

2014 Regular Legislative Session – Briefing: February 20, 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, LFC, HAFC and SFC 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, \$30,579,800, an 5.7% 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, \$32,525,600, a 12.9% increase

➤ **HAFC – House Appropriations and Finance Committee**

- I&G budget recommendation starts from the FY 14 operating base:
 - Main Campus, \$186,600,206, a \$6,195,100 increase or 3.4%
 - Health Sciences Center, \$61,788,300, a \$871,000 increase or 1.4%
 - Branch Campuses
 - Gallup, \$9,208,700, a \$241,100 increase or 2.6%
 - Nursing Expansion, \$209,800, a \$59,100 increase or 39.2%
 - Los Alamos, \$1,888,600, a \$12,600 increase or 0.6%
 - Taos, \$3,492,100 a \$49,400 increase or 1.4%
 - Nursing Expansion, \$244,600
 - Valencia, \$5,522,600 a \$135,600 increase or 2.4%
 - 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, \$9,909,100, an increase of \$978,600 or 11.0% increase
 - Health Sciences Center, \$32,675,600, an increase of \$3,751,100 13.0% increase

➤ **House Chamber**

- On Friday, Feb. 7, the full House failed to approve HB2 on a tie vote.
- A floor amendment, introduced by Minority Leader Don Bratton (R-Hobbs), contained a provision that decreased by 1% the compensation being considered for state government and higher education employees. This amendment also failed on a tie vote.

➤ **SFC – Senate Finance Committee/Senate Bill 313, General Appropriation Act of 2014**

- The SFC started their work from the failed HB2 and adopted all the HAFC amendments. The SFC budget included a 0.275% reduction to all agencies, institutions and programs that are funded by the general fund except public education.
 - I&G budget recommendation starts from the FY 14 operating base:
 - Main Campus, \$186,084,606, a \$5,679,500 increase or 3.1%
 - Health Sciences Center, \$61,618,400, a \$701,100 increase or 1.1%
 - Branch Campuses
 - Gallup, \$9,183,400, a \$215,100 increase or 2.6%
 - Nursing Expansion, \$209,200, a \$59,200 increase or 39.2%
 - Los Alamos, \$1,883,600, a \$7,400 increase or 0.39%
 - Taos, \$3,458,000 a \$39,400 increase or 1.1%
 - Nursing Expansion, \$243,900
 - Valencia, \$5,477,700 a \$127,700 increase or 2.4%
 - Nursing Expansion, \$169,800
 - ERB, \$896,011, Employer contribution of 0.75% recommends funding at General Fund rate of I&G salaries, approx. 62% of UNM employees. The \$896,011 is not included in the new I&G monies listed above.
 - 1.5% compensation increase based on salaries paid by I&G funds, approx. 62% of UNM employees

- Research and Public Service Projects
 - Main Campus, \$10,234,100, an increase of \$1,303,600 or 14.6% increase
 - Health Sciences Center, \$32,825,600, an increase of \$3,901,100 or 13.5% increase
 - SB 313 was approved unanimously by the full Senate on 2/18/14. The full House approved SB 313 on 2/19/14 with a 58-8 vote. Governor Martinez has until March 12 to act on all legislation that has reached her desk.
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➤ **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 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.
- The House Appropriations and Finance Committee did not recommend \$11 million of non-recurring general fund appropriations for the Spring of 2014.
- **Senate Bill 347, Lottery Tuition Scholarship Fund Solvency**
 - Legacy students, maintains full tuition for the remaining eight semesters for students who have completed three or more semesters on the lottery scholarship, juniors and seniors.
 - Non-legacy students will have their tuition award calculated on two variables.
 - A sector tuition average for Research, Comprehensives and Community Colleges.
 - The amount of money available in the lottery scholarship fund.
 - From those two variables, HED will calculate a uniform percentage of tuition for each student across each sector.
 - HED will calculate the award amount annually and will inform institutions and students until June.
 - Non-legacy students will also have their award reduced from eight semesters to seven, and community college students will only have 3 semesters paid by the lottery scholarship fund.
 - The definition of full time student is changed for students attending four-year institutions a minimum of 15 credit hours per semester will now be required. Students enrolled at two- year institutions will be maintain the 12 credit hour requirement.
 - Appropriates \$11 million from other state funds in FY14 and an estimated \$19 million (39%) from the general fund portion of the liquor excise tax distribution for FY16 and FY17.
- **SB 313, General Appropriation Act**
 - There is an additional \$2.9 million and \$11.5 million contained in general appropriation act that is contingent on the enacting of legislation that addresses the solvency of the lottery scholarship fund.

➤ **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%.
- The HAFc adopted the LFC recommendation with a 1.5% cost of living adjustment that is funded at the General Fund I&G rate of approximately 62%.
- SB 313, adopted the LFC recommendation with a 1.5% cost of living adjustment that is funded at the General Fund I&G rate of approximately 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.
- The HAFc adopted \$4 million to replenish the higher education endowment fund.
- SB 313 includes \$4 million to replenish the higher education endowment fund.

➤ **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 HEALTH CAREER TRAINING CENTER	\$ 4,000,000
UNM – VALENCIA CRITICAL INFRASTRUCTURE IMPROVEMENT	\$ 1,000,000
UNIVERSITY OF NEW MEXICO TOTAL	\$39,050,000

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

• Anderson School of Management	\$ 721,000
• Physics and Astronomy	\$ 846,000
• Safety Lighting and Johnson Field	\$ 160,000
• Meteorite Museum	\$ 50,000
• Julian Zamora	\$ 75,000
• Manufacturing Engineering	\$ 65,000
• School of Law Plan and Design	\$ 100,000
• School of Law Improve and Furnish	\$ 30,000

Proposed Legislation of Interest.

- UNM Related:

HB79	HIGHER ED ENDOWMENT FUND DISTRIBUTION & USES	Larrañaga, Larry A.	HPREF [3] HEC/HAFc-HEC [11] DP/a-HAFc [13] DP/a - PASSED/H (58-6) [11] SEC/SFC-SEC [17] DP-SFC- w/dm	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.
SB36	STATE GRADUATE EMPLOYMENT TAX CREDIT & REPORT	Keller, Timothy M.	SPREF [2] SCC/SCORC/SFC- SCC-germane- SCORC [4] DP-SFC [11] DP [15] PASSED/S (37-2) [13] HTRC [14] DP - w/dm H/calendar- ref HAFc-HAFc	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.
SB347	PUBLIC PEACE, HEALTH, SAFETY & WELFARE	Sanchez, Michael S.	[7] not prntd-SFC [11] DNP-CS/w/o rec - ref SCC/SFC- SCC-germane-SFC [15] DP/a [17] PASSED/S (31-11) [13] HAFc [20] DP [24] fl/a- PASSED/H (66-1)- s/cncrd	RELATED TO THE LOTTERY SCHOLARSHIP

- Health Sciences Center Related:

HB59	EXPAND NURSE EDUCATORS FUND PURPOSE	McMillan, Terry H.	HPREF [2] HHGIC/HEC/HAFc- HHGIC [7] DP-HEC [11] DP-HAFc [13] w/dm - PASSED/H (61-0) [10] SEC/SFC-SEC [15] DP-SFC [17] w/dm	WILL ALLOW ALL EMPLOYED NURSES TO ACCESS THE NURSE EDUCATORS FUND FOR THEIR PURSUIT OF AN ADVANCED DEGREE. CURRENTLY LIMITED TO NURSE EDUCATORS EMPLOYED AT A COLLEGE OR A UNIVERSITY.
SB58	COMMUNITY HEALTH WORKERS ACT	Papen, Mary Kay	SPREF [2] SCC/SPAC/SJC- SCC-germane- SPAC- DP/a-SJC [7] DNP-CS/DP [9] PASSED/S (38-0) [13] HHGIC/HJC- HHGIC- DP-HJC- DP - PASSED/H (64- 0)	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.
SB268	SOLE COMMUNITY PROVIDER FEDERAL COMPLIANCE	Rodriguez, Nancy	[4] SCC/SPAC/SFC- SCC [5]germane- SPAC [11] DNP- CS/DP-SFC- DP/a - fl/aa- PASSED/S (38-4) [13] HTRC- DP [14] PASSED/H (55-10)	AMENDS STATUTE RELATING TO COUNTY HOSPITALS WHICH ARE SOLE COMMUNITY PROVIDERS. MORE DETAILS TO FOLLOW.

- Budget and Capital Outlay Related:

HB55	2014 WORK NM ACT- SEVERANCE TAX BOND PROJECTS	Trujillo, Jim R.	HPREF [2] HTRC/HAFc-HTRC [13] DNP-CS/DP/a- HAFc- w/dm [14] fl/a- PASSED/H (65- 2) [19] tld/S- w/dm fl/a- PASSED/S (42- 0) [20] h/cncrd	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.
SB53	GENERAL OBLIGATION BOND PROJECTS	Cisneros, Carlos R.	SPREF [2] SCC/SFC-SCC- germane-SFC [11] DNP-CS/DP - PASSED/S (40-0) [13] HTRC- DP [14] PASSED/H (64-0)	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.
SB313	GENERAL APPROPRIATIONS ACT OF 2014	Smith, John Arthur	[5] SCC/SFC-SCC [7]germane-SFC [15] DNP-CS/DP [17] fl/a- PASSED/S (42-0) [13] HAFc [14] DP - PASSED/H (58-8)	MAKING GENERAL APPROPRIATIONS AND AUTHORIZING EXPENDITURES BY STATE AGENCIES REQUIRED BY LAW. BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO: