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FISCAL IMPACT REPORT

SPONSOR Gonzales/Diamond ORIGINAL DATE 2/2/2022
LAST UPDATED 2/4/2022 HB _____
SHORT TITLE University Athletics Programs SB 192
ANALYST Fischer

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY22	FY23		
	\$3,000.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriations in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

University of New Mexico (UNM)
New Mexico State University (NMSU)
Higher Education Department (HED)

SUMMARY

Synopsis of Bill

Senate Bill 192 appropriates \$3 million from the general fund, \$1.5 million to the University of New Mexico and \$1.5 million to New Mexico State University, for those university's athletic programs. There is no effective date of this bill. It is assumed that the effective date is 90 days following adjournment of the Legislature.

FISCAL IMPLICATIONS

The appropriation of \$3 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2023 shall revert to the general fund.

The \$1.5 million increase to each university would grow the state appropriations to athletics by 34 percent at the University of New Mexico (to total annual funding of \$5.9 million) and 36 percent at New Mexico State University (to total annual funding of \$5.7 million.) Between FY17 and

FY22, state appropriations to athletics have grown by 68 percent at the University of New Mexico and 33 percent at New Mexico State University.

The University of New Mexico reports that the appropriations contained in SB192 would be used to enhance the experience and welfare of the student athletes, address ongoing Title IX compliance issues, and move the department towards fiscal sustainability. The university also reported that its athletic department budget is approximately 70 percent from self-generated revenue streams and that the ongoing effects of the pandemic have significantly decreased those revenues.

New Mexico State University reports the appropriations in SB192 would be used for purposes that include hiring a full-time psychologist, mental health programming, nutrition, summer school, cost of attendance, travel, and hiring a senior woman administrator.

The higher education department provided the following history of operations deficits at both UNM and NMSU.

Following several years of overspending in the UNM Athletic Department and pursuant to its authority under regulations promulgated in 5.7.11 NMAC, the Higher Education Department placed the UNM Athletic Department under its enhanced fiscal oversight program on October 3, 2017. The UNM Athletic Department provided the department a payment plan to reduce the deficit and continues to evaluate all processes and procedures; submits enhanced quarterly reports and provides pertinent governing board meeting agendas and minutes upon request. The ending balance for UNM in FY20 was negative \$1.6 million. Since then, UNM transferred \$4.5 million to a capital reserve account and used Higher Education Emergency Relief Fund (HEERF) federal stimulus monies to offset lost revenues and pay off the balance. Lost revenues included ticket sales, media sponsorships, conference distribution, fundraising, licensing, football game guarantees, and other revenues.

According to UNM's FY21 Reports of Actuals, the UNM Athletic Department had a positive ending balance of \$1.4 million for FY21 and a positive beginning balance of \$356 thousand for FY22.

According to NMSU's FY21 Reports of Actuals, the NMSU Athletic Department continues to operate in a deficit with an ending balance of negative \$2.5 million. NMSU also has a payment plan to reduce its deficit and submits quarterly financial reports to the Higher Education Department. NMSU remains on schedule to reduce the structural debt within its athletic department.

MF/al