



# New Mexico State University

**2012 Legislative Session\*\***

**Legislative Initiatives**





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## SUMMARY

Enclosed are New Mexico State University's legislative priorities for the 2012 legislative session. During this upcoming session the legislature will continue to face budget challenges, although a slightly improved situation when compared to past years; a new funding formula for higher education, and a General Obligation Bond (GOB) bill that funds the majority of the capital outlay for higher education.

During the 2011 legislative session, an amendment was included in the General Appropriations Bill (HB2) that required the Secretary of Higher Education to recommend a new funding formula for higher education. The higher education community, including New Mexico State University, worked diligently with the Higher Education to develop those recommendations that were submitted by Secretary on October 14, 2011.

New Mexico State University (NMSU) supports the general concepts that were proposed by the Higher Education Department. The proposed formula incorporates performance measures regarding degrees. The performance measures include: (1) total awards; (2) total workforce incentives (STEM and health degrees); and (3) financially At-Risk (students eligible for the Pell Grant in their final year of graduation).

We also believe that the formula should incorporate a base-plus approach. Following four years of higher education funding cuts totaling \$164 million (Instruction and General, Research Public Service Projects, and Financial Aid) and over \$92 million of unfunded workload, \$256 million of reductions, the institutions cannot support a base minus approach to performance funding. The NMSU system has experienced a decrease of \$38.8 million, or -18.1 percent for both Instruction and General (I&G) and Research and Public Service Projects (RPSP), since 2009. During the past few years, declining revenues has resulted in less funds for state government including higher education. This has resulted in the appropriations process that takes funding from some higher education institutions to increase others in order to fund workload. We strongly urge our policy makers to fund the formula when new funding is available and not to penalize some institutions by running the formula when no new funds are available.

We urge our policy makers not to include a tuition credit as part of the budget deliberations. The tuition credit is a budgetary means by which the legislature has reduced I&G state appropriations for several years. The legislature takes credit for tuition increases by reducing the I&G portion of the budget for an assumed amount in tuition increases. In order to make up the loss of I&G due to the tuition Credit, the Regents are forced to increase tuition to cover costs. This policy has had a disparate impact on New Mexico State University and other institutions that have higher tuition rates.

In addition, we support the elimination of the 1.75 percent ERB employee contribution that was enacted during the 2011 legislative session and a compensation increase if there are new revenues. The majority of our faculty are below the average salary for our peers.

The following are key points to consider for the 2012 session:

### **Compensation**

- Eliminate the 1.75 percent ERB employee contribution switch that was enacted during the 2011 legislative session and a compensation increase if there are new revenues

### **Instruction and General**

- Support a base-plus approach
- Maintain sector equity over the next few years to fully implement the performance driven formula while performance factors are added and calibrated
- No tuition credit

**Research and Public Service Projects**

- Restore funding for the Cooperative Extension Service, Agricultural Experiment Station, the New Mexico Department of Agriculture, and educational television.
- Maintain funding for the other Research and Public Service Projects

**Capital Outlay**

- Fund the GOB and Severance Tax Bond project requests for the NMSU system

**Non-Athletic Special Event Tax Exemption**

- Extend the exemption that will allow NMSU to compete for concerts and other special events with El Paso, TX venues.

# **RESEARCH AND PUBLIC SERVICE PROJECTS**

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**Research and Public Service Request**  
**Summary**

	<b>Expansion Request</b>
Cooperative Extension Service	\$570,000
Agricultural Experiment Station	\$660,000
New Mexico Department of Agriculture	\$517,700
Educational Television – KRWG	\$47,500

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## COOPERATIVE EXTENSION SERVICE

<b>FY 13 EXPANSION REQUEST:</b>	\$570,000
<b>FY12 ERB ADJUSTED APPROPRIATION:</b>	\$11,016,800
<b>FY13 PROPOSED APPROPRIATION:</b>	\$11,586,800

### PROGRAM DESCRIPTION

The Cooperative Extension Service (CES) is the community education arm of New Mexico State University. CES is defined in state statute and within the state constitution, and further authorized by the federal Smith-Lever Act. The mission of the CES is to provide the people of New Mexico with practical, research-based knowledge and programs to improve their quality of life. CES faculty members are attached to all 33 county governments and many tribal areas in New Mexico. This effort involves over 400 faculty and staff in 54 offices around the state.

The subjects of CES educational programs are the fabric of life – social development of young people, human nutrition, environmental stewardship, economic development and community development. The most well-known CES programs are 4-H youth development, agriculture and natural resources, community economic development, and family and consumer sciences programs.

CES programs are grounded in research-based information and rely on NMSU statewide faculty members with specialty expertise. In addition to expertise in nutrition, family and child development, agriculture, natural resources, and economic development, the CES addresses emerging issues. CES has addressed homeland security, financial mediation, public official training, workforce readiness, health issues, and a host of natural resource issues. Statewide CES faculty members attract grant and contract funding to support educational programs throughout the state.

CES local office faculty and staff members are networked with partner agencies, organization and schools in their communities and they rely on local volunteers to help deliver educational programs. The multiplier effect of this approach offers tremendous impact for a modest public investment in Extension education.

### EXPANSION JUSTIFICATION

The CES receives appropriations from the state, federal appropriations (USDA) and from each county located within the state. State appropriations comprised 68% of this base funding from appropriated sources, state, federal, and county appropriations in FY 2011. Over the past four fiscal years CES has had a 21.8% reduction in recurring state appropriations.

Unavoidable cost increases continue to consume CES operations budgets. In recent years petroleum-based product costs have increased sharply. CES agents and specialists travel extensively with the counties, across the state, and into adjoining states working on multi-state projects. Extension is a “people business” and CES conducts workshops, education programs, and other appropriate outreach activities to inform and educate the entire citizenry about agricultural, environmental, and family and consumer science issues. In the past 19 years, CES has received only one modest appropriation (\$250,000 in 2009) to offset increases in costs of operations.

CES has operated under the philosophy that it will continue to deliver the services to the state’s citizens at the expected level. Adhering to this philosophy represents a daunting challenge in these periods of reduced funding. The Cooperative Extension Service has funded operations from modest fund balances in this time of declining base funding. Those fund balances have been completely consumed. Without an increase in base funding, CES will be forced to curtail services to the state’s citizens.

## COOPERATIVE EXTENSION SERVICE

### FUNCTION AND VALUE TO NEW MEXICO

- Extension offices address more than 35,000 calls and over 33,000 walk in requests yearly. State-wide contacts are equal to 1/3 of the State's population.
- Extension is the front line responder to natural and man-made emergencies in partnership with NM Department of Agriculture. Extension helps communities develop emergency plans, guard against agro-terrorism, respond to wildfires, and a full range of plant and animal diseases.
- State-wide, 22,729 youth gained knowledge and skills related to agriculture including animal science and horticulture; 55,969 gained knowledge related to healthy lifestyles including fitness, nutrition, safety and substance abuse prevention; 15,520 gained skilled related to science and technology and 5,800 youth contributed to their communities through service learning and citizenship projects contributing 17,400 volunteer hours.
- Through the efforts of Extension New Mexico's elected officials are earning their Certified Public Manager designation. Topics of training include public policy, leadership, ethics in the workplace and knowing your government.
- Extension Master Gardener programs in 16 counties answer 30,000 homeowner landscape and plant questions, develop school garden programs, and contribute 170,000 hours of volunteer time, worth over \$3,000,000.
- Over 11,500 individuals serve annually as Extension volunteers. This contributes more than \$18,000 of in-kind contributions.
- Extension's Kitchen Creations diabetes cooking schools teach how to manage diabetes and reduce risk of complications. Such prevention has been shown to save \$10 in health cost for every dollar expended.
- Provided information to state and federal natural resource management agencies which directly affected management of 27.5 million acres of New Mexico range or forest land.
- Educated 700 New Mexico cattle producers on herd health and beef/dairy quality assurance practices. Provided the 180 dairy producers in the state with environmentally friendly, economically efficient production practices, enabling these 325,000 dairy cows to generate \$2.74 billion for New Mexico's economy.
- Helped New Mexico producers increase profitability by reducing fertilizer and seed costs by 25%, reducing water use by 30%, and increasing yields by 10%.
- Natural resource programs are helping to monitor drought conditions, teach wise water use and alternative energy technology.

### **SPECIFIC IMPACTS: Influence of state appropriation reductions on the Cooperative Extension Service**

- State Appropriations have been reduced in the Cooperative Extension Service by **21%** since FY09 (\$14M in FY09 to \$11M in FY12).
- Funding shortfalls have been covered through reductions in operating expenses and salary savings generated by holding positions vacant.
- Under the current budget situation, CES is faced with eliminating existing positions resulting in decreased extension programming critical to the needs of New Mexico citizens.
- If funds are available to restore 5% of base appropriations, key positions can be maintained and our services of programming would continue.

## **AGRICULTURAL EXPERIMENT STATION**

<b>FY 13 EXPANSION REQUEST:</b>	\$660,000
<b>FY12 ERB ADJUSTED APPROPRIATION:</b>	\$12,998,600
<b>PROPOSED FY13 APPROPRIATION:</b>	\$13,658,600

### **PROGRAM DESCRIPTION**

The Agricultural Experiment Station (AES) is a system of research faculty and staff from the College of Agricultural, Consumer, and Environmental Sciences at NMSU based in Las Cruces or at one of our 13 off-campus agricultural science centers. State appropriations are used to conduct research in three overarching strategic goals and have a direct benefit to the citizens of New Mexico: 1) Sustain agriculture and conserve natural resources, 2) Enhance NM community and economic development, and 3) Invest in and develop our human capital. The AES strives to find answers needed by any New Mexican whether commercial growers, urban gardeners, city planners, ranchers, or homeowners. Costs to pay all classifications of personnel consume a ten year average of 75.56% of the unrestricted budget. Despite the general economic downturn, AES continues to leverage state appropriations. Certainly in these times of increasing costs and decreasing resources it is imperative to search for outside funding in the form of grants, contracts, donations, etc. The needs of the granting agencies many times are of interest and direct benefit to the citizens of New Mexico and the grants provide opportunities to hire many students and staff to answer the questions posed by each funded research program.

### **EXPANSION JUSTIFICATION**

State appropriations are critical to maintain and advance the research needs of NM citizens. During the past four fiscal years recurring state appropriations have been cut 18.9 percent. Currently over 31 percent of AES appropriations are used to maintain personnel and operations at off-campus locations. Each agricultural science center must pay for utilities (gas, electricity, water); fuel (propane, gas, and diesel); maintenance, repair and replacement of wells, tractors, trucks, equipment for cultivation, harvesting, and spraying; upkeep of buildings, roads and irrigation infrastructure; janitorial service; phones, and internet access; and waste disposal (septic, trash) from AES state appropriations.

Expansion would also allow AES to better respond to the needs of New Mexicans by implementing targeted hires (from farm laborers to research scientists) to address new issues involving water, pest management, and social concerns to improve health and food security, ultimately providing economic benefits to all New Mexicans. Enhanced funding would help insure the best equipment and assistantships are available to train future scientists to solve societal problems. Advisory committees, made up of influential agricultural and community leaders from the area served by each agricultural science center, commodity group, or community organization are consulted to help determine the best uses of our limited resources. These interactions are invaluable to insure AES research is relevant and current.

# AGRICULTURAL EXPERIMENT STATION

## FUNCTION AND VALUE TO NEW MEXICO

- The Agricultural Experiment Station uses state appropriations to research topics requested by and directly benefiting New Mexican citizens. Over 100 active projects are carried out on either the main campus, one of the 12 off-campus science centers, or one of the hundreds of cooperators' properties throughout NM.
- AES administers numerous projects testing the quality and adaptability of chile, alfalfa, cotton, onions, corn, sorghum, and peanuts to NM conditions. Economic impacts can be substantial - 5% of New Mexico's alfalfa growers select the highest yielding alfalfa variety over the lowest yielding variety within a region, the return would be at least \$1.32M annually.
- AES conducts research to improve cattle immunity by identifying amino acids that are limiting in newly weaned beef calves, thus reduces calf morbidity. Reductions of only 2% annually will save the United States beef industry \$12 million/year.
- AES conducts research on water – including water use efficiency, micro-irrigation, drought tolerance, and hydrology. Increased understanding of surface water-groundwater interactions is critical in arid region irrigated valleys. Efforts to conserve water by lining acequias (traditional irrigation ditches) with concrete was reevaluated. AES research confirmed that water seeps from ditches and flooded fields to recharge groundwater, returning to the river after 1-3 months storage underground. This underground storage reduces evapotranspiration losses and is critical to the survival of small communities built around these acequias.
- NMSU funds more research on chile production than anywhere in the US. Research topics spanning the interests of the state, whether organic production of traditional chiles, development of new disease resistant varieties, or new techniques to mechanically harvest chiles support this \$400M/year industry surrounding NM's signature crop.
- State appropriations allow us to meet the needs of the state that don't attract outside funds such as locally important issues and minor crops, allow us to respond to emergency situations such as pest outbreaks and drought, and allow us to leverage base funding to increase competitiveness for grants and contracts. In fact, for every \$1 of state appropriations allocated in the past several years we have secured \$1.50 in outside funding.

# NEW MEXICO DEPARTMENT OF AGRICULTURE

<b>FY 13 EXPANSION REQUEST:</b>	\$517,700
<b>FY12 ERB ADJUSTED APPROPRIATION:</b>	\$9,728,200
<b>FY13 PROPOSED APPROPRIATION:</b>	\$10,245,900

## PROGRAM DESCRIPTION

New Mexico Department of Agriculture (NMDA) is a constitutionally established, Cabinet-level agency and a part of New Mexico State University.

NMDA remains committed to its statutory obligations and service to its constituents in a continuing effort to maintain a safe and secure food supply, to maintain or improve resource conditions, and to promote a fair market place.

NMDA's relationship with NMSU provides unique opportunities to forge alliances in an effort to respond to new demands for energy, food, and the continuation of a vibrant agriculture industry in New Mexico. A description of NMDA's program areas and priorities can be found in its strategic plan along with specific objectives for accomplishing goals over the next five-year period. NMDA will continue collaboration with existing and new partners as it navigates through these challenging times. Opportunities for excellence abound and NMDA staff dedicates itself to proactive service in fulfilling its mission.

Our rich agricultural history, culture, and traditions are addressed through new and innovative approaches using the latest in science, technology, and economic strategies. In New Mexico we contribute to the safest, most affordable, and most nutritious food supply on the globe.

## EXPANSION JUSTIFICATION

Because of large cuts in state appropriations, increased operating costs, and unanticipated, non-budgeted costs, an FY13 expansion request is necessary. This is crucial to avoid cuts in services that NMDA provides, many of which are statutorily mandated to constituents, the public, and the agricultural industry in New Mexico.

The request will be used for:

- Filling vacant inspector positions that have been left open due to budget cuts/constraints which limits coverage of regulatory responsibility throughout the state.
- Costs associated with administering the New Mexico Organic Program.
- Continuing the Information Technology migration (converting from a mainframe to a server environment) and maintain the new NMDA systems.
- Increased costs of fuel and fleet overhead necessary to maintain statutorily mandated regulatory responsibilities.
- Costs associated with enforcement of the New Mexico Chile Advertising Act per HB 485.

# NEW MEXICO DEPARTMENT OF AGRICULTURE

## FUNCTION AND VALUE TO NEW MEXICO

- In 2011 NMDA assumed responsibility of the Organic Program. There are nearly 200 certified producers in New Mexico, which comprises a \$67 million industry.
- From October 2010 to September 2011, NMDA inspected 154,177,600 pounds of fruits, nuts, and vegetables for quality.
- NMDA ensures protection of New Mexico's consumers and economic and environmental resources through registration (30,000 products), licensing (5,000 business and individual), and statewide field programs for inspection (approx. 10,000) of pet food, pesticide, nursery plants, seed, fertilizer, and raw agricultural commodity products in order to support a \$6 billion agricultural industry, \$200 million landscaping industry, and \$40 million pest management industry.
- Approximately 2,300 retail stores in 15 states and the District of Columbia sell New Mexico green chile every year as a direct result of NMDA's New Mexico green chile promotion. Over the years this has resulted in approximately \$23 million additional retail sales per year.
- NMDA conducts about 2,000 sanitary inspections of milk producers, milk processors, milk tankers, and milk hauler/samplers to support a \$1 billion annual milk industry in New Mexico.
- NMDA is directly involved with protecting the health of New Mexico's \$2.4 billion livestock industry, the multimillion dollar companion animal market, the racing industry, and wildlife. The FY 11 case load for Veterinary Diagnostic Services Laboratory was 37,706. In addition to working with private veterinary practitioners, NMDA works closely with the United States Department of Agriculture and the New Mexico Livestock Board in monitoring for animal diseases of significant economic impact and with the Department of Public Health in monitoring for animal diseases that may have significant public health implications.
- To ensure equity in the marketplace and consumer confidence, NMDA regulates and conducts inspections on approximately 7,500 scales; 29,200 fuel meters; 175 farm milk tanks; 400,000 package inspections; 75,000 price verification inspections; 400,000 egg inspections; 150,000 frozen dessert inspections; 6,000 fuel sample inspections; fuel stop sales (gas/diesel) of 684,000 gallons; 6,950 metrology artifacts calibrated; and licensing of 100 registered repair establishments, 120 weighmasters, and 60 egg dealers.
- In 2009 and 2010 NMDA Marketing efforts resulted in approximately \$25 million of additional sales of pecans into the Pacific Rim and China.

## EDUCATIONAL TELEVISION – KRWG TV

<b>FY 13 EXPANSION REQUEST:</b>	<b>\$47,500</b>
<b>FY12 ADJUSTED APPROPRIATION:</b>	<b>\$949,300</b>
<b>FY13 PROPOSED APPROPRIATION:</b>	<b>\$996,800</b>

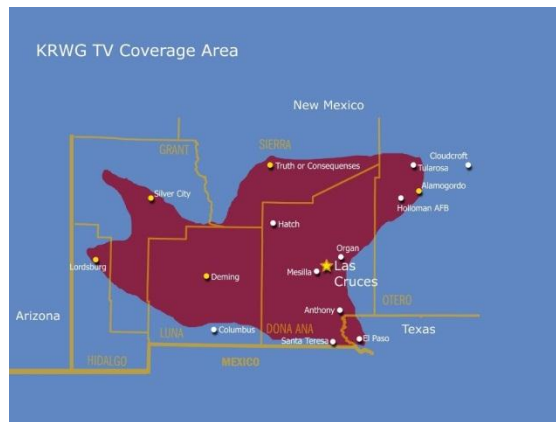
### PROGRAM DESCRIPTION

#### Our MISSION

KRWG media endeavors to facilitate New Mexico State University's outreach by providing public radio and television services to southern New Mexico and West Texas. **We strive to engage community development by providing relevant news, a forum for open discussion, a celebration of the arts while preserving and conveying human and natural history.**

Public Media at New Mexico State University has been an integral part of our Land Grant Mission since Ralph W. Goddard started broadcasting in the 1920s. Today, University Broadcasting reaches over 100,000 viewers, listeners and users weekly. Together, KRWG TV, FM and krwg.org have grown from radio experiments to a multi-media organization with news, educational and cultural programming.

As technology has changed, so have the needs of our diverse audience. KRWG TV's signal covers an area roughly the size of the state of West Virginia. Within this region, programming must be relevant to all ages and social strata. This is achieved through award-winning national offerings from PBS and local programs that truly do fulfill our mission statement.



### EXPANSION JUSTIFICATION

Despite federal and state cuts in funding, plus challenges in personal giving during the current economic recovery, KRWG TV has actually expanded local programming. However, our infrastructure has struggled to simply maintain services and our flexibility to react to local programming and outreach needs has been restricted.

The 5% increase requested is in coordination with the University of New Mexico's KNME TV and Eastern New Mexico University's KENW TV plans

The funds would be used, in part, to:

- Allow for improvements and maintenance to ensure a robust statewide fiber interconnect to permit for additional shared programs. This will reduce costs and increase relevancy of programs. New Mexico public media will be the only available state-wide source for 2012 election information.
- Allow for increased web services to continue our goal to become **the** source for accurate and diverse information on krwg.org. KRWG TV needs to expand our services across media platforms to reach tech savvy and younger audiences.
- Continue developing news coverage that takes advantage of both the new and traditional media delivery systems.

An increase in state appropriations qualifies KRWG TV for additional federal funding through the Corporation for Public Broadcasting (CPB).

## **FUNCTION AND VALUE TO NEW MEXICO**

- NEWS 22 provides opportunities for NMSU students and presents the only southern New Mexico focused newscast.
- KRWG is a charter member of *Fronteras*, regional news collaboration with San Diego, Phoenix, Tucson, Las Vegas and San Antonio. The reports have spawned a weekly program examining issues and achievements of the Hispanic community.
- In cooperation with the Cooperative Extension Service, KRWG produced **Field Trip!** This Emmy-nominated 13 episode series helps explain the origins of our agricultural products. Offered nationally to all public television stations, it is also incorporated into classrooms in New Mexico and Utah.
- Emmy-nominated *NewsMakers* provides news updates and features concerning people and events in southern New Mexico every week.
- KRWG TV has produced quarterly Economic Forums utilizing the expertise of NMSU professors. The discussions delve into the local impact of the recession and the status of our recovery.
- KRWG TV regularly hosts politicians and elected officials for forums and debates. These efforts offer a positive image of NMSU to the very people that make important educational decisions.
- PBS children's programs, like Sesame Street, create the largest Pre-K free educational effort in the region.
- PBS cultural programs add depth to the NMSU plays, concerts and exhibits by educating the community about the opera, theater, history and art.
- KRWG-TV and PBS news programs allow viewers to receive award-winning news and public affairs programs keeping us connected to the world.
- **On March 1, 2011 The Fiftieth Legislature of NM issued a proclamation citing the contributions and service to the State.**

**NEW MEXICO STATE UNIVERSITY SYSTEM  
CAPITAL PROJECT REQUESTS**

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# CAPITAL OUTLAY REQUESTS SUMMARY

FY 2012-2013

## General Obligation Bond Projects

Campus and NMSU Priority	NMSU Request	Higher Education Department Recommendation	LFC	Higher Education Department Priority
NMSU-LAS CRUCES 1. Hardman Hall and Jacobs Hall Renovations 2. Infrastructure Upgrades and Replacement	\$30,000,000	\$21,000,000 No Rec.	\$21,000,000 No Rec.	2
NMSU-ALAMOGORDO 1. Infrastructure Upgrades and Replacement	\$2,100,000	\$1,500,000	\$1,500,000	21
NMSU-CARLSBAD 1. Infrastructure Upgrades and Replacement	\$1,792,000	\$1,500,000	\$1,500,000	19
NMSU-DONA ANA COMMUNITY COLLEGE 1. Gadsden Center – Phase 3 2. Infrastructure Upgrades and Replacement	\$7,000,000 \$2,500,000	\$7,000,000 No Rec.	\$0 \$2,500,000	14
NMSU-GRANTS 1. Infrastructure Upgrades and Replacement 2. Replace Child Development Education Center	\$1,950,000 \$4,000,000	\$1,750,000 No. Rec.	\$1,750,000 No. Rec.	17

## Severance Tax Bond

NMSU-LAS CRUCES Institute for Public Policy	\$7,000,000	N/A	\$5,000,000 <sup>1</sup>	32
<sup>2</sup> Athletics	\$6,500,000	N/A	N/A	N/A

<sup>1</sup> The LFC included the Institute for Public Policy in the GOB recommendation.

<sup>2</sup> Placeholder

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## **MASTER PLAN AND CAPITAL OUTLAY REQUEST PROCESS**

In 2005 and 2006, New Mexico State University (NMSU) worked with national consultants Hanbury Evans Wright Vlattas to update New Mexico State University's 1990 Master Plan. There were scores of meetings with faculty, staff, students, consultants and the public. All meetings were open to the public (literally: they were held in the open corridor area of Corbett Center Student Union) and advertised widely – the goal was to have as much input as possible from many different resources. Public comments were also solicited and received via a web site and email options. Finally, there were frequent briefings on the process to the NMSU administration and Board of Regents.

The resulting plan was adopted by the regents in December 2006 and has served as the basis for further planning decisions. There are individual Master Plans for each campus in the NMSU system and there are directions for areas of future study. Since 2006, the plan has been supplemented by in-depth studies of certain areas outlined in the Master Plan, including a Utilities Infrastructure Plan, a Wayfinding (signage) Plan, and a Heritage Preservation Plan (historic preservation). Each of these follow-up studies was developed following the same basic methodology as the Master Plan, with input from the public, faculty, staff and students.

NMSU is preparing to update the 2006 Master Plan since it is now over 5 years old, using similar processes and input.

### **Capital Outlay Requests**

A project is first conceived within and approved by a college or department. That college or department develops a Concept Needs Assessment that is forwarded to the President's Council for review and approval. Once approved, the University Architect reviews the plan for compliance or consistency with the Master Plan (above) and for initial site planning or selection and description. If the Needs Assessment is approved by the University Architect, then it is taken to the Facilities & Services Project Development Office to establish an initial cost estimate, project budget and project schedule.

In the initial step – the Concept Needs Assessment, the project must include justification, a business plan and supporting information, sketches and drawings. At each step of review and consideration, financial and programmatic information is considered. Financial information includes identifying proposed funding source(s), any available or possible funding match, the project's long-term effects on maintenance costs, etc.

Once a project has been identified, and a proposed budget and schedule established, it is sent to the Senior Vice President for Administration and Finance, and the Executive Vice President and Provost for approval. If approved, the project is forwarded to the President's Council, the University Executive Council, the University Administrative Council, and the Campus Planning Committee for review, and ultimate approval for inclusion in the Annual Capital Outlay Request. The Annual Capital Outlay Request is submitted to the Board of Regents for approval prior to being sent to the Higher Education Department for inclusion in its annual capital outlay request to the Legislature.

NMSU capital outlay requests are based on individual master plans for each system-wide campus and are planned at least five years in advance. The master plans are updated annually to reflect developing conditions. Large capital projects are developed for a variety of reasons, but the most common are (1) to meet a demand for space caused by growth of the university or an individual area within the university, or (2) to meet changes in pedagogy or technology, or (3) to upgrade or replace facilities that are old or deteriorated. The reason(s) for a specific project are internally outlined in the Needs Assessment phase of the capital outlay request process.

Following up on a Sightlines Benchmarking Study, which compared NMSU to its peer institutions, NMSU contracted with Arcadis to update the Facilities Condition Index (FCI) initially developed in a statewide conditions study in 2006. The FCI is a continuously-updated metric to establish when capital improvements or replacement is needed and justified (Reason #3 above). The FCI update plans to analyze the university's facilities needs in a measurable and comparable methodology. NMSU's intention is to assure that its annual investment in facilities is adequate to insure that those facilities will properly perform and reach their full useful life, without creating a backlog of deferred maintenance problems.

**NEW MEXICO STATE UNIVERSITY-LAS CRUCES**

**CAPITAL PROJECT REQUESTS**

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## NMSU-LAS CRUCES

### **Hardman Hall and Jacobs Hall Renovations and Additions**

**NMSU Request:** \$30,000,000

**NMSU-Las Cruces Priority:** 1

**LFC Recommendation:** 21,000,000

**HED Recommendation:** \$21,000,000

**HED Priority:** 2

**Description:** This request seeks to maximize efficiencies and minimize expense by combining and modernizing two aging facilities. Hardman and Jacobs Halls will be renovated and added to in order to combine the facilities and create the NMSU Undergraduate Teaching Center. These two buildings are 38-years-old and 49-years-old respectively. As such, they are in of renovation and not suited for a 21<sup>st</sup> century teaching environment. Individually rehabilitating these facilities would cost more than the present proposal. Efficiencies include the sharing of elevators, stairs and some restrooms. The teaching environment will also be much improved with a single undergraduate teaching facility under one roof. A total of 52,730 square feet will be renovated and 37,750 square feet will be added in order to accomplish combining the buildings, meeting building code, and fulfilling ADA requirements.

The Undergraduate Teaching Center will provide state-of-the-art classrooms, laboratories, lecture facilities, seminar rooms, study areas and academic support spaces needed to meet the institution's mission to significantly enhance the undergraduate learning experience. Such a facility is necessary to increase undergraduate student retention and improve the university's graduation rate.

Hardman and Jacobs Halls renovation:

- Add to and renovate a 38-year-old and 49-year-old building to create the NMSU Undergraduate Teaching Center
- The NMSU Undergraduate Teaching Center will provide a 21<sup>st</sup> Century learning environment
- Improve teaching environment by housing undergraduate teaching facility under one roof
- Combining and modernizing two aging facilities seeks to maximize efficiencies and minimize expense
- Strives to increase student retention and graduation rate

With a ratio of 218 square feet per full time enrolled student in 2010, the NMSU-Las Cruces campus is below the average of Instruction and General (I&G) square footage for the states four-year universities. The 2010 average square feet per full time enrolled student for four-year institutions is 314.

**Legislative Language:** To the Board of Regents at New Mexico State University to plan, design, construct, conduct necessary demolition, renovate, furnish, expand, and equip Jacobs and Hardman Halls to house the Undergraduate Teaching Center at New Mexico State University in Las Cruces.

## **NMSU-LAS CRUCES**

### **Infrastructure Upgrades and Replacement**

**NMSU Request:** \$9,175,000

**NMSU-Las Cruces Priority:** 2

**LFC Recommendation:** No recommendation

**HED Priority:** No Recommendation

**Description:** Repair and replacement of building components which are old and in need of major repair and replacement, and expansion and renovation of utilities, infrastructure and buildings to meet changing programmatic and overall needs of the campus. Specific infrastructure renovation and expansion requests for NMSU-Las Cruces include (in order of priority, with estimated project cost):

1. Aging gas transmission line replacement: \$3.25 million
2. Replace absorption chiller cooling tower at central plant: \$910,000
3. Chilled water demand reduction in existing building through controls replacements and improvements: \$821,000
4. Classroom and laboratory improvements \$3.05 million
5. Water-side economizer, chilled water and condenser water pump renovations, and chilled water plant piping and manifold reconfiguration for improved flow; all at the existing central plant: \$1.144 million.

**Legislative Language:** To the Board of Regents at New Mexico State University to plan, design, construct, conduct necessary demolition, renovate, furnish, expand, and equip improvements to infrastructure at NMSU-Las Cruces.

# NMSU-LAS CRUCES

## NMSU Institute for Public Policy (IPP)

**NMSU Request:** \$7,000,000 (Severance Tax Bond Request)

**LFC Recommendation:** \$5,000,000

**HED Recommendation:** N/A

**HED Priority:** N/A

**Description:** Renovations and additions to Hershel Zohn Theatre and Branson Library to house the NMSU Institute for Public Policy (College of Business classrooms, study areas, academic support spaces, and offices), NMSU's Arrowhead Center, and the Domenici Archives.

The IPP will be associated with the NMSU College of Business and remedy a lack of classrooms, offices and instructional support space in the College of Business; the most under spaced of the Colleges at NMSU. Additional classrooms will also meet university wide demand for both large sections and upper level seminar classes. A state of the art lecture hall will be created to conduct large class sections but just as importantly to support national and international conferences and symposiums that greatly enhance the educational experience of NMSU students

NMSU has secured a \$10 million dollar federal appropriation for the IPP, \$9 million of which is set aside for construction and \$1 million is for programmatic purposes. In 2010 the legislature authorized \$18 million in General Obligation Bond (GOB) funding and the Higher Education Department (HED) ranked the IPP as a #9 capital outlay funding priority. That bond issue failed so the project has been downsized to a \$16 million renovation, in part because the federal appropriation is limited to renovation purposes only. Therefore, NMSU needs to secure Severance Tax Bond (STB) capital funds to appropriately complete renovation of both the Zohn Theatre and Branson Library.

Time is NMSU's greatest challenge. The \$9 million in federal funds must be expended by September 30, 2014. Such a time constraint dictates that NMSU secure STB funding to act as quickly as possible to design and move forward with a construction effort of an integrated design in the most efficient manner.

The current project anticipates the renovation and expansion of the 51 year old Hershel Zohn Theater, which will be vacated once the new Arts Complex is complete. This project will also partially remodel 53 year old Branson Library to provide adequate and quality space for the Domenici Archives. The IPP will be a 3 Phase construction project:

- Phase I: \$9 million federal appropriation will remodel most of Hershel Zohn Theater and portions of the Branson Library
- **Phase II: \$7 million in STB funding will provide an additional 32,000 square feet of classroom and office space**
- Phase III: will address future additional classrooms and library archive enhancements

**Legislative Language:** To the Board of Regents at New Mexico State University to plan, design, construct, conduct necessary demolition, renovate, furnish, expand, and equip the Hershel Zohn Theatre and Branson Library.

# NMSU-LAS CRUCES

## **Athletics**

**NMSU Request: \$6,500,000 (Severance Tax Bond Request)**

**Description:** The request is for renovations, additions, and improvements at the Aggie Memorial Stadium. Numerous improvements will be made that make the stadium more attractive to fans. Restrooms and concession areas will be expanded, infrastructure will be enhanced to support broadcast requirements, and the press box will be upgraded.

Stadium press box	\$2,500,000
Concession/Bathroom renovations	\$3,500,000

**Legislative Language:** To the Board of Regents at New Mexico State University to plan, design, conduct some demolition, construct, renovate, equip and furnish improvements to the athletic facilities at New Mexico State University in Las Cruces.

**NEW MEXICO STATE UNIVERSITY-ALAMOGORDO**  
**CAPITAL PROJECT REQUESTS**

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## **NMSU-Alamogordo**

### **Infrastructure Upgrades and Replacement**

**NMSU-Alamogordo Request:** \$2,100,000

**NMSU-Alamogordo Priority:** 1

**LFC Recommendation:** \$1,500,000

**HED Recommendation:** \$1,500,000

**HED Priority:** 21

**Description:** Repair and replacement of building components that are dated or non-functioning, upgrades, and renovation of utility systems, updating of infrastructure to meet changing programmatic and overall needs of the campus. Specific infrastructure requests for NMSU Alamogordo include (in order of priority, with estimated project costs):

1. Roof replacement, Reidlinger Science Center: \$1 million
2. Classroom and laboratory improvements, ADA doors at Tays Center: \$263,500
3. Road and parking improvements: \$305,000
4. Campus-wide energy management system, HVAC and lighting retrofit: \$531,000

**Legislative Language:** To the Board of Regents at New Mexico State University to plan, design, construct, renovate, furnish, expand, conduct necessary demolition and equip improvements to infrastructure at NMSU-Alamogordo.

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**NEW MEXICO STATE UNIVERSITY-CARLSBAD**  
**CAPITAL PROJECT REQUESTS**

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## **NMSU-CARLSBAD**

### **Infrastructure Upgrades and Replacement**

**NMSU-Carlsbad Request:** \$1,792,000

**NMSU-Carlsbad Priority:** 1

**LFC Recommendation:** \$1,500,000

**HED Recommendation:** \$1,500,000

**HED Priority:** 19

**Description:** Repair and replacement of building components that are dated or non-functioning, upgrades, and renovation of utility systems, updating of infrastructure to meet changing programmatic and overall needs of the campus. Specific infrastructure requests for NMSU-Carlsbad include (in order of priority, with estimated project costs):

1. Instructional Building HVAC System Upgrade: \$1.17 million
2. Campus Cooling Tower Upgrade: \$596,000
3. Classroom and Laboratory Improvements: \$79,000

**Legislative Language:** To the Board of Regents at New Mexico State University to plan, design, construct, conduct necessary demolition, renovate, furnish, expand, and equip improvements to infrastructure at NMSU-Carlsbad.

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**NEW MEXICO STATE UNIVERSITY-DOÑA ANA  
CAPITAL PROJECT REQUESTS**

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## NMSU-DOÑA ANA

### Gadsden Center Phase 3

**NMSU Request:** \$7,000,000

**NMSU-Doña Ana Priority:** 1

**LFC Recommendation:** \$0

**HED Recommendation:** \$7,000,000

**HED Priority:** 4

**Description:** This project implements the third phase of construction of the Gadsden Center of DACC. The building would be located adjacent to the preceding construction phase of the Center. The facility is anticipated to be about 25,000 square feet and would include classrooms, laboratory space and academic support space. Doña Ana Community College has identified facilities development as a key issue in its Strategic Plan.

DACC is one of the fastest-growing institutions of higher education in New Mexico, located in one of the fastest-growing counties in the state. Significant enrollment growth is expected through the next decade and beyond, both in response to service area growth and two new programs. At present DACC has insufficient classrooms, laboratories and support areas to fulfill its mission. To meet the projected demands for community college services and the anticipated workforce needs in southern Doña Ana County, the physical facilities must be expanded.

The Gadsden Center fall semester student headcount grew 51% between the years 2006 and 2011 from 728 to 1,102. It is anticipated that enrollment would continue to increase as a result of the Phase 3 project.

With a ratio of 90 square feet per full time enrolled student in 2010, NMSU-DACC was below the average of I&G square footage for New Mexico community colleges. The 2010 average square feet per full time enrolled student for two-year institutions is 174. In 2010 the Gadsden Center square feet per full time enrolled student was only 64.

**Legislative Language:** To the Board of Regents at New Mexico State University to plan, design, construct, conduct necessary demolition, renovate, furnish, expand, and equip the New Mexico State University Doña Ana Community College Gadsden Phase 3 project.

## **NMSU-DOÑA ANA**

### **Infrastructure Upgrades and Replacement**

**NMSU Request:** \$2,500,000

**NMSU Doña Ana Priority:** 2

**LFC Recommendation:** \$2,500,000

**HED Priority:** No Recommendation

**Description:** Repair and replacement of building components that are dated or non-functioning, upgrades, and renovation of utility systems, updating of infrastructure to meet changing programmatic and overall needs of the campus. Specific infrastructure requests for NMSU-DACC include (in order of priority, with estimated project costs):

1. Main building roof repair: \$1 million
2. HVAC upgrades (steam generation equipment, chillers, VAV boxes and controls replacement): \$750,000
3. Fire alarm upgrades: \$250,000
4. Security upgrades (lock upgrades): \$125,000
5. Finish upgrades (carpet replacement): \$125,000

**Legislative Language:** To the Board of Regents at New Mexico State University to plan, design, construct, conduct necessary demolition, renovate, furnish, expand, and equip improvements to infrastructure at New Mexico State University Doña Ana Community College in Las Cruces.

**NEW MEXICO STATE UNIVERSITY-GRANTS  
CAPITAL PROJECT REQUESTS**

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## NMSU-GRANTS

### **Infrastructure Upgrades and Replacement**

**NMSU-Grants Request:** \$1,950,000

**NMSU-Grants Priority:** 1

**LFC Recommendation:** \$1,750,000

**HED Recommendation:** \$1,750,000

**HED Priority:** 17

**Description:** Repair and replacement of building components that are dated or non-functioning, upgrades, and renovation of utility systems, updating of infrastructure to meet changing programmatic and overall needs of the campus. Specific infrastructure requests for NMSU-Grants include (in order of priority, with estimated project costs):

1. Martinez Hall Library Renovations-Phase II and III: \$1.15 million
2. Martinez Hall Chiller Replacement: \$155,000
3. Martinez Hall Classroom and Laboratory Improvements: \$85,000
4. Martinez Hall HVAC Upgrades: \$90,000
5. Martinez Hall Theater Sprinkler System Repair: \$60,000
6. Campus Wide Security Camera System: \$110,000
7. Martinez Hall Solar Heating System Repair/Upgrade: \$300,000

**Legislative Language:** To the Board of Regents at New Mexico State University to plan, design, construct, conduct necessary demolition, renovate, furnish, expand, and equip improvements to infrastructure at NMSU-Grants

## **NMSU-GRANTS**

### **Child Development Education Center Replacement**

**NMSU-Grants Request:** \$4,000,000

**NMSU-Grants Priority:** 2

**LFC Recommendation:** No Recommendation

**HED Priority:** No Recommendation

**Description:** Academic and related support space to replace an aging Child Development Education Center currently housed in aging temporary facilities. This project will not require additional square footage.

New Mexico State University-Grants is experiencing a growing need for a facility to replace its aging Child Development Education Center, currently located in two temporary metal buildings joined together and adjacent storage facilities. A replacement facility is required to meet current stringent requirements for childcare facilities and to meet current building codes.

**Legislative Language:** To the Board of Regents at New Mexico State University to plan, design, construct, conduct necessary demolition, renovate, furnish, expand, and equip the Child Development Education Center at NMSU-Grants.

## **TAX RELATED ITEMS**

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## NON-ATHLETIC SPECIAL EVENT TAX DEDUCTION

New Mexico State University requests a 5 year extension of the sunset clause for the State of New Mexico Gross Receipts Tax deduction for the Pan American Center (PAC). During the 2007 legislative session, the State of New Mexico granted a deduction to New Mexico State University (NMSU) for special events from the Gross Receipts Tax (GRT). Specific language:

*“Receipts received from July 1, 2007 through June 30, 2012 from admission to a nonathletic special event held at a venue that is located on the campus of post-secondary educational institution within fifty miles of the New Mexico border and that accommodates at least ten thousand persons may be deducted from gross receipts.”*

The deduction was granted after NMSU raised the issue and concern that identified entertainment facilities in El Paso, Texas, and specifically facilities at the University of Texas at El Paso (UTEP), were exempt from a similar Texas state tax. The Texas exemption provided an unfair and competitive advantage for Texas facilities over the PAC at NMSU. If the deduction is not continued, New Mexico’s 5.125% tax on concert gross receipts will cost promoters and managers a substantial tax expense when compared to hosting the same events in El Paso, Texas.

Concert promoters treat Las Cruces and El Paso as a single market and not as individual markets due to their proximity to each other. Note that major concert tours we are referencing originate from Nashville, Los Angeles or New York and are not done locally. Thus decisions by artist management are based on two primary factors: 1) Gross/Net Revenue potential to artist/bands and 2) Routing efficiencies for the tour travelling across the country. This is a critical variable as both items 1 and 2 would be impacted if the exemption is not continued since more net revenue would be provided to the artist and the same artist fan population/market would be served thus El Paso would have the immediate advantage during the tour organization phase.

Based on an analysis of the statistics initially conducted, NMSU demonstrated the tax negatively impacted the number of concerts and other events hosted by the PAC. It was further noted that the reduction in events hosted by the PAC resulted in a negative economic impact to the State.

The impact on hosting entertainment events at the PAC would be dramatic if the deduction is not continued. The re-instatement of the GRT and its resulting net cost to the artist would incentivize artists and promoters to take events to UTEP and **not** bring them to the PAC. The 5.125% GRT would increase the cost of using the PAC by thousands. As an example, a show grossing \$350,000 such as Brad Paisley, would pay an additional \$17,937.50 at the PAC that would not be paid if booked at UTEP. The promoter for George Strait, an event the PAC hosted in March 2011, would have paid an additional \$54,581.70 that the artist would not realize.

It is **CRITICAL** to understand that the future loss of concerts and other events would have a negative, major impact on NMSU, Dona Ana County and the State of New Mexico in a variety of ways. Below are some areas that would be impacted with based on PAC FY2009/2010 events.

- Loss of most of gross receipts taxes generated from concert events since these events would be lost to the El Paso market.
- Loss of merchandise sales at concerts is recorded as \$339,000 resulting in lost gross receipts tax of \$16,200.

- Loss of concessions sales at concerts is recorded as \$88,800 resulting in lost gross receipts tax of \$4,200.
- Lost payroll/services in wages and income tax. This amount would represent a total of wages and services including police, fire/EMT, vendors, advertising, and general labor that may be subject to personal income tax or spent in the Las Cruces community.
- State would lose personal income tax or corporate income tax (depending on which is applicable if either) on promoter, artist and employee fees collected.
- Lost income and related GRT to local restaurants, hotels and other businesses from concert patrons attending these events in Las Cruces.
- Reduction in the amount of money spent in Las Cruces/Dona Ana County by El Paso residents. Ticketmaster buying analysis of concerts and major events shows an above average percentage of ticket buyers are from El Paso area (estimated at approximately 50%).
- Loss of employment opportunities for NMSU students and staff as the number of concerts would be reduced substantially.
- Negative impact on quality of life for Las Cruces, Dona Ana County as major entertainment opportunities are lost.

**Bill Language:** “Receipts received from July 1, 2007 through June 30, 2017 from admission to a nonathletic special event held at a venue that is located on the campus of post-secondary educational institution within fifty miles of the New Mexico border and that accommodates at least ten thousand persons may be deducted from gross receipts.”