

2014 Regular Legislative Session – Briefing: January 22, 2014

The 2014 legislative session commenced with the promise of a gradual economic turnaround. The LFC and DFA revenue estimates projected "new money" in the amount of \$293 million. Additionally, there is \$167 million in GO Bond capacity and \$185 million in Severance Tax Bonds available for capital projects. The following summarizes how UNM fared in the HED, DFA and LFC budget recommendations for FY 15:

➤ HED – Higher Education Department

- I&G budget recommendation starts from the FY 14 operating base:
 - Main Campus, \$183,921,000, a \$3,517,500 increase or 1.9%
 - Health Sciences Center, \$61,417,200, a \$499,900 increase or 0.8%
- ERB – Employer contribution of 0.75%.
- Research and Public Service Projects
 - Main Campus, \$9,580,272, a 6.8% increase
 - Health Sciences Center, \$24,486,300, an 8.34% increase

➤ DFA - Department of Finance and Administration – Executive

- I&G budget recommendation starts from the FY 14 operating base:
 - Main Campus, \$183,156,500, a \$2,752,000 increase or 1.5%
 - Health Sciences Center, \$61,667,300, a \$750,000 increase or 1.2%
 - Branch Campuses
 - Gallup, \$9,037,000, a \$69,400 increase or 0.8%
 - Los Alamos, \$1,901,900, a \$25,900 increase or 1.4%
 - Taos, \$3,467,900, a \$49,300 increase or 1.4%
 - Valencia, \$5,460,500, a \$110,500 increase or 2.1%
- ERB – Employer contribution of 0.75%, details not yet available for ERB breakout
- Research and Public Service Projects – No reductions

➤ LFC - Legislative Finance Committee

- I&G budget recommendation starts from the FY 14 operating base:
 - Main Campus, \$186,344,600, a \$5,930,100 increase or 3.3%
 - Health Sciences Center, \$61,713,300, a \$796,000 increase or 1.3%
 - Branch Campuses
 - Gallup, \$9,281,200, a \$313,600 increase or 3.5%
 - Nursing Expansion, \$209,800, a \$59,100 increase or 39.2%
 - Los Alamos, \$1,904,500, a \$28,500 increase or 1.5%
 - Taos, \$3,492,100 a \$73,500 increase or 2.2%
 - Nursing Expansion, \$244,600
 - Valencia, \$5,522,600 a \$172,600 increase or 3.2%
 - Nursing Expansion, \$170,300
- ERB – Employer contribution of 0.75% recommends funding at General Fund rate of I&G salaries.
- 1.5% compensation increase based on salaries paid by I&G funds, approx. 62% of UNM employees
- Research and Public Service Projects
 - Main Campus, \$9,184,100, a 2.8% increase
 - Health Sciences Center, \$26,016,400, a 15.11% increase

➤ **Lottery Scholarship:**

- For FY 14, HED has requested an \$11 million non-recurring general fund appropriation and has provided the legislature with 32 different scenarios to achieve solvency.
- The LFC recommends \$11 million of non-recurring general fund appropriation for the spring of 2014 and an additional \$8 million non-recurring general fund appropriation for FY 15. The \$8 million appropriation is contingent on enacting legislation during the 2014 session that improves lottery scholarship solvency. The LFC proposal also includes an additional \$2.9 million to provide full tuition for current students who have received the scholarship for four semesters. The LFC proposes that the legislation include: capping the scholarship awards; raising the GPA requirement from 2.5 to 2.75; and 15 credits per semester. The LFC predicts that these changes will save the scholarship approximately \$5 million in FY15.

➤ **Compensation**

- The Executive budget recommends \$14.2 million in targeted compensation for hard to fill position such as public safety, corrections, social workers and IT.
- The LFC has recommended a 1.5% cost of living adjustment for all state employees. However, for the university, this would be funded at the General Fund rate of I&G salaries, roughly 62%.

➤ **Endowment & Economic Development**

- The Executive budget has recommended \$7.5 million to replenish the higher education endowment fund. Main Campus would receive 18% and Health Science Center would receive 12% as provided in statute. In addition, the Executive recommends \$2 million for the Technology Research Collaborative.

➤ **SB 53, General Obligation Bond Projects, Senator Cisneros:**

FARRIS ENGINEERING	\$20,500,000
HSC – HEALTH EDUCATION BUILDING	\$12,000,000
UNM – GALLUP ZOLLINGER LIBRARY COMPLETION	\$ 1,050,000
UNM – LOS ALAMOS CLASSROOM REMODEL	\$ 500,000
UNM – TAOS CORE STUDENT SUCCESS CENTER	\$ 4,000,000
<u>UNM – VALENCIA CRITICAL INFRASTRUCTURE IMPROVEMENT</u>	<u>\$ 1,000,000</u>
UNIVERSITY OF NEW MEXICO TOTAL	\$39,050,000

➤ **2014 Legislative Session Additional Capital Outlay Needed:**

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|---|---------------------|
| • Physics and Astronomy Building | \$ 3,000,000 |
| • Campus Safety Lighting | \$ 125,000 |

➤ **Proposed Legislation of Interest.**

- Please visit the Office of Government Relations website at <http://govrel.unm.edu/>, and click on 2014 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:

HB 36	Carl Trujillo	TECH RESEARCH INVESTMENT & ADMINISTRATION	HPREF	TO ESTABLISH ADVANCED TECHNOLOGY CENTERS BASED ON THE WEALTH OF SCIENTIFIC AND TECHNICAL TALENT THAT EXISTS IN PARTICIPATING INSTITUTIONS TO HELP FOSTER THE DEVELOPMENT AND CREATION OF NEW INTELLECTUAL PROPERTY FOR THE STATE AND ENCOURAGE NEW OPPORTUNITIES FOR BUSINESS AND INCREASE JOBS, HELP COMMERCIALIZE THE INTELLECTUAL PROPERTY, AND WORKFORCE TO SUPPORT ENTERPRISES BASED ON THE INTELLECTUAL PROPERTY.
HB 79	Larry A. Larrañaga	HIGHER ED ENDOWMENT FUND DISTRIBUTION & USES	HPREF	CHANGING THE DISTRIBUTION PROCESS AND USES OF THE HIGHER EDUCATION ENDOWMENT FUND; PRESCRIBING POWERS AND DUTIES; PROVIDING FOR MERIT-BASED AWARDS FROM THE HIGHER EDUCATION ENDOWMENT FUND; MAKING AN APPROPRIATION.
SB 36	Timothy Keller	STATE GRADUATE EMPLOYMENT TAX CREDIT	SPREF	CREATING THE STATE GRADUATE TAX CREDIT AND STATE GRADUATE EMPLOYMENT CORPORATE INCOME TAX CREDIT. ALSO AUTHORIZING THE TAXATION AND REVENUE DEPARTMENT TO REVEAL AGGREGATE TAX CREDIT OR DEDUCTION INFORMATION TO FACILITATE A REPORT TO LEGISLATIVE COMMITTEES.
SB 81	William H. Payne	UTILITY CHARGES FOR CERTAIN SCHOOLS	SPREF	RELATING TO UTILITIES; AMENDING A SECTION OF THE RENEWABLE ENERGY ACT TO EXEMPT FROM CHARGES BY A UTILITY FOR RENEWABLE ENERGY PROCUREMENTS CERTAIN EDUCATIONAL INSTITUTIONS IN ARTICLE 12, SECTION 11 OF THE CONSTITUTION OF NEW MEXICO IF THE INSTITUTION HAS CONSUMPTION EXCEEDING TWENTY MILLION KILOWATT-HOURS PER YEAR AT ANY SINGLE LOCATION OR FACILITY AND OWNS RENEWABLE ENERGY GENERATION.

- Health Sciences Center Related:

HB 8	Elizabeth "Liz" Thomson	MEDICAID REIMBURSEMENT RATE INCREASE	HPREF	MAKING AN APPROPRIATION TO THE HUMAN SERVICES DEPARTMENT TO FUND REIMBURSEMENT RATE INCREASES FOR CERTAIN MEDICAID PROVIDERS.
HB 78	Trujillo Jim R.	TRANSFER FUNDS TO TOBACCO SETTLEMENT FUND	HPREF	TRANSFERS \$100M IN GENERAL FUND OPERATING RESERVE TO TOBACCO SETTLEMENT PERMANENT FUND. PURPOSE IS TO REBUILD THE TS PERMANENT FUND AS FUNDS HAVE BEEN DIVERTED TO THE GENERAL FUND.
SB 58	Mary Kay Papen	COMMUNITY HEALTH WORKERS ACT	SPREF	ESTABLISHES THE ACT. PROVIDES FOR A VOLUNTARY CERTIFICATION SPREF PROCESS TO BE ESTABLISHED BY DOH. DEFINES WHAT A COMMUNITY HEALTH WORKER IS. ESTABLISHES CORE COMPETENCIES FOR COMMUNITY HEALTH WORKERS.

- Capital Outlay Related:

HB55	Jim R. Trujillo	2014 WORK NM ACT- SEVERANCE TAX BOND PROJECTS	HPREF	RELATING TO CAPITAL EXPENDITURES; ENACTING THE 2014 WORK NEW MEXICO ACT; 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.
SB 53	Carlos Cisneros	General Obligation Bond Project	SPREF	ISSUANCE AND SALE OF CAPITAL PROJECTS GENERAL OBLIGATION BONDS TO MAKE CAPITAL EXPENDITURES FOR SENIOR CITIZEN FACILITY IMPROVEMENTS AND ACQUISITIONS, FOR LIBRARY ACQUISITIONS AND FOR CAPITAL IMPROVEMENTS AND ACQUISITIONS OF HIGHER EDUCATION, STATE SPECIAL SCHOOLS AND TRIBAL SCHOOLS. REQUIRING APPROVAL OF THE REGISTERED VOTERS AT THE 2014 GENERAL ELECTION OF THE STATE.