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## FISCAL IMPACT REPORT

**SPONSOR** Griego, E. **ORIGINAL DATE** 01/21/10 **LAST UPDATED** 01/29/10 **HB** \_\_\_\_\_

**SHORT TITLE** Good Fiscal Judgment For UNM Salaries **SJM** 4/aSRC

**ANALYST** Haug

### APPROPRIATION (dollars in thousands)

| Appropriation |      | Recurring<br>or Non-Rec | Fund<br>Affected |
|---------------|------|-------------------------|------------------|
| FY10          | FY11 |                         |                  |
|               | NFI  | Recurring               | General Fund     |

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Higher Education Department (HED)

### SUMMARY

#### Synopsis of Senate Rules Committee Amendment

The Senate Rules Committee Amendment replaces the word “top” throughout the memorial as a descriptor of administrators.

#### Synopsis of Original Bill

Senate Joint Memorial 4 requests the Board of Regents of the University of New Mexico to immediately reduce both the number and the dollar amounts of the salary and compensation packages of top administrators at the university.

### FISCAL IMPLICATIONS

The University of New Mexico would realize some degree of cost reduction depending on the extent and timing of any reductions requested by Senate Joint Memorial 4. It is indeterminate how much of that reduction would benefit the General Fund.

### SIGNIFICANT ISSUES

The state of New Mexico has experienced an unprecedented and precipitous drop in tax revenues since fiscal year 2008 and, while there is hope, there is no evidence that the decline in revenues has bottomed out.

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The decline in tax revenues has forced drastic cuts in state spending, cuts which have impacted public employees and the taxpayers they serve in the form of layoffs, furloughs and wage cuts for public employees, cuts to public school budgets and enrollment freezes in some state-sponsored health insurance plans.

New Mexicans have been warned that additional sacrifice will be necessary, either in the form of increased taxes, reduced service or both, before state revenues return to previous levels.

In the midst of this collective sacrifice, more than a dozen top administrators at the University of New Mexico continue to enjoy six-figure salary and compensation packages that place them among the top five percent of wage earners and far out of line with public and private workers in New Mexico.

These extraordinarily high compensation packages average more than six times the state's average wage and continue to be paid as tens of thousands of New Mexicans struggle to find work, and as still more toil in low-paying jobs for which they are overqualified.

The recipients of these high salaries benefited disproportionately from the 2003 personal income tax cuts that reduced the state's top income tax rate by forty percent and contributed to the present fiscal crisis now confronting the state.

These generous compensation packages for the growing ranks of top administrators at the University of New Mexico come at the expense of the school's core mission of classroom instruction, research and public service.

The appointed members of the board of regents of the University of New Mexico have a duty to the taxpayers of New Mexico to join with other public leaders in setting an appropriate tone and example during these challenging fiscal times by ensuring that tax dollars spent by the state's flagship educational institution are used in a way that does not shock the conscience.

The HED notes that:

One UNM Board of Regents advisor indicated that, due to the current economic conditions, vacant administrative positions for branch operations are not being filled.

According to information posted in the January, 2009, UNM Staff Salary Structure, more than 30 staff employees earn salaries between \$91,000 and \$170,000 annually, and more than 10 staff earns salaries between \$110,000 and \$204,000 annually. The staff indicators in this salary structure are in addition to the top university administrators addressed in SJM4. On April 9, 2009, the Board of Regents confirmed that, due to the current economic conditions, there will be no salary increases for any staff employees during 2009.

A UNM Board of Regents advisor indicated that if a reduction of salaries and compensation packages were made for those top administrators, staff in lower positions would have to be reduced as well in order to maintain proper salary structure and avoid lower staff positions with salaries equivalent to top administrators.