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FISCAL IMPACT REPORT

SPONSOR Ortiz y Pino/Hickey **ORIGINAL DATE** 2/2/22
LAST UPDATED _____ **HB** _____
SHORT TITLE 1-Time UNM Medical Resident Salary Increase **SB** 185
ANALYST Fischer

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY22	FY23		
	\$2,000.0	Recurring	General Fund (Appropriation Contingency Fund)

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriations in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

Higher Education Department (HED)

University of New Mexico (UNM)

SUMMARY

Synopsis of Bill

Senate Bill 185 (SB185) appropriates \$2 million from the general fund to the University of New Mexico to provide a one-time salary increase to current graduate medical residents. 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 \$2 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. Although Senate Bill 185 does not specify future appropriations, establishing a new grant program could create an expectation that the program will continue in future fiscal years, therefore this cost is scored as recurring.

The appropriations in Senate Bill 185 are from the appropriation contingency fund. Those funds are part of the state's allocation from the American Rescue Plan Act state fiscal recovery fund. House Bill 2 state budget as passed out of the House of Representatives already appropriates all of the \$1.07 billion state fiscal recovery funds. As such, those appropriations would need to be reduced by \$2.2 million if Senate Bill 185 passes.

SIGNIFICANT ISSUES

In FY23, the University of New Mexico Health Sciences Center (UNM HSC) will have approximately 720 residents and fellows. In FY21, these residents were paid a salary between \$55 thousand and \$69 thousand depending on their year and specialty. Residents are paid based on post-graduate year (PGY), such that a PGY4 critical care fellow is paid less than a PGY5 general surgery resident.

UNM HSC has recurring line item research and public service project appropriations entitled "Graduate medical education/residencies" and "Medical residents" to support these residents. For FY23, House Bill 2 as passed out of the House of Representatives, holds these appropriations flat at the FY22 funding level of \$1,997,200 state funds and \$47.5 million federal and other state funds. The Higher Education Department, the Executive, and the Legislative FY23 funding recommendations all agreed on this continued flat level of funding. The University of New Mexico Health Sciences Center did submit an expansion request for possible incorporation into the Higher Education Department or LFC budget recommendations, but only for \$294,500 state funds.

The Higher Education Department reports that residency program salaries, as reported in the FY21 UNM HSC Report of Actuals, total \$1.5 million. Should the 7 percent compensation increase be funded under Section 8 of House Bill 2, this existing line item would receive an additional allocation of approximately \$137,300.

TECHNICAL ISSUES

The University of New Mexico reported that SB185 specifies "residents." However, the University considered residents and their post-residency fellows as indistinguishable for employment purposes. The language of SB185 may need to be amended to include fellows.

Not all graduate medical residents in New Mexico are employed by UNM HSC. The Human Services Department's Graduate Medical Education Expansion Review Board reports 71 resident positions outside the UNM systems as of January 8, 2021. It is unclear if SB 185 intends to provide a salary increase for these non-UNM HSC residents as well.

MF/rl