

2013 Regular Legislative Session – Briefing: January 23, 2013

2012 was the first time in four years the University of New Mexico received an increase in state funding. This year also began on a positive note. The 2013 session of the Legislature commenced with the promise of a gradual economic turnaround and consensus revenue estimates projecting "new money" in the amount of \$283 million. Additionally, there is \$122 million in Severance Tax Bonds and \$42 million in non-recurring general funds available for capital projects. The following summarizes how UNM fared in the HED, DFA and LFC budget recommendations for FY 13:

➤ HED – Higher Education Department

- I&G budget recommendation starts from the FY 13 operating base:
 - Main Campus \$178,071,606, a 2.9% increase.
 - Health Sciences Center \$60,050.1, a 2.4% increase.
- No tuition credit or tuition waivers.
- ERB Swap – Employee swap of 1.5% or \$4,163,617.
- Research and Public Service Projects
 - Main Campus \$8,078,300, a 1.1% increase.
 - Health Sciences Center \$27,581,000, a 3.0% increase.
- No Equipment Renewal and Replacement (ER&R)

➤ DFA - Department of Finance and Administration – Executive

- I&G budget recommendation starts from the FY 13 operating base:
 - DFA recommended total dollar change for UNM of \$9,786,800 for FY14. The recommendation does not include a compensation increase. No further details available as of 1/22/13.
- No tuition credit or tuition waivers
- ERB Swap – Employee swap of 1.5%
- Research and Public Service Projects – No reductions
- No Equipment Renewal and Replacement (ER&R)

➤ LFC - Legislative Finance Committee

- I&G budget recommendation starts from the FY 12 operating base:
 - Main Campus \$179,920,400, an **4.0%** increase
 - Health Sciences Center \$59,512,500, a 1.5% increase
 - No tuition credit or tuition waivers
 - ERB Swap – Employee Swap of 1.5% and increase of 0.75% recommended funding at approximately 60% of total salaries based on the portion paid by I&G funds.
 - 1% compensation increase based on salaries paid by I&G funds.
 - Research and Public Service Projects
 - Main Campus \$7,979,500, a 0.1% reduction
 - Health Sciences Center \$28,431,000, a 6.1% increase
 - Echo \$511,500
 - OMI \$319,500
 - No Equipment Renewal and Replacement (ER&R)
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➤ **Retirement Issue:**

The much anticipated bill that encompasses proposed changes to the education retirement plan endorsed by ERB stakeholder groups and approved by the Education Retirement Board last fall has been introduced. House Bill 64 is sponsored by Rep. Mimi Stewart, chair of House Education Committee, and Senate Bill 115 is sponsored by Sen. Stuart Ingle, Senate Minority Leader. The main elements include an increase of employee contributions to 10.7%; a minimum retirement age of 55 for new members and raising the eligible age for receiving a COLA from 65 to 67 for new members. With unfunded liabilities of approximately \$6.2 billion, there are fears about the long-term solvency of the education retirement fund.

➤ **Building Renewal and Replacement**

- The LFC Budget Recommendation provided \$20 million to the Higher Education Department for building renewal and replacement for higher education institutions. The LFC did not specify how the money would be distributed.
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➤ **Endowment**

- The LFC also recommended \$20 million to replenish the higher education endowment fund. Main Campus would receive 18% and Health Science Center would receive 12% as provided in statute.
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➤ **Proposed Legislation of Interest.**

- Please visit the Office of Government Relations website at [Http://govrel.unm.edu/](http://govrel.unm.edu/), and click on 2013 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:**

HB23	James E. Smith and Timothy M. Keller	HIGHER ED FACULTY TENURE CONDITIONS	HPREF [2] HEC/HAFC-HEC	AN ACT RELATING TO HIGHER EDUCATION; AMENDING A SECTION OF CHAPTER 21 NMSA 1978 TO PROVIDE FOR CONDITIONS FOR FACULTY TENURE.
SB11	Timothy M. Keller and James E. Smith	STATE GRADUATE EMPLOYMENT TAX CREDIT	SPREF [1] SRC/SFC-SRC	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.
SB55	Sue Wilson Beffort	UNM ARCHITECTURE SCHOOL COMMUNITY OUTREACH	SPREF [1] SEC/SFC-SEC	MAKING AN APPROPRIATION TO THE BOARD OF REGENTS OF THE UNIVERSITY OF NEW MEXICO TO EXPAND THE COMMUNITY OUTREACH ACTIVITIES OF THE DESIGN AND PLANNING ASSISTANCE CENTER AT THE SCHOOL OF ARCHITECTURE AND PLANNING.

- **Health Sciences Center Related:**

HB69	Mimi Stewart	UNM HEALTH CENTER COLLEGE OF PUBLIC HEALTH	[2] HEC/HAFC-HEC	MAKING AN APPROPRIATION TO THE UNIVERSITY OF NEW MEXICO HEALTH SCIENCES CENTER TO PLAN A COLLEGE OF PUBLIC HEALTH.
HB80	Miguel P. Garcia	UNM DENTAL SCIENCE PROGRAM	[2] HEC/HAFC-HEC	MAKING AN APPROPRIATION TO THE UNIVERSITY OF NEW MEXICO HEALTH SCIENCES CENTER TO PLAN A BACHELOR OF ARTS AND DOCTOR OF DENTAL SCIENCE PROGRAM.
SB22	Gerald Ortiz y Pino	HEALTH EXTENSION RURAL OFFICES	SPREF [1] SPAC/SFC-SPAC	MAKING AN APPROPRIATION TO THE UNIVERSITY OF NEW MEXICO HEALTH SCIENCES CENTER FOR STAFFING OF HEALTH EXTENSION RURAL OFFICES.
SB53	Sue Wilson Beffort	RETAIN UNM MEDICAL SCHOOL FACULTY	SPREF [1] SEC/SFC-SEC	MAKING AN APPROPRIATION TO THE UNIVERSITY OF NEW MEXICO TO RETAIN MEDICAL SCHOOL FACULTY AT ITS HEALTH SCIENCES CENTER.

- **Retirement and HR Related:**

HB64	Mimi Stewart	EDUCATIONAL RETIREMENT CHANGES	[2] HLC/HEC/HAFC-HLC	RELATING TO PENSIONS; AMENDING THE EDUCATIONAL RETIREMENT ACT; INCREASING CERTAIN MEMBERS' CONTRIBUTION RATES; CHANGING THE BENEFITS FOR NEW MEMBERS BY IMPOSING A MINIMUM RETIREMENT AGE, DELAYING THE COST-OF-LIVING ADJUSTMENT ELIGIBILITY AND INCREASING THE AGE AND SERVICE RETIREMENT REQUIREMENTS.
SB115	Stuart Ingle	EDUCATIONAL RETIREMENT CHANGES	[1] SEC/SFC-SEC	RELATING TO PENSIONS; AMENDING THE EDUCATIONAL RETIREMENT ACT; INCREASING CERTAIN MEMBERS' CONTRIBUTION RATES; CHANGING THE BENEFITS FOR NEW MEMBERS BY IMPOSING A MINIMUM RETIREMENT AGE, DELAYING THE COST-OF-LIVING ADJUSTMENT ELIGIBILITY AND INCREASING THE AGE AND SERVICE RETIREMENT REQUIREMENTS.

- **Capital Outlay Related:**

SB60	Carlos R. Cisneros	SEVERANCE TAX BOND PROJECTS	SPREF [1] 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; DECLARING AN EMERGENCY.
SB98	Carlos R. Cisneros	SUPPLEMENTAL SEVERANCE TAX BONDS	[1] SCORC/SFC-SCORC	RELATING TO CAPITAL EXPENDITURES; AMENDING THE SEVERANCE TAX BONDING ACT TO TEMPORARILY ALLOW THE STATE BOARD OF FINANCE TO ISSUE SUPPLEMENTAL ROAD SEVERANCE TAX BONDS AND SUPPLEMENTAL HIGHER EDUCATION SEVERANCE TAX BONDS; CLARIFYING THE TYPES OF SUPPLEMENTAL SEVERANCE TAX BONDS; RECONCILING CONFLICTING AMENDMENTS TO THE SAME SECTION OF LAW BY REPEALING LAWS 2001, CHAPTER 37, SECTION 1; MAKING AN APPROPRIATION.

➤ **SB 60, Severance Tax Bond Project, Senator Cisneros:**

MATH AND SCIENCE LEARNING CENTER PHASE 2	\$ 6,000,000
HSC – HEALTH EDUCATION BUILDING	\$ 2,000,000
UNM-GALLUP INFRASTRUCTURE AND FIRE SUPPRESSION SYSTEM	\$ 1,500,000
UNM-TAOS CORE STUDENT SUCCESS CENTER	\$ 1,500,000
UNIVERSITY OF NEW MEXICO TOTAL	\$11,000,000

➤ **2013 Legislative Session Additional Capital Outlay Needed:**

• **Chemistry Building- Renovation**

- Total Project Cost: \$24,000,000
- Funding to date: \$3,000,000 (UNM Capital Funds)
\$16,000,000 (2012 GOB's)
- Funding need above SB-60: \$5,000,000
- The funding will fully fund this renovation. This facility, built in 1951, is critical to the University's overall curriculum and the project will stop the demise of this critical department. It will provide needed modern labs and allow for recruitment of new research faculty. Chemistry is a "Central Science", and a core pipeline for students to go into medicine, pharmacy, nursing, science fields, and engineering.

• **Biology Expansion- Phase II**

- Total Project Cost: \$13,699,000
- Funding to date: \$1,789,000 (2007 STB's)
\$1,000,000 (2007 General Fund)
\$1,690,000 (2007 UNM Bonds)
\$420,000 (2009 UNM BR&R)
\$5,000,000 (2008 GOB's)
\$3,000,000 (2012 GOB's)
- Funding need above SB-60: \$ 800,000
- The funding will allow for the completion of the shell space in the newly constructed Biology building, which improves and expands the teaching and research facilities for the Biology Department. The project will also provide research laboratories and spaces for hands-on student training. Growing student enrollment has placed significant pressure on existing facilities, evidenced by biology majors having increase 275% in the past ten years.

• **Farris Engineering- Phase I**

- Total Project Cost: \$20,000,000
- Funding to date: \$ 0
- Funding need above SB-60: \$ 700,000
- The funding will provide planning and design funds for this critically needed renovation. The project will renovate a 45 year old building to address current teaching and research needs as well as overall facility deficiencies for the Chemical and Nuclear Engineering and Computer Science departments. The project will upgrade the mechanical and electrical systems, which are beyond their useful lives, as well as address critical safety and code compliance issues. Finally, it provides renovated teaching and office space, which is needed to meet the modern educational and research demands in this field.