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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. For the purposes of 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 joint
biennial budget pilot project staff evaluation team; and

(5) "participating agency" means an
executive agency with an annual budget of less than five
million dollars (\$5,000,000).

B. The "biennial budget pilot project" is created
as a four-year project to determine whether biennial
budgeting enhances the state's budget process. The biennial
budget pilot project shall commence with preparation of the
fiscal year 2008 budget and conclude at the end of fiscal
year 2011. The biennium beginning July 1, 2007 shall be the

1 2008-2009 biennium.

2 C. The department shall administer the biennial
3 budget pilot project in consultation with the committee
4 through the evaluation team; provided, however, that before
5 commencing the pilot project, the evaluation team shall
6 submit a plan for administering the project to the
7 department, the committee and the New Mexico legislative
8 council.

9 D. For the duration of the biennial budget pilot
10 project, the requirements of Sections 6-3-6, 6-3-7, 6-3-10,
11 6-3-11, 6-3-18, 6-3-19, 6-3-20, 6-3A-5, 6-3A-6, 6-3A-7,
12 6-5-10 and 6-10-4 NMSA 1978 shall be implemented for
13 participating agencies on a biennial basis rather than an
14 annual basis as specified in current statutory provisions.
15 In particular, the biennial budget process shall operate as
16 follows for participating agencies:

17 (1) on or before June 15 of each
18 even-numbered year, the division shall send to each
19 participating agency biennial budget forms that provide for
20 the collection of the information in Sections 6-3-18 and
21 6-3A-7 NMSA 1978 for the biennium last completed, the current
22 biennium and the succeeding biennium;

23 (2) on or before June 15 of each
24 odd-numbered year, the division shall send to each
25 participating agency supplemental budget forms to be

1 submitted by participating agencies that plan to request a
2 deficiency appropriation or supplemental appropriation for
3 the remainder of the biennium. The division shall prescribe
4 the information required for each deficiency appropriation or
5 supplemental appropriation request;

6 (3) each participating agency shall fill out
7 the forms provided in Paragraphs (1) and (2) of this
8 subsection in the manner prescribed by the division.

9 Complete budget forms shall be returned to the division and
10 to the committee no later than September 1 of each year.

11 Participating agencies shall not fill out or complete any
12 budget forms in odd-numbered years when the agencies do not
13 plan to request a deficiency appropriation or a supplemental
14 appropriation for the remainder of the biennium;

15 (4) the governor shall include biennial
16 budget recommendations for participating agencies in the
17 governor's budget submission to the committee and to each
18 member of the legislature pursuant to Section 6-3-21 NMSA
19 1978 in odd-numbered years and shall include supplemental and
20 deficiency recommendations for participating agencies in the
21 governor's budget submission to the committee and to each
22 member of the legislature pursuant to Section 6-3-21 NMSA
23 1978 in even-numbered years;

24 (5) each participating agency shall, on or
25 before May 1 of each odd-numbered year, submit to the

1 division a budget for each of the ensuing two fiscal years in
2 the form prescribed by the division and containing
3 information as may be prescribed by law or by rule of the
4 division. No expenditures shall be made by any participating
5 agency for the biennium covered by the budget until the
6 budget has been approved by the division;

7 (6) the division, subject to the approval of
8 the secretary of finance and administration, may provide
9 rules for the periodic allotment of funds that may be
10 expended by a participating agency. The expenditures of a
11 participating agency for the first eighteen-month period of
12 each biennium shall be limited to three-fourths of the
13 appropriation or approved budget, whichever is less, for that
14 biennium; provided that this restriction does not apply to
15 those agencies whose operations are more efficiently measured
16 by periods other than a fiscal year and further provided that
17 the department may also allow expenditure of more than
18 three-fourths of the appropriation or approved budget for
19 those agencies planning major expenditures for capital
20 outlay; and

21 (7) unexpended or unencumbered balances in
22 reverting funds remaining at the end of a fiscal year ending
23 in an even-numbered year shall not revert, and all
24 unreserved, undesignated fund balances in reverting funds and
25 accounts as reflected in the central financial reporting and

1 accounting system as of June 30 of the second year of the
2 biennium shall revert by September 30. The department may
3 adjust the reversion within forty-five days of release of the
4 audit report for that biennium. The director of the
5 financial control division of the department may modify a
6 reversion if the reversion would violate federal law or rules
7 pertaining to the supplanting of state funds with federal
8 funds or other applicable federal provisions.

9 E. The evaluation team may exempt agencies from
10 participation in the pilot project. After two years of the
11 biennial budget pilot project, the evaluation team shall
12 recommend to the New Mexico legislative council, the
13 committee and the governor whether the biennial budget
14 process should be expanded to include additional state
15 agencies.

16 F. The department and the committee shall appoint
17 the "joint biennial budget pilot project staff evaluation
18 team", consisting of two staff members of the division and
19 two staff members of the committee. Members of the
20 evaluation team shall perform duties enumerated in this
21 subsection in addition to their usual responsibilities with
22 no additional compensation. The evaluation team shall:

23 (1) determine base-line data for each
24 participating agency's performance measures; the number of
25 budget analysts employed by the agency, job titles of other

1 agency personnel who devote time to preparing annual budget
2 proposals and the number of hours spent by each in budget
3 preparation; the estimated cost of printing, postage,
4 supplies and other operating expenses used in preparing
5 annual budget proposals; the overtime or compensatory time
6 paid to employees to prepare annual budget proposals; the
7 number of budget hearings attended by agency personnel; the
8 number, types and amounts of budget adjustment requests by
9 each budget program; and the number of supplemental and
10 deficiency requests by each budget program;

11 (2) develop comparisons of base-line data
12 and comparable agency data during the biennial budget pilot
13 project;

14 (3) if funding becomes available, contract
15 with the national conference of state legislatures, the
16 national association of state budget officers or any other
17 external consultant or organization for an external
18 evaluation of the biennial budget pilot project;

19 (4) regularly report and consult with a
20 subcommittee of the committee appointed for the purpose of
21 advising the evaluation team and overseeing the biennial
22 budget pilot project; and

23 (5) provide an annual report on the biennial
24 budget pilot project to the New Mexico legislative council,
25 the committee and the governor by August 1 of each year.

1 G. Annual reports shall include, at a minimum,
2 comparison of participating agencies' performance measures and
3 budget preparation staffing and costs before and during the
4 pilot project and changes in budget staffing; and
5 deliberations in the department and committee. The evaluation
6 team shall provide a final report in August 2010 with
7 recommendations regarding continuation or expansion of
8 biennial budgeting as well as modifications in the biennial
9 budgeting process.

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