22] PASSED/H (68-0) [16] SEC/SFC-SEC [20] ref SEC/SJC/SFC-SEC [22] DP-SJC	RELATING TO HIGHER EDUCATION; EXTENDING THE TIME FOR APPLYING FOR A LEGISLATIVE LOTTERY SCHOLARSHIP.
<u>SB 226</u>	Payne	LEGISLATIVE LOTTERY TUITION ACT	[2] SEC/SJC/SFC-SEC [16] DNP-CS/DP-SJC [27] DP-SFC	RELATING TO HIGHER EDUCATION; ENACTING THE LEGISLATIVE LOTTERY TUITION ACT; PROVIDING FOR TUITION ASSISTANCE FOR COMPLETION OF AN EDUCATIONAL PROGRAM; REQUIRING THAT TUITION ASSISTANCE BECOME A DEBT TO THE STATE IF A STUDENT DOES NOT MAINTAIN ACADEMIC AND OTHER ELIGIBILITY OR DROPS OUT OF COLLEGE BEFORE GRADUATION; PROVIDING LIMITATIONS AND EXCEPTIONS; REPEALING PROVISIONS PERTAINING TO LEGISLATIVE LOTTERY SCHOLARSHIPS; AMENDING, REPEALING, ENACTING AND RECOMPILING SECTIONS OF THE NMSA 1978.
<u>SB 292</u>	Ingle	LIMIT TUITION INCREASE FOR LOTTERY RECIPIENTS	[2] SEC/SJC/SFC-SEC [12] DP-SJC [26] DP-SFC [37] w/dm [44] PASSED/S (35-0) [47] HEC	RELATING TO HIGHER EDUCATION; LIMITING TUITION INCREASES FOR LOTTERY TUITION SCHOLARSHIP RECIPIENTS.

➤ Capital Outlay Legislation:

SB 373	Cisneros	Capital Outlay Reauthorization	[5] SFC [40] DNP-CS/DP [44] PASSED/S (28-2) [47] HTRC/HAFC-HTRC	RELATING TO EXPENDITURE OF PUBLIC MONEY; REAUTHORIZING OR REAPPROPRIATING BALANCES, EXPANDING OR CHANGING PURPOSES, EXTENDING EXPENDITURE PERIODS, CHANGING AGENCIES AND ESTABLISHING CONDITIONS FOR THE REVERSION OF UNEXPENDED BALANCES OF APPROPRIATIONS MADE BY THE LEGISLATURE IN PRIOR YEARS; DECLARING AN EMERGENCY.
SB 218	Cisneros	SEVERANCE TAX BOND PROJECTS	[2] SFC [44] DNP-CS/DP - PASSED/S (40-1)	RELATING TO CAPITAL EXPENDITURES; 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; REAUTHORIZING OR REAPPROPRIATING BALANCES, CHANGING PURPOSES, EXTENDING EXPENDITURE PERIODS AND CHANGING AGENCIES; DECLARING AN EMERGENCY.

➤ UNM-Sponsored Bills:

HB 116	Gutierrez	NM Poison and Drug Info Center	[2] HHGAC/HJC- HHGAC [14] DP-HJC [19] DP/a [21] PASSED/H (67-0) [16] SPAC/SFC-SPAC [27] DP-SFC-DP Consent on Senate Floor	RELATING TO PUBLIC HEALTH; CREATING THE NEW MEXICO POISON AND DRUG INFORMATION CENTER
HB 353	Larranaga	Higher Ed Endowment Fund Standards	[13] HEC/HBIC-HEC [32] DP-HBIC [47] DP - PASSED/H (69-0) [40] SEC [44] DP – Senate Floor	RELATING TO HIGHER EDUCATION; ADDRESSING THE STANDARDS FOR INVESTMENT OF INSTITUTION ENDOWMENT FUNDS
<u>HB 394</u>	Miera	BINGO AND RAFFLE ACT ORGANIZATION DEFINITIONS	[17] HCPAC/HEC- HCPAC [39] w/dm-HEC [47] DP - PASSED/H (65- 1) [40] SJC [44] DP- PASSED/S (22-13)	RELATING TO THE NEW MEXICO BINGO AND RAFFLE ACT; AMENDING THE DEFINITIONS OF "EDUCATIONAL ORGANIZATION" AND "FRATERNAL ORGANIZATION" AS USED IN THAT ACT.

- **Please visit the Office of Government and Community Relations website at <http://govrel.unm.edu/>, and click on 2011 Legislative Session for a list of bills that impact UNM. For daily legislative updates please sign up on our listserve.**