

1 HOUSE BILL 165

2 **55TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2021**

3 INTRODUCED BY

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7
8 FOR THE LEGISLATIVE FINANCE COMMITTEE

9
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 the:
2 (a) department of finance and
3 administration;
4 (b) legislative finance committee;
5 (c) regulation and licensing department;
6 and
7 (d) small executive agencies whose total
8 annual budgets are less than five million dollars (\$5,000,000),
9 initially selected by the evaluation team to participate in the
10 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 2024-2025 budget and ending at the end of
16 fiscal biennium 2026-2027, to determine whether biennial
17 budgeting will enhance the state's budget process. For the
18 purposes of the pilot project, the fiscal biennium beginning on
19 July 1, 2023 is fiscal biennium 2024-2025.

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 through
5 6-3-20, 6-3A-5 through 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 beginning in 2022, the division shall send to each
10 participating agency biennial budget forms soliciting the
11 information outlined in Sections 6-3-18 and 6-3A-7 NMSA 1978
12 for the fiscal biennium last completed, the current fiscal
13 biennium and the succeeding fiscal biennium;

14 (2) on or before June 15 of each odd-numbered
15 year beginning in 2023, 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 5 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 odd-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 December 1, 2021, 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 and amount of
24 supplemental and deficiency appropriation requests by budget
25 program;

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

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

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

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

19 (7) develop and, in August 2026, submit to the
20 committee, the New Mexico legislative council and the governor
21 a final report on the pilot project with:

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

24 (b) if continuation is recommended, a
25 further recommendation on whether to expand or modify the

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1 biennial budgeting process employed in the pilot project;
2 (c) if expansion is recommended, the
3 extent of that expansion; and
4 (d) if modification is recommended, the
5 areas for modification.