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## FISCAL IMPACT REPORT

<b>SPONSOR</b> <u>Senate Education Committee</u>	<b>LAST UPDATED</b> <u>3/7/2025</u>	<b>ORIGINAL DATE</b> <u>3/3/2025</u>
<b>SHORT TITLE</b> <u>Hub For All College Online Enrollment</u>	<b>BILL NUMBER</b> <u>CS/Senate Bill 492/SECS</u>	<b>ANALYST</b> <u>Jorgensen</u>

### APPROPRIATION\* (dollars in thousands)

FY25	FY26	Recurring or Nonrecurring	Fund Affected
	\$40,000.0	Nonrecurring	Gov't. Results and Opp. Program Fund

Parentheses ( ) indicate expenditure decreases.  
 \*Amounts reflect most recent analysis of this legislation.

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

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
HEI Operating Budgets	No fiscal impact	Unknown, Possibly Significant	Unknown, Possibly Significant	Unknown, Possibly Significant	Recurring	General Fund
Opportunity and Lottery Scholarships	No fiscal impact	Unknown, Possibly Significant	Unknown, Possibly Significant	Unknown, Possibly Significant	Recurring	General Fund

Parentheses ( ) indicate expenditure decreases.  
 \*Amounts reflect most recent analysis of this legislation.

### Sources of Information

LFC Files

Agency Analysis Received From  
 Council of University Presidents (CUP)  
 Higher Education Department (HED)  
 New Mexico State University (NMSU)

## SUMMARY

### Synopsis of SEC Substitute for Senate Bill 492

The Senate Education Committee Substitute for Senate Bill 492 (SB492) appropriates \$40 million from the government results and opportunity (GRO) program fund to New Mexico State University (NMSU) to develop an online enrollment hub in conjunction with other four-year public post-secondary educational institutions from FY26 to FY28.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns if enacted, or June 20, 2025.

## **FISCAL IMPLICATIONS**

The appropriation of \$40 million contained in this bill is a nonrecurring expense to the government results and opportunity (GRO) program fund. Although this bill does not specify future appropriations, multiyear appropriations create an expectation the program will continue in future fiscal years; therefore, this cost could become recurring after the funding period. The balance of the GRO program fund will be expended for previously-appropriated items. Should SB492 be enacted, the GRO fund would be over-expended and existing program would likely have to be reduced unless an additional appropriation were made.

The Higher Education Department (HED) noted in a previous analysis that “the implications of the centralized hub at NMSU on all other public postsecondary education institutions in New Mexico are unclear at this time.” Additional costs may arise if tuition rates are increased for online programs. Because the state currently pays over half of total tuition costs through the lottery and opportunity scholarships, increases in tuition rates would become a state expense. Further, the opportunity and lottery scholarships are currently funded with a mix of general fund revenue and a distribution from the higher education trust fund, which provides approximately \$60 million per year to cover the gap between general fund appropriations and actual tuition costs. Should tuition rates increase, it is likely that the trust fund distribution would be insufficient to cover the additional costs and would result in the state having to increase appropriations or reduce the tuition benefit to students.

The potential fiscal impact of SB492 may be significant, but without further detail, it is not possible to provide an estimated impact as reflected in the estimated additional budget impact table.

## **SIGNIFICANT ISSUES**

SB492 does not provide for the distribution of the funds appropriated so that the share of the \$40 million received by each HEI is unknown. The program envisions a distribution for marketing and recruitment services based on return on investment and marketing costs of each individual institution. The central hub would need staff to support the admissions and student success initiatives. The central hub envisions providing admissions support as requested by a participating HEI. Faculty training, course quality review, and instructional design could be supported by the hub as needed and it is likely these needs will vary by institution.

NMSU, which will house the central hub, notes that if all 4-year HEIs participate, the \$40 million appropriation would not be sufficient to create a self-sustaining model by FY27 and additional appropriations would be needed. Additionally, NMSU states that each participating HEI would “follow their own internal processes for hiring faculty, course loads, and scheduling of online programmatic offerings” and that “the learning management system will reside within each participating institution.”

## **ADMINISTRATIVE IMPLICATIONS**

NMSU states the institution “will act as the fiscal agent to the NM Online Hub. There will be specific personnel hired to assist with the efforts of each participating institution. The allocation will be used to scale participating institutions and does not include NMSU Global as a recipient.”

## **OTHER SUBSTANTIVE ISSUES**

NMSU reports the primary focus of the hub will be on recruiting out-of-state students.

CJ/hj/SL2/rl/sgs