

**2012 Regular Legislative Session – Briefing: February 8, 2012**

Four years of state budget deficits coupled with flat revenue estimates made it difficult for the New Mexico Legislature to balance the state budget, as is mandated by law. This year began on a more positive note, and the 2012 session of the Legislature commenced with the promise of a gradual economic turnaround and consensus revenue estimates projecting "new money" in the amount of \$254 million. For our purposes, new money is defined as FY 13 projected revenue less FY 12 recurring appropriations. After setting aside \$50 million to reverse the 1.75% retirement swap, as mandated by triggers in the law, FY 13 new money is estimated to be \$204 million:

The following summarizes how UNM fared in the HED, DFA and LFC budget recommendations for FY 13:

The initial phase of the revised funding formula, as well as the DFA and LFC budget recommendations which are based on this initial phase of the revised formula do not calculate or fund the following:

- ❖ Costs for equipment replacement and renewal, building replacement and renewal, operations and maintenance costs of I&G education square footage, or utilities costs for I&G square footage.
- ❖ Tuition credits or tuition waivers

➤ **HED – Higher Education Department**

- I&G budget recommendation starts from the FY 12 operating base:
  - Main Campus \$160,032,900, a 0.6% reduction.
  - Health Sciences Center \$57,103.8, or a 0.2% increase.
- No tuition credit
- No ERB Swap – Employer/Employee swap of 1.75%
- RPSP's – Research and Public Service Projects – Held flat.
  - Main Campus \$7,855,200
  - Health Sciences Center \$25,446,600

➤ **DFA - Department of Finance and Administration – Executive**

- I&G budget recommendation starts from the FY 12 operating base:
  - Main Campus \$165,127,378, a 2.6% increase.
  - Health Sciences Center \$58,162,500, a 2.1% increase.
- No tuition credit
- ERB Swap – Employer/Employee swap of 1.75%
- RPSP's – Research and Public Service Projects – Held flat plus ERB 1.75% swap.
  - Main Campus \$8,180,600, a 3.0% increase,
  - Health Sciences Center \$26,034,800, a 2.3% increase.

➤ **LFC - Legislative Finance Committee**

- I&G budget recommendation starts from the FY 12 operating base:
  - Main Campus \$173,764,500, an 8.0% increase
  - Health Sciences Center \$58,504,100, a 2.7% increase
- No tuition credit
- ERB Swap – Employer/Employee Swap of 1.75%
- RPSP's – Research and Public Service Projects
  - Main Campus \$7,699,000, a 3.1% reduction
  - Health Sciences Center \$25,550,400, a .04% increase
    - BA/MD \$341,600

---

➤ **H AFC – House Appropriations and Finance Committee**

- ❖ On February 21<sup>st</sup>, the H AFC Higher Education sub-committee met to discuss the DFA and LFC recommendations. The recommendations were then presented to the full H AFC committee on the 23<sup>rd</sup>, and again to the Senate Finance Committee on the 24<sup>th</sup>.
- ❖ On January 30<sup>th</sup>, HB 2, 2012 General Appropriation Act, was presented to the full H AFC committee for a vote, some members on the committee expressed their reluctance of certain parts of the budget and the Chair held the bill over.
- ❖ HB 2 was presented to H AFC, on February 6<sup>th</sup> at 8:30 a.m., it was voted and passed out of the committee and on its way to the House Floor, where it was unanimously approved on Feb. 7.
- ❖ The following is HB 2as it currently stands for UNM:
  - I&G budget recommendation starts from the FY 12 operating base:
    - Main Campus \$173,028,792, a 7.5% increase. This is a \$735,700 reduction from the LFC recommendation.
      - The difference between the LFC recommendation and the H AFC recommendation is due to \$449,800 of nursing workload was added back to Higher Education Department and \$285,900 was due to sanding.
    - Health Sciences Center \$58,504,100, LFC recommendation held
  - No tuition credit
  - ERB Swap – Employer/Employee Swap of 1.75%
  - RPSP’s – Research and Public Service Projects
    - Main Campus \$7,744,700
      - Morrissey Hall Program was eliminated in LFC recommendation, received \$45,700
    - Health Sciences Center \$26,788,600
      - BA/MD is still maintains the LFC \$341,600 recommendation.
      - OMI receives \$447,400 more (\$250,000 more than the LFC recommendation)
      - Project ECHO receives \$100,000
      - Nursing Expansion receives \$100,000
      - Pediatric Oncology receives \$200,000
      - NMPDIC receives \$191,200 more in GF, the flexibility remains to allocate \$195K more in TSF
      - Cut to Out of County Indigent of \$284,800

---

➤ **HB2cs**

- **Tuition Trigger (Section J, UNM, 1)** “If the board of regents increases tuition for the 2012-2013 academic year more than five percent over the rates for the 2011-2012 academic year, the general fund appropriation for the university of New Mexico main campus instruction and general purposes shall be reduced by an amount equal to the incremental amount generated by the tuition rate increase over five percent.”
  - **RPSP Overhead (Section J)** “The policy development and institutional financial oversight program of the higher education department and higher education institutions that receive general fund appropriations for research and public service projects **shall not use more than three percent** of the research and public service project general fund appropriation for overhead costs and shall use the general fund appropriation for the direct operation of the research and public service project.”
- **Retirement Issue:**
- SB 150 (Sen Ingle, Jennings, et al) reflected revisions approved by the Education Retirement Board and would have reduced COLA and set a minimum age of 55. Senate Education Committee chair

Sen. Cynthia Nava (D, Las Cruces) presented an amendment to the bill which was approved by the committee.

- These are the changes contained in the Nava amendment:
  1. Removes the minimum retirement age as featured in the ERB recommendation
  2. Removes COLA reductions for current and future retirees
  3. Raises the EMPLOYER (read: money put in by state) contribution from 13.9% to 15.44% by 2019
  4. Employees hired after June 30, 2012 will have a minimum retirement age of 55 and 8 year vesting
  5. Employees age 67 must have 8 years service before retirement
- The original bill had an increase in EMPLOYEE contributions from 9.4% to 9.9% in one-tenth percent increments over the next five years. That remains in effect. ERB director Jan Goodwin told the committee this iteration of the ERB fix would reach 78% of solvency by 2030 and 98% by 2040. The bill got a "Do Pass" which will place it in the Senate Finance, where conventional wisdom says there is little appetite for increasing state contributions to retirement. It is in Senate Finance again this afternoon, Feb. 9.
- Other retirement bills like SB 305 (Sen. Cisneros) would significantly raise employee contributions by 1.9% over several years, but that bill has been pulled out of committee by the sponsor. Rep. Mimi Stewart also has an education retirement bill (HB 269) which is tentatively scheduled in House Education on Friday.

➤ **Proposed Legislation of Interest.** Please visit the Office of Government Relations website at [Http://govrel.unm.edu/](http://govrel.unm.edu/), and click on 2012 Legislative Session for a list of all bills that impact UNM. For daily legislative updates, please sign-up on our listserv.

• **UNM Related:**

HB 309	Miera	HIGHER ED PUBLIC TELEVISION OPERATIONS	[12] HEC/HAFC-HEC	MAKING AN APPROPRIATION TO THE BOARDS OF REGENTS OF THE UNIVERSITY OF NEW MEXICO, NEW MEXICO STATE UNIVERSITY AND EASTERN NEW MEXICO UNIVERSITY TO IMPROVE PUBLIC TELEVISIONB ROADCASTING OPERATIONS.
HJM 14	Begaye	STUDY LOTTERY TUITION FUND SOLVENCY	[4] HEC [9] DP/a [12] fl/a-PASSED/H (67-0) [7] SRC/SEC-SRC	REQUESTING THE LEGISLATURE AND THE HIGHER EDUCATION DEPARTMENT TO APPOINT A TASK FORCE TO STUDY THE SOLVENCY OF THE LOTTERY TUITION FUND AND MAKE RECOMMENDATIONS.
SB 16	Keller	STATE GRADUATE EMPLOYMENT TAX CREDIT	SPREF [1] SCC/SCORC/SFC-SCC [2]germane-SCORC [4] DNP-CS/DP- SFC	RELATING TO TAXATION; ENACTING NEW SECTIONS OF THE INCOME TAX ACT AND THE CORPORATE INCOME AND FRANCHISE TAX ACT; CREATING THE STATE GRADUATE EMPLOYMENT TAX CREDIT.
SB 21	Keller	ENERGY TECHNOLOGY HIGHER ED ENDOWMENT FUND	[1] SCC/SCONC/SFC-SCC [2]germane-SCONC [6] DNP-CS/w/o rec-SFC	TECHNOLOGY HIGHER EDUCATION ENDOWMENT FUND TO FUND THE CURRICULUM, TEACHING, RESEARCH, DEVELOPMENT AND COMMERCIALIZATION OF ENERGY TECHNOLOGIES; REQUIRING AN ANNUAL LEGISLATIVE FINANCE COMMITTEE EVALUATION AND REPORT; TEMPORARILY DISTRIBUTING A PORTION OF

• **Health Sciences Center Related:**

HB 321	Egolf	Nurse-to-Patient Ratio Standards	[12] not prntd-HRC	RELATING TO HEALTH CARE; PROVIDING STANDARDS FOR NURSE-TO-PATIENT RATIOS; PROVIDING FOR REVIEW OF THOSE STANDARDS; MAKING AN APPROPRIATION.
SB8	D. Feldman for LHHS	Primary Care Physician Conditional Tuition	SPREF [1] SCC/SEC/SFC-SCC [2]germane-SEC [4] DNP-CS/DP-SFC	MAKING AN APPROPRIATION TO THE HIGHER EDUCATION DEPARTMENT TO FUND THE PRIMARY CARE PHYSICIAN CONDITIONAL TUITION WAIVER PROGRAM.
SB100	Curtis	County Hospital Mil Levy	[2] SCC/SCORC/SFC-SCC [7]germane-SCORC	RELATING TO TAXATION; REDUCING THE MILL LEVY TO PAY THE COST OF OPERATING AND MAINTAINING COUNTY HOSPITALS IN CERTAIN CLASS A COUNTIES.
SB171	Jennings	NM Students in Dental Program	[2] SCC/SEC/SFC-SCC-germane-SEC [4] DP-SFC	MAKING AN APPROPRIATION TO FUND FOUR DENTAL STUDENTS FROM NEW MEXICO IN THE DENTAL PROGRAM OF THE WESTERN INTERSTATE COMMISSION FOR HIGHER EDUCATION.

- Retirement and HR Related:**

HB269	Stewart	EDUCATIONAL RETIREMENT CONTRIBUTION INCREASE	[9] not prntd-HRC [10] w/drn - prntd-ref HEC-HEC	RELATING TO PENSIONS; AMENDING THE EDUCATIONAL RETIREMENT ACT; PROVIDING FOR AN INCREASE IN EMPLOYEE CONTRIBUTIONS; INCREASING AGE AND SERVICE REQUIREMENTS FOR RETIREMENT OF NON-VESTED MEMBERS.
HB270	Stewart	STATE EMPLOYEE AND TEACHER RETIREMENT CHANGES	[9] not prntd-HRC [10] w/drn - prntd-ref HLC/HJC-HLC	RELATING TO PENSIONS; AMENDING THE PUBLIC EMPLOYEES RETIREMENT ACT, THE JUDICIAL RETIREMENT ACT, THE MAGISTRATE RETIREMENT ACT AND THE EDUCATIONAL RETIREMENT ACT; PROVIDING FOR AN INCREASE IN EMPLOYEE CONTRIBUTIONS; DEFINING "PUBLIC SAFETY MEMBER"; REDUCING AND DELAYING COST-OF-LIVING ADJUSTMENTS FOR NONVESTED, NON-PUBLIC SAFETY MEMBERS; INCREASING AGE AND SERVICE REQUIREMENTS FOR RETIREMENT OF NON-VESTED, NON-PUBLIC SAFETY MEMBERS.
SB51	Munoz	EDUCATIONAL RETIREES RETURNING TO WORK	SPREF [1] SCC/SEC/SFC-SCC [2]germane-SEC	RELATING TO PENSIONS; AMENDING THE EDUCATIONAL RETIREMENT ACT; PROVIDING THAT RETIREES WHO RETURN TO WORK AND DO NOT SUSPEND THEIR RETIREMENT BENEFITS ARE NOT REQUIRED TO PAY EMPLOYEE CONTRIBUTIONS TO THE EDUCATIONAL RETIREMENT FUND.
SB150	Ingle	EDUCATIONAL RETIREMENT CHANGES	[2] SCC/SEC/SFC-SCC-germane-SEC [7] DP/a-SFC	RELATING TO PENSIONS; AMENDING THE EDUCATIONAL RETIREMENT ACT; CHANGING THE COST-OF-LIVING ADJUSTMENT; CHANGING AGE AND SERVICE REQUIREMENTS FOR RETIREMENT OF CERTAIN EMPLOYEES; CHANGING MEMBER AND EMPLOYER CONTRIBUTION RATES.

- Capital Outlay Related:**

SB65	Cisneros	SEVERANCE TAX BOND PROJECTS	SPREF [1] SCC/SFC-SCC [2]germane-SFC	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 BALANCES AND CHANGING PURPOSES; DECLARING AN EMERGENCY.
SB66	Cisneros	GENERAL OBLIGATION BOND PROJECTS	SPREF [1] SCC/SFC-SCC [2]germane-SFC	AUTHORIZING THE ISSUANCE AND SALE OF CAPITAL PROJECTS GENERAL OBLIGATION BONDS TO MAKE CAPITAL EXPENDITURES FOR SENIOR CITIZEN FACILITY IMPROVEMENTS AND ACQUISITIONS, FOR LIBRARY ACQUISITIONS AND CONSTRUCTION AND FOR CAPITAL IMPROVEMENTS AND ACQUISITIONS AT INSTITUTIONS OF HIGHER EDUCATION AND STATE SPECIAL SCHOOLS; PROVIDING FOR A TAX LEVY FOR PAYMENT OF PRINCIPAL OF, INTEREST ON AND CERTAIN COSTS RELATED TO THE BONDS; REQUIRING APPROVAL OF THE REGISTERED VOTERS AT THE 2012 GENERAL ELECTION OF THE STATE; DECLARING AN EMERGENCY.
SB161	Cisneros	PROJECT REAUTHORIZATIO NS	2] SCC/SFC-SCC-germane-SFC	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.

Capital Outlay is in a very fluid state at this time, so actual UNM projects and their funding levels are not yet known. We will post the list of projects as soon as it is available.