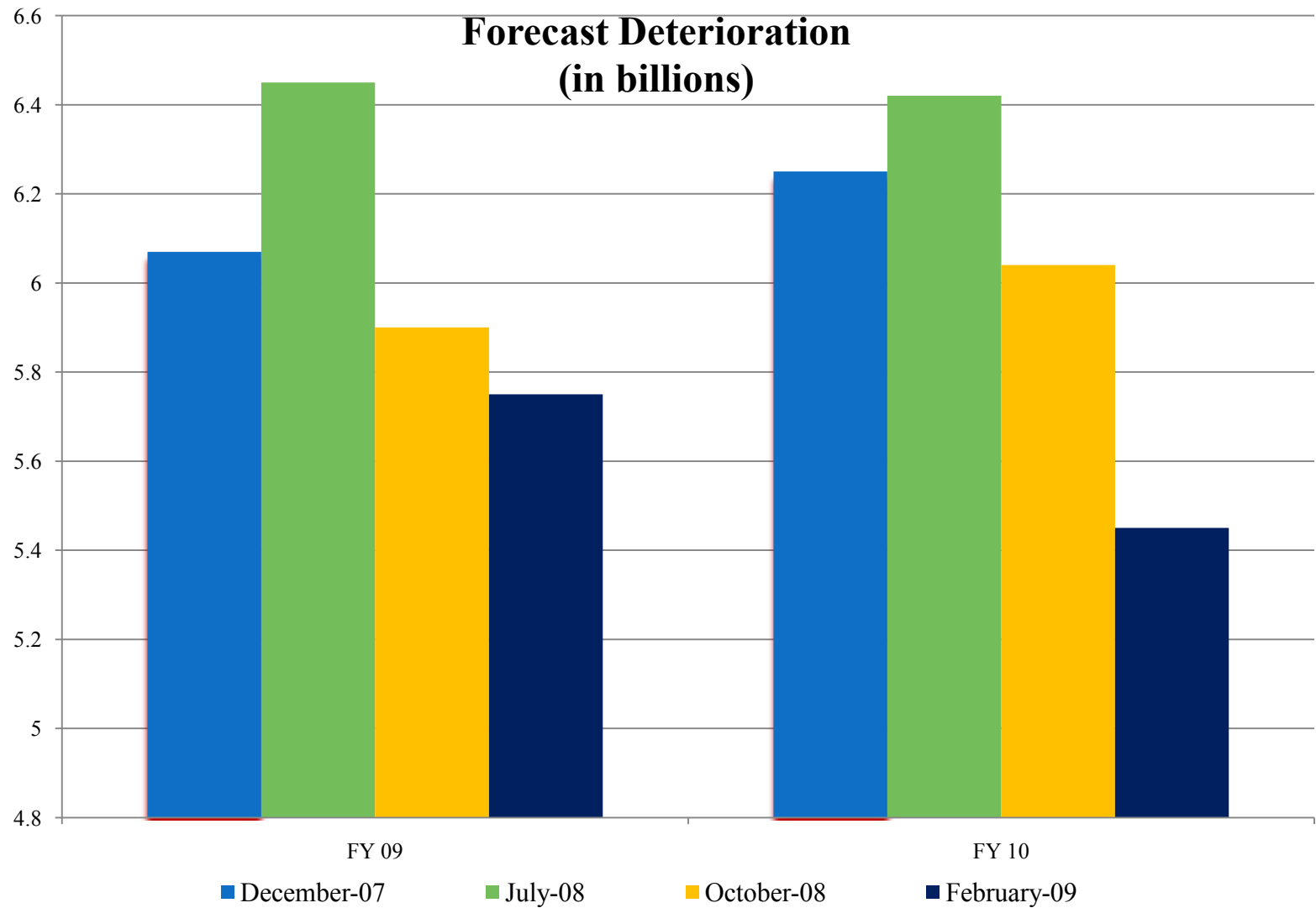


2009 Legislative Session Post Session Report

Forecast Deterioration (in billions)



Source: LFC 2009 Post Session Review

Fiscal Year 2009

- 454 Million projected deficit
- Deficit addressed in four solvency bills, HB9, HB10, SB79, SB80
 - Revenue enhancement measures that included reinstating quarterly estimated payment of corporate income taxes, and transfer of surplus balance fund to General Fund (\$148 million)
 - Reducing operating budget and special appropriations (\$192 million)
 - Voiding capital outlay appropriations (\$152 million)
 - Additional transfers from general funds reserves (\$56 million)

Fiscal Year 2009

- HB9 (Chapter 5) Outlay Cuts and Reauthorizations
 - Eliminated two NMSU projects totaling \$60,000
- HB10 (Chapter 2) Appropriations Reduction and Budget Adjustment
 - Includes 2.5% reduction for higher education
 - Reduced compensation by 2.5%
- SB79 (Chapter 3) Fund Transfers & Appropriations Cuts
 - Reduced appropriation by 2.5%

Fiscal Year 2010

- Completed Action on three different bills
 - HB2 (Chapter 124) - General Appropriations Act
 - HB154 (Chapter 125) - Severance Tax Bond Project
 - SB443 (Chapter 128) – Capital Outlay Projects Reauthorizations

Fiscal Year 2010

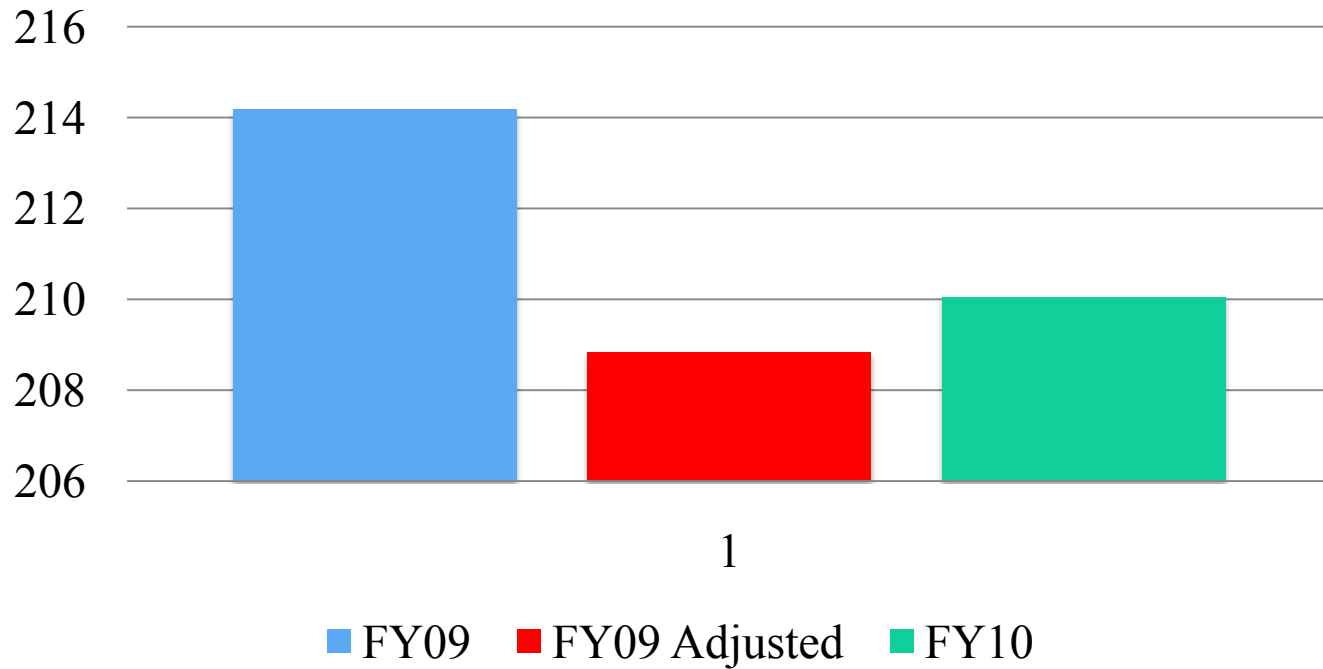
- HB2- General Appropriations Act
 - System wide total appropriation for NMSU reduced by 1.9% when compared to the FY09 pre-solvency base
 - Reductions and some program eliminations in the non I&G line items
 - Includes 2.4 million reduction for the ERB contribution which is transferred to employees

Fiscal Year 2010

Instruction & General

Description	Legislative Finance Committee	Executive	Final Bill
Instructional Workload	Fully Funded	Phased-in over 2-years	Fully Funded
Tuition Credit	2.5% in-state 8% out-of-state	0%	2.5% in-state 8% out-of-state
Sq. Footage Adjustment (Plant O&M Workload)	Phase-in over 5-years (20%)	Phase-in over 3-years (33.3%)	Phase-in over 3 years (33.3%)
Equipment Replacement & Renewal (Currently funded at 46.5% of Formula)	Reduce by 33.3%	Reduce by 50%	Reduce by 50%
Building Replacement and Renewal (Currently Funded at 70.0% of formula)	70.0%	55.0%	67.6%
Institutional Support	Reduce by 5%	N/A	Reduce by 5.5%
ERB Cost Shift from Employer to Employee (HB 854)	N/A	N/A	Includes 1.5% shift for 2 years (Salary \$20,000+)

NMSU Recurring Budget FY09 - 10 Comparison (in millions)



Capital Outlay Bills

- HB154 (Chapter 125) Severance Tax Bond Projects
 - Includes \$5.5 million of a \$6.0 million request for Phase I of the Arts Complex
 - State has funded a total of \$24.5 million for the project

Capital Outlay Bills

- SB443 (Chapter 128) Capital Outlay Projects Reauthorization
- Reauthorize several projects for Athletics, College of Agricultural, Consumer and Environmental Sciences and New Mexico Department of Agriculture
- Largest amount of funding is for soccer

Senate Bill 572 (Laws 2009 Chapter 9)

Alternative Educational Retirement Plans

- One time opportunity to change from Alternative Retirement Plan (ARP) to Educational Retirement Board (ERB) defined benefit plan
- ERB approval of ARP qualifying positions
- Amend benefit payment options
- Number of ARP vendors expanded

HJC Substitute for HEC Substitute for HB 573 (Laws 2009 Chapter 9) Adjustment of Retirement Plans

- Educational Retirement Act (Effective July 1, 2009)
 - Changes provisions to Return to Work Program
- Educational Retirement Act (Effective July 1, 2010)
 - New eligibility requirements
 - Grandfathered members
 - Maintains reduction in pension benefits for early retirement
 - Excludes lump sum payments made after July 1, 2010 from the salaries used calculate pension benefit

**House Bill 722/Senate Bill 490
(Laws 2009 Chapter 240)
EDUCATIONAL RETIREMENT INFO
DISCLOSURE**

- Protects Educational Retirement Fund (ERF) member information
- Allows for disclosure of certain information without prior authorization
- Prohibits disclosure of certain ERF member information without prior authorization

House Bill 854 (Laws 2009 Chapter 127)

PERA Member & State Contribution Changes

- Increases employee's contributions made to the state's public sector pension plans (including ERB) by 1.5 percent of an employee's gross salary
- Decreases the employer's portion of the contributions by a corresponding amount
- Limits the 1.5 percent employer-employer pension contribution exchange to those with salaries over \$20 thousand
- After June 30, 2011, the employer and employee contribution rates would return to the amounts presently set by statute

Legislation Postponed Indefinitely

- HB 721/SB 476-Educational Retirees Return to Work
- SB 145-Eliminate End Date For Return To Work
- HJM 45-Public Employee & Education Solvency Plans

THANK YOU