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## FISCAL IMPACT REPORT

SPONSOR McCamley ORIGINAL DATE 2/21/17  
 LAST UPDATED \_\_\_\_\_ HJM 12/aHEC

SHORT TITLE Study Different Higher Education Governance SB \_\_\_\_\_

ANALYST Dulany

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

|              | FY17 | FY18 | FY19 | 3 Year<br>Total Cost | Recurring or<br>Nonrecurring | Fund<br>Affected |
|--------------|------|------|------|----------------------|------------------------------|------------------|
| <b>Total</b> |      | NFI  |      |                      |                              |                  |

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to SJM 8

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Higher Education Department (HED)  
 Central New Mexico Community College (CNM)

#### Responses Not Received From

Council of University Presidents  
 New Mexico Association of Community Colleges  
 New Mexico Independent Community Colleges

### SUMMARY

#### Synopsis of House Education Committee Amendments

The House Education Committee Amendments add a whereas clause acknowledging that HED has convened a Higher Education Strategic Planning Committee and clarifies that HED is to carry out the requests made in the joint memorial through the strategic planning committee.

#### Synopsis of Bill

House Joint Memorial 12 requests HED study the costs and benefits of the current New Mexico higher education governance systems in comparison with other systems, including unitary and other systems. The joint memorial also asks institutional boards of regents, governing boards, and administrations to assist HED in this study.

## **FISCAL IMPLICATIONS**

HED does not indicate any additional operating budget impact. CNM indicates the work requested in HJM 12 will require use of human and fiscal resources, which may be challenging in the current fiscal environment. Nonetheless, CNM “fully supports the premise of this study and welcomes the opportunity to participate in an open-minded discussion of the future of higher education governance in New Mexico.”

## **SIGNIFICANT ISSUES**

The request that HED study the costs and benefits of current state higher education governance systems is consistent with the department’s statutory duties. The Post-Secondary Educational Planning Act, for example, requires the department to carry out a continuing program of statewide planning for postsecondary education, including “the making of recommendations to appropriate state executive agencies and to the legislature regarding the legislation and the administrative actions necessary to implement a coordinated statewide system of post-secondary education”

HED notes New Mexico is the 36<sup>th</sup> largest state in the country by population with just over 2 million people and fewer than 350 thousand people between the ages of 18 to 30. To serve this population, New Mexico has three research universities, four comprehensive institutions, 10 branch community colleges, and seven independent community colleges. With the exception of the branch community colleges, each institution has its own governing board. Branch community colleges do have a board that serves in an advisory capacity to the board of regents of the parent institution, however.

HED points out other states, such as Florida, have fewer governing boards and larger populations. Specifically, Florida has a population of nearly 20 million but has a single statewide board of governors for four-year institutions. Community colleges in Florida have local boards of trustees; however, colleges are coordinated under the jurisdiction of Florida’s State Board of Education with a chancellor of the Florida College System as its chief executive officer.

In an August 2010 LFC program evaluation, staff found that “[r]elative to other states, New Mexico maintains a decentralized governance structure over its institutions of higher education.” The evaluation further notes:

“While there is no clear trend in how states choose to design their systems of governance, decentralization like other models has benefits and drawbacks. For example, independence of universities makes collaboration more important in order to avoid costly duplication and inefficient use of public funds. Conversely, however, institutional independence also creates challenges to ensure institutions respond to state needs and coordinate to avoid inefficient use of resources.”

Some states in recent years have begun to decentralize their governance systems. The 2016 Focus On College and University Success (FOCUS) Act passed in Tennessee removed six regional institutions from the purview of the Tennessee Board of Regents and created individual governing boards for those institutions.

HED reports it recently held its first meeting of the strategic planning committee, which is

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charged with identifying the most pressing issues in higher education and developing a plan for how to address those issues. HED notes New Mexico's higher education governance structure is expected to be one of those topics addressed by the committee.

TD/al/jle