

1 HOUSE BILL 129

2 **53RD LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2018**

3 INTRODUCED BY

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10 AN ACT

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

13  
14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

15 SECTION 1. [NEW MATERIAL] BIENNIAL BUDGET PILOT  
16 PROJECT.--

17 A. As used in this section:

18 (1) "committee" means the legislative finance  
19 committee;

20 (2) "department" means the department of  
21 finance and administration;

22 (3) "division" means the state budget division  
23 of the department;

24 (4) "evaluation team" means the biennial  
25 budget pilot project joint staff evaluation team;

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- 1 (5) "participating agency" means:  
2 (a) the department of finance and  
3 administration;  
4 (b) the legislative finance committee;  
5 (c) the regulation and licensing  
6 department; and  
7 (d) the twenty-eight or fewer executive  
8 agencies, each whose total annual budget is less than five  
9 million dollars (\$5,000,000), initially selected by the  
10 evaluation team to participate in the pilot project; and  
11 (6) "pilot project" means the biennial budget  
12 pilot project.

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

20 C. The department shall administer the pilot  
21 project in consultation with the committee through a "biennial  
22 budget pilot project joint staff evaluation team", members of  
23 which the department and committee shall appoint from among  
24 their staff. Members of the evaluation team shall fulfill the  
25 requirements of this section in conjunction with the

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1 requirements of their ordinary employment and for no additional  
2 compensation.

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

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

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

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

20 (b) have prescribed the information  
21 required for submission with each supplemental or deficiency  
22 appropriation request;

23 (3) on or before September 1 of each even-  
24 numbered year, a participating agency shall complete and submit  
25 to the division and the committee the forms identified in

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1 Paragraph (1) of this subsection as prescribed by the division;

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

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

13 (6) on or before January 10 of each even-  
14 numbered year, the governor shall include recommendations for  
15 supplemental or deficiency appropriations for participating  
16 agencies in the governor's budget submission to the committee  
17 and to each member of the legislature as required by Section  
18 6-3-21 NMSA 1978;

19 (7) on or before May 1 of each odd-numbered  
20 year, each participating agency shall submit to the division a  
21 budget for each of the ensuing two fiscal years as prescribed  
22 by law or rule of the division. A participating agency shall  
23 not make an expenditure under that budget without the approval  
24 of the division;

25 (8) the division, subject to the approval of

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

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

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

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1 applicable federal provisions.

2 E. The evaluation team shall:

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

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

8 (a) performance measures;

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

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

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

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

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

23 (g) the number of supplemental and  
24 deficiency appropriation requests by budget program;

25 (3) identify changes in that baseline data due

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1 to the implementation of biennial budgeting;

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

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

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

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

21 (a) a recommendation on whether to  
22 continue biennial budgeting;

23 (b) if continuation is recommended,  
24 whether to expand or modify the biennial budgeting process  
25 employed in the pilot project;

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1 (c) if expansion is recommended, the  
2 extent of that expansion; and

3 (d) if modification is recommended, the  
4 areas for modification.

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