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## FISCAL IMPACT REPORT

SPONSOR Cordova DATE TYPED 3/4/05 HB 833/aHEC

SHORT TITLE Adult Basic Education Compensation Increases SB \_\_\_\_\_

ANALYST Williams

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	\$188.9			Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to House Bill 764 and Senate Bill 804  
 Relates to Appropriations in the General Appropriation Act

### SOURCES OF INFORMATION

LFC Files  
 Commission on Higher Education (CHE)

### SUMMARY

#### Synopsis of HEC Amendment

The House Education Committee amendment clarifies that the two percent compensation increase requested in HB 833 will be directed to employees of adult basic education programs.

#### Synopsis of Original Bill

House Bill 833 appropriates \$188.9 thousand from the general fund to the commission on higher education for the adult basic education program.

The appropriation would have two components as follows:

- \$88.7 thousand for a compensation increase in FY06 equal to the compensation allocation in FY05; and
- \$100.2 thousand for an additional two percent compensation increase in FY06.

#### Significant Issues

According to the Commission on Higher Education, *Higher Education Funding Recommenda-*

tion dated November 19, 2004, the cost of a 1 percent salary increase for adult basic education staff is \$33,800. Thus, a 2 percent salary increase would cost \$67,600, not the \$100,200 specified in the bill.

Prior to the transfer of administration of the adult basic education program to the Commission on Higher Education, compensation increases were never part of "flow through" funding distributed to this program and were not included in state employee compensation calculations. Further, institutions are providing in-kind funding to support the program.

### **FISCAL IMPLICATIONS**

The appropriation of \$188.9 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY06 would revert to the general fund.

The Legislative Finance Committee budget recommendation does not include compensation increases for adult basic education staff. The Executive budget recommendation does not extend the FY05 compensation increase into the FY06 base, but does include an increase in FY06 of \$79.5 thousand assuming a 3.5 percent increase for faculty and 1.25 percent increase for staff. The CHE did not include either component of adult basic education compensation funding in its September 1, 2004 budget request.

### **POSSIBLE QUESTIONS**

1. To what extent are these employees institutional staff as opposed to contractors or adjuncts?
2. To what extent did the classification of these employees change as a result of program administration moving from Public Education Department to Commission on Higher Education?
3. Are there other programs with similar concerns?

**AW/yr:njw**