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AN ACT  
RELATING TO STATE BUDGETS; PROVIDING FOR A BIENNIAL BUDGET  
PILOT PROJECT TO DETERMINE THE EFFICACY OF BIENNIAL  
BUDGETING.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. BIENNIAL BUDGET PILOT  
PROJECT.--

A. As used in this section:

- (1) "committee" means the legislative finance committee;
- (2) "department" means the department of finance and administration;
- (3) "division" means the state budget division of the department;
- (4) "evaluation team" means the biennial budget pilot project joint staff evaluation team;
- (5) "participating agency" means:
  - (a) the department of finance and administration;
  - (b) the legislative finance committee;
  - (c) the regulation and licensing department; and
  - (d) the twenty-eight or fewer executive agencies, each whose total annual budget is less than five

1 million dollars (\$5,000,000), initially selected by the  
2 evaluation team to participate in the pilot project; and

3 (6) "pilot project" means the biennial  
4 budget pilot project.

5 B. The "biennial budget pilot project" is created  
6 as a four-year pilot project, beginning with the preparation  
7 of the fiscal biennium 2021 budget and ending at the end of  
8 fiscal biennium 2023, to determine whether biennial budgeting  
9 will enhance the state's budget process. For the purposes of  
10 the pilot project, the biennium beginning on July 1, 2019 is  
11 fiscal biennium 2021.

12 C. The department shall administer the pilot  
13 project in consultation with the committee through a  
14 "biennial budget pilot project joint staff evaluation team",  
15 members of which the department and committee shall appoint  
16 from among their staff. Members of the evaluation team shall  
17 fulfill the requirements of this section in conjunction with  
18 the requirements of their ordinary employment and for no  
19 additional compensation.

20 D. Throughout the pilot project, the requirements  
21 of Sections 6-3-6, 6-3-7, 6-3-10, 6-3-11, 6-3-18, 6-3-19,  
22 6-3-20, 6-3A-5, 6-3A-6, 6-3A-7, 6-5-10 and 6-10-4 NMSA 1978  
23 are adjusted for participating agencies to reflect the  
24 biennial budgeting process and are specifically modified as  
25 follows:

1                   (1) on or before June 15 of each even-  
2 numbered year, the division shall send to each participating  
3 agency biennial budget forms soliciting the information  
4 outlined in Sections 6-3-18 and 6-3A-7 NMSA 1978 for the  
5 fiscal biennium last completed, the current fiscal biennium  
6 and the succeeding fiscal biennium;

7                   (2) on or before June 15 of each odd-  
8 numbered year, the division shall:

9                                 (a) send to each participating agency  
10 supplemental budget forms for requesting a supplemental or  
11 deficiency appropriation for the remainder of the fiscal  
12 biennium; and

13                                (b) have prescribed the information  
14 required for submission with each supplemental or deficiency  
15 appropriation request;

16                   (3) on or before September 1 of each even-  
17 numbered year, a participating agency shall complete and  
18 submit to the division and the committee the forms identified  
19 in Paragraph (1) of this subsection as prescribed by the  
20 division;

21                   (4) on or before September 1 of each odd-  
22 numbered year, a participating agency that plans to request a  
23 supplemental or deficiency appropriation for the remainder of  
24 the fiscal biennium shall complete and submit to the division  
25 and the committee the forms identified in Paragraph (2) of

1 this subsection as prescribed by the division;

2 (5) on or before January 10 of each odd-  
3 numbered year, the governor shall include biennial budget  
4 recommendations for participating agencies in the governor's  
5 budget submission to the committee and to each member of the  
6 legislature as required by Section 6-3-21 NMSA 1978;

7 (6) on or before January 10 of each even-  
8 numbered year, the governor shall include recommendations for  
9 supplemental or deficiency appropriations for participating  
10 agencies in the governor's budget submission to the committee  
11 and to each member of the legislature as required by Section  
12 6-3-21 NMSA 1978;

13 (7) on or before May 1 of each odd-numbered  
14 year, each participating agency shall submit to the division  
15 a budget for each of the ensuing two fiscal years as  
16 prescribed by law or rule of the division. A participating  
17 agency shall not make an expenditure under that budget  
18 without the approval of the division;

19 (8) the division, subject to the approval of  
20 the secretary of finance and administration, may promulgate  
21 rules particular to participating agencies for the periodic  
22 allotment of funds. In the first eighteen months of a fiscal  
23 biennium, a participating agency shall spend no more than  
24 three-fourths of the agency's biennial appropriation or  
25 approved biennial budget, whichever is less, unless the

1 agency's operations are more efficiently measured by a period  
2 other than a fiscal year or the agency's capital outlay  
3 expenditures require that it exceed that spending level, in  
4 which case the department may allow the surplus expenditure;

5 (9) the unexpended or unencumbered balances  
6 in a reverting fund controlled by a participating agency and  
7 remaining at the end of an even-numbered year shall not  
8 revert; and

9 (10) all unreserved, undesignated fund  
10 balances in the reverting funds and accounts controlled by a  
11 participating agency, as reflected in the central financial  
12 reporting and accounting system as of June 30 of the second  
13 year of the fiscal biennium, shall revert by September 30 of  
14 that year. The department may adjust the reversion within  
15 forty-five days after the release of the audit report for  
16 that fiscal biennium. The director of the financial control  
17 division of the department may modify a reversion if the  
18 reversion would violate federal law or rules pertaining to  
19 the supplanting of state funds with federal funds or other  
20 applicable federal provisions.

21 E. The evaluation team shall:

22 (1) on or before September 1, 2018, submit  
23 to the department, the committee and the New Mexico  
24 legislative council a plan for administering the pilot  
25 project;

1                   (2) for each participating agency, determine  
2 baseline data on:

3                   (a) performance measures;

4                   (b) the number of budget analysts  
5 employed by the agency, the job titles of other agency  
6 employees who devote time to preparing annual budget  
7 proposals and the number of hours spent by each of those  
8 employees on budget preparation;

9                   (c) the estimated cost of the printing,  
10 postage, supplies and other operating expenses incurred in  
11 preparing annual budget proposals;

12                   (d) the overtime or compensatory time  
13 paid to employees to prepare annual budget proposals;

14                   (e) the number of budget hearings  
15 attended by agency employees;

16                   (f) the number, type and amount of each  
17 budget adjustment request by budget program; and

18                   (g) the number and amount of  
19 supplemental and deficiency appropriation requests by budget  
20 program;

21                   (3) identify changes in that baseline data  
22 due to the implementation of biennial budgeting;

23                   (4) if funding for the contract is  
24 available, contract with the national conference of state  
25 legislatures, the national association of state budget

1 officers or another external consultant or organization for  
2 an external evaluation of the pilot project;

3 (5) regularly report and consult with a  
4 subcommittee of the committee created to advise the  
5 evaluation team and oversee the pilot project;

6 (6) on or before September 1 of each year,  
7 develop and submit an annual report to the committee, the New  
8 Mexico legislative council and the governor on the pilot  
9 project that includes, at a minimum, a comparison of each  
10 participating agency's performance measures and budget  
11 preparation staffing costs before and during the pilot  
12 project and the changes in budget staffing due to the  
13 implementation of biennial budgeting; and

14 (7) develop and, in August 2023, submit to  
15 the committee, the New Mexico legislative council and the  
16 governor a final report on the pilot project with:

17 (a) a recommendation on whether to  
18 continue biennial budgeting;

19 (b) if continuation is recommended,  
20 whether to expand or modify the biennial budgeting process  
21 employed in the pilot project;

22 (c) if expansion is recommended, the  
23 extent of that expansion; and

24 (d) if modification is recommended, the  
25 areas for modification.