

HOUSE BILL 129

53RD LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2018

INTRODUCED BY

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Pursuant to House Rule 24-1, this document incorporates amendments that have been adopted prior to consideration of this measure by the House. It is a tool to show the amendments in context and is not to be used for the purpose of amendments.

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. [NEW MATERIAL] 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;

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

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

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

C. The department shall administer the pilot project in consultation with the committee through a "biennial

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budget pilot project joint staff evaluation team", members of which the department and committee shall appoint from among their staff. Members of the evaluation team shall fulfill the requirements of this section in conjunction with the requirements of their ordinary employment and for no additional compensation.

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

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

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

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

(b) have prescribed the information required for submission with each supplemental or deficiency

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appropriation request;

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

(4) on or before September 1 of each odd-numbered year, a participating agency that plans to request a supplemental or deficiency appropriation for the remainder of the fiscal biennium shall complete and submit to the division and the committee the forms identified in Paragraph (2) of this subsection as prescribed by the division;

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

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

(7) on or before May 1 of each odd-numbered year, each participating agency shall submit to the division a budget for each of the ensuing two fiscal years as prescribed

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by law or rule of the division. A participating agency shall not make an expenditure under that budget without the approval of the division;

(8) the division, subject to the approval of the secretary of finance and administration, may promulgate rules particular to participating agencies for the periodic allotment of funds. In the first eighteen months of a fiscal biennium, a participating agency shall spend no more than three-fourths of the agency's biennial appropriation or approved biennial budget, whichever is less, unless the agency's operations are more efficiently measured by a period other than a fiscal year or the agency's capital outlay expenditures require that it exceed that spending level, in which case the department may allow the surplus expenditure;

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

(10) all unreserved, undesignated fund balances in the reverting funds and accounts controlled by a participating agency, as reflected in the central financial reporting and accounting system as of June 30 of the second year of the fiscal biennium, shall revert by September 30 of that year. The department may adjust the reversion within forty-five days after the release of the audit report for that

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fiscal biennium. The director of the financial control division of the department may modify a reversion if the reversion would violate federal law or rules pertaining to the supplanting of state funds with federal funds or other applicable federal provisions.

E. The evaluation team shall:

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

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

(a) performance measures;

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

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

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

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

(f) the number, type and amount of each

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budget adjustment request by budget program; and

(g) the number HSIVC→and amount←HSIVC
of supplemental and deficiency appropriation requests by budget
program;

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

(4) if funding for the contract is available,
contract with the national conference of state legislatures,
the national association of state budget officers or another
external consultant or organization for an external evaluation
of the pilot project;

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

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

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

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- (a) a recommendation on whether to continue biennial budgeting;
- (b) if continuation is recommended, whether to expand or modify the biennial budgeting process employed in the pilot project;
- (c) if expansion is recommended, the extent of that expansion; and
- (d) if modification is recommended, the areas for modification.