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FISCAL IMPACT REPORT

SPONSOR Williams DATE TYPED 03/18/05 HB 405

SHORT TITLE ENMU Ruidoso Branch Community College SB _____

ANALYST Williams

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
			\$281.8	Recurring in FY07; escalates as phase-in occurs; see text for details on timing issues	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates Senate Bill 610
 Relates to Appropriation in the General Appropriation Act for Eastern New Mexico University, Ruidoso Instructional Center

SOURCES OF INFORMATION

LFC Files
 Commission on Higher Education (CHE)
 New Mexico Association of Community Colleges (NMACC)

SUMMARY

Synopsis of Bill

The bill authorizes the creation of a branch campus of Eastern New Mexico University at Ruidoso, which then triggers termination of the status of the Ruidoso off-campus instruction program of Eastern New Mexico University.

Significant Issues

Pursuant to 21-2-26.9 NMSA 1978, "effective January 1, 1998, 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 Ruidoso campus is currently organized as an instructional center under 21-14a-1 through 21-14A-10 NMSA 1978 for off-campus instruction.

FISCAL IMPLICATIONS

The bill does not contain an appropriation. The bill authorizes branch campus status which enhances formula funding of the effort in Ruidoso. The additional funding would support the physical plant, student services and to some extent academic support, such as the library.

CHE requested the funding expansion be phased-in in a manner similar to that used for the conversion of the Taos branch of the University of New Mexico. The phase-in consists of 40 percent of total estimated cost in the first year, followed by 15 percent annual increments until the full 100 percent funding expansion is reached.

Full cost of the expansion is approximately \$704 thousand; the partial phase-in of this cost would be \$281.8 in FY06 utilizing the methodology described above.

The associated estimated fiscal impact could be included in legislation as an appropriation for an FY06 impact. Otherwise, the impact would likely occur in FY07, when CHE updates the higher education funding formula. This legislation is not a guarantee of funding; future total workload costs of the higher education funding formula and other needs of higher education such as compensation and inflationary increases will be balanced against availability of recurring general fund monies. Both LFC and CHE staff agree with this interpretation.

The campus already receives a two-mill property tax levy which is more than the one mill required of a branch campus. Selected, other two year campuses in the state receive mill levy revenue greater than that required in statute, but the higher education funding formula only takes credit for the statutory requirement.

ADMINISTRATIVE IMPLICATIONS

CHE notes enactment of this legislation would also result in establishment of a local advisory board for the branch campus and an operating agreement negotiated between the Ruidoso branch and Eastern New Mexico University, Main.

TECHNICAL ISSUES

Does the bill need an effective date to align branch campus status with the beginning of the fiscal year?

OTHER SUBSTANTIVE ISSUES

CHE regulations (5 NMAC 2.2) require a process for the review and approval of a petition to establish a branch community college. CHE criteria included in the review process are:

- A local mill levy of at least two mills;
- Population base to provide at least five hundred full-time students;
- At least fifty percent of the costs of initial construction from private or local sources;
- Governance structure;
- Means for acquisition of property, including purchase, lease, donations or any other means;
- Eligibility and level of funding request of the state; and

- Brokering of extended learning provisions.

The process culminated with the formal approval of the Ruidoso petition by the CHE on January 19, 2005.

ALTERNATIVES

NMACC notes since ENMU-Ruidoso already receives revenue from a two mill property tax levy, the center is eligible for status as an independent community college.

POSSIBLE QUESTIONS

1. What are the pros/cons of expanding funding to this instructional center?
2. How will new funding be allocated to support instruction, academic support, student services, or some other branch function?
3. Who does the campus serve?
4. To what extent are classes offered at the center generated focused on concurrent enrollment, for credit and non-credit? Is there greater emphasis on any of these components?
5. What performance outcomes for the branch campus would be reported to the legislature? How would additional funding impact institutional performance outcomes?
6. Are there are instructional centers or locations at which students are currently being served and which may petition for branch campus status in the future?

ANA/rs