

2013 Regular Legislative Session – Briefing: February 20, 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. However, during the first week of the session, there was an indication of a shortfall of \$75 million to \$400 million and the possibility the Public Education Department will have to repay the federal government \$43 million in special education funding. On a positive note, there is \$122 million in Severance Tax Bonds but the \$42 million in non-recurring general funds for capital projects is in limbo. The following summarizes how UNM fared in the HED, DFA, LFC, HAFC budget recommendations for FY 14:

➤ 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 – Employer 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:
 - Main Campus \$173,847,829, a 0.5% increase.
 - Health Sciences Center \$58,625,100, no increase.
- No tuition credit or tuition waivers
- ERB Swap – DFA recommendation includes ERB total of \$8,730,900 rolled into Main Campus I&G line. We assume this includes ERB for HSC, Branch Campuses, and RPSPs.
- Research and Public Service Projects – Main Campus and HSC held flat
- 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 – Employer 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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➤ **HAFC – House Appropriations and Finance Committee**

- I&G budget recommendation starts from the FY 13 operating base:
 - Main Campus \$178,995,909, a 3.5% increase
 - Health Sciences Center \$59,949,700, a 2.3% increase
 - No tuition credit or tuition waivers
 - ERB Swap – Employer Swap of 1.5% is fully funded and the increase of 0.75% is funded at approximately 62% of total salaries based on the portion paid by I&G funds
 - Research and Public Service Projects:
 - Main Campus \$4,678,900 a 0.7% decrease
 - Health Sciences Center \$28,406,900 a 6.0% increase
 - No Equipment Renewal and Replacement (ER&R)
 - HAFC FY14 Agency Adjustment Consideration:
 - UNM Land Grant Studies Program \$100,000
 - Pediatric Oncology at the UNM HSC \$100,000
 - For the School of Medicine I&G \$500,000
 - Southwest Indian Law Clinic \$37,400
 - Establish separate line item appropriation for the OMI and NM Poison Control
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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.

The HAFC has indicated that the 0.75% employer contribution increase is “contingent on enactment of 2013 legislation to further restore ERB solvency.” Also, if House Bill 64 and Senate Bill 115 are enacted, the 1.5% ERB swap would become irrelevant because the employee contribution rate will increase to 10.7%.

➤ **Endowment**

- The HAFC 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.

➤ **Proposed Legislation of Interest.**

- Please visit the Office of Government Relations website at <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:

HB244	Thomas A. Anderson	UNM VENTURE SPACE INCUBATOR PROGRAM	[7] HEC/HAFC-HEC [14] DP-HAFC	MAKING AN APPROPRIATION FOR THE VENTURE SPACE INCUBATOR PROGRAM AT THE UNIVERSITY OF NEW MEXICO.
HB309	James P. White	LOTTERY SCHOLARSHIP PROGRAM SOLVENCY	[10] HEC/HAFC-HEC	RELATING TO HIGHER EDUCATION; MAKING CHANGES TO THE LEGISLATIVE LOTTERY SCHOLARSHIP PROGRAM TO EXTEND ITS FINANCIAL SOLVENCY; CHANGING THE VALUE OF AWARDS; PROVIDING FOR ADDITIONAL AWARDS IN CERTAIN CIRCUMSTANCES; REQUIRING A MINIMUM BALANCE IN THE LOTTERY TUITION FUND; AMENDING, REPEALING AND ENACTING SECTIONS OF THE NMSA 1978.
HB586	James E. Smith & Timothy M. Keller	LOTTERY SCHOLARSHIP REQUIREMENTS	[24] HEC/HAFC-HEC	RELATING TO HIGHER EDUCATION; PROVIDING FOR ADDITIONAL GRADE POINT AVERAGE REQUIREMENTS, MEANS TESTING AND ATTENDANCE AT AND GRADUATION FROM A NEW MEXICO HIGH SCHOOL TO RECEIVE A LEGISLATIVE LOTTERY SCHOLARSHIP.
SB11	Timothy M. Keller and James E. Smith	STATE GRADUATE EMPLOYMENT TAX CREDIT	SPREF [1] SCORC/SFC-SCORC [4] 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.
SB392	Michael S. Sanchez	LOTTERY TUITION FUND DISTRIBUTIONS	[4] SEC/SFC-SEC [14] DNP-CS/DP-SFC	RELATING TO PUBLIC MONEY; INCREASING DISTRIBUTIONS TO THE LOTTERY TUITION FUND; RECONCILING MULTIPLE AMENDMENTS TO THE SAME SECTION OF LAW IN LAWS 2011; MAKING AN APPROPRIATION.

- Health Sciences Center Related:

HB416	Gail Chasey	ANESTHESIOLOGIST ASSISTANT SUPERVISION	[15] HHGIC/HJC-HHGIC	RELATING TO ANESTHESIOLOGIST ASSISTANT STUDENTS; PROVIDING FOR SUPERVISION OF ANESTHESIOLOGIST ASSISTANT STUDENTS BY ADDITIONAL PERSONS.
HB428	Mimi Stewart	TOBACCO PRODUCTS TAX RATE & DISTRIBUTION	[15] HHGIC/HTRC-HHGIC	RELATING TO TAXATION; INCREASING THE RATE OF THE TOBACCO PRODUCTS TAX; CLARIFYING THE DEFINITION OF "TOBACCO PRODUCTS"; PROVIDING FOR A DISTRIBUTION TO THE BEN LUJAN LUNG CANCER RESEARCH FUND; MAKING AN APPROPRIATION.
SB56	Sue Wilson Beffort	UNM HEALTH CENTER PROJECT ECHO	SPREF [1] SEC/SFC-SEC [8] DP-SFC	MAKING AN APPROPRIATION TO PROJECT ECHO AT THE UNIVERSITY OF NEW MEXICO HEALTH SCIENCES CENTER.

- Retirement and HR Related:

HB64	Mimi Stewart	EDUCATIONAL RETIREMENT CHANGES	[2] HLC/HEC/HAFC-HLC [7] DP-HEC [16] DP-HAFC	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 [12] DP-SFC	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 CETNER	\$ 1,500,000
UNIVERSITY OF NEW MEXICO TOTAL	\$11,000,000

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

• **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.