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FISCAL IMPACT REPORT

ORIGINAL DATE 02/01/13
SPONSOR Martinez, R. **LAST UPDATED** 02/28/13 **HB** _____

SHORT TITLE Northern NM State School Faculty Salaries **SB** 34

ANALYST Hartzler-Toon

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY13	FY14		
	\$600.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY13	FY14	FY15	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total			\$600.0	\$600.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates Appropriation in the General Appropriation Act, Northern New Mexico College

Duplicate to HB 129, Northern NM Faculty Salaries

SOURCES OF INFORMATION

LFC Files

Responses Received From

Higher Education Department (HED)

Northern New Mexico College (NNMC)

SUMMARY

Synopsis of Bill

Senate Bill 34 appropriates \$600.0 thousand from the general fund to Northern New Mexico College (NNMC) for the purpose of increasing faculty salaries, bringing salaries more in line with those at peer colleges and comprehensive universities in New Mexico.

FISCAL IMPLICATIONS

House Bill 2, Section 4 includes a general fund appropriation of \$55 thousand for faculty salaries, in addition to Section 8's general fund appropriation of \$72.4 thousand for faculty and staff salaries. The appropriation of \$600 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY14 shall revert to the general fund.

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The NNMC's Faculty Equity Initiative (2013) states that it costs \$570.0 thousand to bring the average faculty salaries and benefits to \$54.1 thousand per person, an increase of 15.5 percent over current levels. The institution proposed implementing a plan to implement these increases over three years (FY14-FY16) from a combination of state general fund appropriations and increased tuition and fees. For FY14, the plan listed \$350.0 in general fund appropriations and \$100.0 in tuition fees for an immediate increase.

Importantly, the plan lists only \$150.0 thousand in tuition and fees towards the continued increase and does not include general fund appropriations for FY15 or FY16. It is uncertain how an annual salary increase can be sustained without increases to the general fund, whether through the state's higher education funding formula or a separate line-item for faculty salaries.

SIGNIFICANT ISSUES

In 2007, the NNMC was authorized and became accredited to award baccalaureate degrees in addition to associate degrees. To offer upper-division courses and programs, the institution has found it necessary to increase the quality of instructional faculty. This effort requires additional resources.

In this transition to expand the college's offerings, the college recently raised its tuition and fee levels to a level more comparable to peer colleges and the state's public comprehensive universities. These additional resources support expanded programming, student and auxiliary services, and modest increases for faculty and staff. In prior years, the Legislature has supported general fund appropriations for faculty salary increases, however the Executive vetoed these items.

In general, New Mexico's public postsecondary institutions report lower faculty and staff salaries than their peer institutions and regional institutions. The LFC's 2013 Policy and Performance Analysis describes the average compensation rates for public institutions and notes that many implemented modest compensation increases for FY13.

ADMINISTRATIVE IMPLICATIONS

The Higher Education Department (HED) notes that funding sought in SB 34 had not been considered by the Department as part of its annual review of earmark requests.

DUPLICATION

SB 34 duplicates HB 129, Northern NM Faculty Salaries, and HB 2, Sections 4 and 8, compensation increase for higher education faculty and staff.

THT/svb:blm