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FISCAL IMPACT REPORT



SPONSOR: Gonzales DATE TYPED: 02/06/02 HB 171

SHORT TITLE: UNM Taos Branch Community College SB _____

ANALYST: Fernandez

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY02	FY03	FY02	FY03		
	\$300.0		\$452.9	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates SB 306
Relates to SB 171

SOURCES OF INFORMATION

LFC Files
Commission on Higher Education (CHE)

SUMMARY

Synopsis of Bill

House Bill 171 appropriates \$300.0 from the general fund to the University of New Mexico (UNM) for the purpose of funding the start-up costs of the Taos Branch Community College.

Significant Issues

Pursuant to 21-1-26.9 NMSA 1978, "no new public post-secondary educational institution, branch campus or off-campus instructional center shall be created except as specifically created by the legislature." The CHE is required to review proposals for new branch campuses and submit its recommendation to the legislature.

The CHE completed a full review of the proposal to convert the UNM Taos off-campus instructional center to a branch community college and found sufficient evidence of need, community support, and likelihood of success. The petition for conversion was approved by the commission on January 18, 2002.

According to CHE, the petition to become a branch community college is based on the premise that the needs of the present students, community and state would be better served by a fully-supported branch campus and is consistent with New Mexico higher educational policy.

As an off-campus instructional center, UNM-Taos is not eligible for full higher education formula funding. Currently, off-campus instructional centers are only eligible for the "Instruction or I" portion of the higher education funding formula.

The CHE review indicates that by becoming a branch community college, UNM-Taos does not envision increasing the number of programs offered but rather anticipates offering the appropriate level of services to complement current programs and more adequately address existing student needs.

FISCAL IMPLICATIONS

The appropriation of \$300.0 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2003 shall revert to the general fund.

The conversion of UNM-Taos off-campus instructional center to a branch community college will allow the institution to receive full "I&G" formula funding. Currently, as an off-campus instructional center, UNM-Taos is only eligible to receive the "I" portion of the higher education funding formula. If conversion to a branch community college is approved, the "General or G" portion of the formula is added and includes the following components: academic support; student services, institutional support, 3 percent scholarship funds and Building and Renewal Replacement (BRR) funding. The estimated general fund impact of adding the "G" portion of the formula is \$752.9 per year based upon 2003 funding levels. The additional cost of BRR funding cannot be determined.

The UNM Board of Regents and the commission approved a "phased-in" approach for receiving the additional funding. The plan calls for 40 percent, or \$300.0 in FY03, increasing 15 percent per year, with full formula funding in FY07.

CONFLICT/DUPLICATION/COMPANIONSHIP/RELATIONSHIP

Duplicates SB 306.
Relates to SB 175.

OTHER SUBSTANTIVE ISSUES

Voters in the community recently approved a 1/2 cent gross receipts tax initiative to fund capital outlay investments on the campus and continue to show support for the current two mill levy in place.

CTF/ar
Attachment