New Mexico Higher Education Department Capital Outlay Annual Training: Legislative Approach

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Legislative Finance Committee
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What We’ll Cover Today

- LFC capital outlay process
- Method used by LFC staff to develop preliminary introduced bills and criteria applied to determine projects
- Overview of quarterly reports on outstanding capital balances
- Legislative session process
Development of Introduced Capital Bills

• “Preliminary Framework” developed by LFC staff for capital outlay bills
  ▫ Work with other members of HED’s Capital Outlay Committee to reach consensus on recommendations for higher education institutions and special schools
  ▫ Presented by staff at LFC’s December hearing
  ▫ LFC does not endorse the projects
  ▫ But directs drafting of bills for consideration by full Legislature based on the framework
Development of Introduced Capital Bills

• Framework is based on the following:
  ▫ Criteria
  ▫ Site visits
  ▫ Status of prior appropriations
  ▫ Monthly department meetings (including HED’s capital outlay committee)
  ▫ Testimony at interim hearings (including HED’s summer request hearings) and follow-up information requests
Capital Outlay Bill Criteria

- LFC staff considers whether the project will:
  - Eliminate potential or actual health and safety hazards and liability issues;
  - Address backlog of “deferred maintenance” to prevent deterioration of assets, including those of cultural and historic significance;
  - Replace systems and equipment that has met or exceeded its lifespan;
  - Leverage other funding sources (including institutional match);
  - Meet compliance with state or federal licensing, certification, or other regulatory requirements;
  - Provide future operating cost-savings with a reasonable rate of return;
  - Be ready to begin and will complete a functional phase;
  - Accommodate enrollment/program growth; and
  - Provide a direct service to students, staff, and the general public.
Site Visits

- LFC staff makes the effort to visit as many state-owned facilities and campuses as possible to better understand the context of funding requests.
- In the past two years, LFC staff have toured facilities at many of the state’s public universities and colleges:
  - Central New Mexico Community College
  - ENMU-Roswell & ENMU-Ruidoso
  - Luna Community College
  - Mesalands Community College
  - New Mexico Highlands University
  - New Mexico Institute of Mining and Technology
  - New Mexico School for the Deaf
  - NMSU, NMSU-Grants, NMSU-Alamogordo, NMSU-Grants
  - San Juan College
  - UNM-Taos, UNM-Gallup, UNM-Los Alamos
  - Western New Mexico University
Quarterly Report Balances as of December 2018

- $639.9 million from all funding sources for 1,608 projects was outstanding
  - Higher education project balances totaled $79.9 million or 12 percent of outstanding funds
  - Highlight completed projects, major milestones, and projects that are behind schedule or over budget
  - Our reports are only as good as the data provided through CPMS
  - LFC Quarterly Reports are posted on LFC website ([https://www.nmlegis.gov/Entity/LFC/Capital_Outlay_Quarterly_Reports](https://www.nmlegis.gov/Entity/LFC/Capital_Outlay_Quarterly_Reports))
Legislative Session

- LFC “framework” provides the starting point
- LFC staff present the framework to committees and caucuses as requested
- Legislative leadership and the executive negotiate how available capital outlay funding will be divided between the branches
- LFC and DFA staff work to come to consensus on a “statewide” list, including higher education projects
- LFC staff provide LCS with the final version of the statewide framework
- LCS creates a substitute bill based on the statewide framework, legislator allocations, and governor allocations (as applicable)
Questions and Answers

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