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## FISCAL IMPACT REPORT

ORIGINAL DATE 02/12/13  
 SPONSOR Lundstrom LAST UPDATED 02/22/13 HB 71/aHEC  
 SHORT TITLE UNM-Gallup as Community College SB \_\_\_\_\_  
 ANALYST Hartzler-Toon

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY13	FY14		
	None	N/A	N/A

(Parenthesis ( ) Indicate Expenditure Decreases)

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY13	FY14	FY15	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		\$75.0	\$75.0	\$150.0	Nonrecurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates an Appropriation in the General Appropriation Act, Higher Education, Higher Education Department

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Higher Education Department (HED)

University of New Mexico (UNM)

### SUMMARY

#### Synopsis of HEC Amendment

The House Education Committee amended House Bill 17 (HB 71), by adding two additional items to be addressed in the Higher Education Department's (HED) feasibility study under Section C. The amendment requires the HED to consider the willingness of the University of New Mexico (UNM) to issue workforce training certificates in a timely manner and to evaluate the efficacy of existing degree and certificate programs offered at the University of New Mexico – Gallup Branch (UNM Gallup) and make changes to the branch's offerings.

Synopsis of Original Bill

House Bill 71 provides

- (1) For the HED to conduct a feasibility study on whether the UNM Gallup could operate successfully as an independent community college or as branch of other four-year, public institution. The bill lists a number of provisions that the feasibility study should address.
- (2) That, if the UNM Gallup decides to terminate the agreement with the UNM main campus, pursuant to Section 21-13-24.1 NMSA 1978,
  - a. any outstanding indebtedness shall be assumed by the community college board and property owners of the new community college district; and
  - b. any property acquired from bond proceeds taken in the name of the UNM shall be transferred to the new community college's governing body pursuant to Section 21-14-14- NMSA 1978 and any other property held by the UNM Gallup shall be transferred to the new college's governing body.

**FISCAL IMPLICATIONS**

While this bill does not contain an appropriation, if enacted, the HED would incur additional operating costs to complete the required feasibility study and costs associated with monitoring the UNM Gallup's transition to another status.

Further, the UNM's main campus and the NM Gallup would incur costs to participate in the feasibility study and, should the UNM Gallup decide to terminate its agreement with the UNM main, incur costs to transfer indebtedness and property to the new institution.

For FY14, HB 2 includes a special general fund appropriation of \$75 thousand to the HED to conduct a feasibility study of the UNM Gallup becoming an independent institution.

**SIGNIFICANT ISSUES**

Neither the HED nor the UNM responses described the need for a review of the UNM Gallup's status. However, HB 71, Section C requires the feasibility study include a review of articulation agreements, alternative educational or administrative partnership models, and an evaluation of UNM Gallup's academic program and management practices. The bill goes further (Section C(5) in requiring recommendations for improving the branch's academic program and management practices based on the study's findings. Based on the feasibility study findings, there provides opportunities to improve the branch campus without triggering a termination of the current agreement with the UNM and affiliating with another institution or becoming an independent community college.

**ADMINISTRATIVE IMPLICATIONS**

Both the HED and the UNM described unknown, incalculable costs associated with conducting a feasibility study and implementation of actions pursued as a result of the study.

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

The UNM expressed concern that HB 71 Section A and B inserts the HED in a process already

defined by law, Sections 21-13-24.1, 21-14-2, and 21-14-14 NMSA 1978, that rests with the local community and four-year parent institution. The HED noted that HB 71 restates a process for termination and transition of a branch campus to become an independent community college.

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

The UNM Gallup will continue to function as a branch campus of the UNM.

THT/blm:svb