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FISCAL IMPACT REPORT

SPONSOR Nunez **DATE TYPED** 03/09/05 **HB** 541

SHORT TITLE Amend Post-Secondary Educational Act **SB** _____

ANALYST Woods

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
			Minimal	Recurring	OSF (CHE Budget)

(Parenthesis () Indicate Expenditure Decreases)

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY05	FY06			
	Minimal	See Narrative	Recurring	OSF (CHE Budget)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Commission on Higher Education (CHE)

SUMMARY

Synopsis of Bill

House Bill 541 – Relating to Higher Education; Amending the Post-Secondary Educational Institution Act; Providing for Licensure and Regulation of Non-Regionally Accredited Colleges and Universities; Exempting Organizations that Offer Brief Courses of Instruction in Specific Skills Training; Providing for Administrative Fees; Prescribing Penalties – amends the Post-Secondary Educational Institution Act which covers private proprietary post-secondary institutions.

In general, the proposed statutory changes are directed to:

- clarifying definitions in the statute;
- adding an exemption for brief courses of instruction;
- requiring degree-granting institutions to obtain accreditation from an agency recognized by the U.S. Department of Education; and
- adding proposed wording clarifying the various types of disciplinary action that may be taken and allowing CHE to charge an administrative fee based on actual cost of service.

In addition to minor clarification items, the proposed legislation specifically seeks to amend Section 1. Section 21-23-3 NMSA 1978 (being Laws 1971, Chapter 303, Section 3) as follows:

21-23-3. DEFINITIONS

D: Clarifies that license means a written acknowledgment by the commission that a career school or non-regionally accredited college or university has met the requirements of the commission for offering a formal educational curriculum within New Mexico.

E: Clarifies that post-secondary educational institution includes an academic, vocational, technical, business, professional or other school, college or university or other organization or person offering or purporting to offer courses, instruction, training or education from a physical site in New Mexico, through distance education, correspondence or in person to any person within this state.

F: Clarifies that registration means a written acknowledgment by the commission that a regionally accredited college or university has filed pertinent curriculum and enrollment information as required by the commission.

With respect to Section 2. Section 21-23-4 NMSA 1978 (being Laws 1971, Chapter 303, Section 4) the proposed legislation specifically seeks to amend:

21-23-4. EXCEPTIONS.

Adds the language: An organization that provides only brief courses of instruction designed to teach specific skills that may be applicable in a work setting but are not sufficient in themselves to be a program of training in employment.

With respect to Section 3. Section 21-23-5 NMSA 1978 (being Laws 1994, Chapter 108, Section 6) the proposed legislation also specifically seeks to amend:

21-23-5. DUTIES OF THE COMMISSION.

C. Clarifies that the commission shall provide for the licensure of all career schools and all non-regionally accredited colleges and universities operating in the state pursuant to the Post-Secondary Educational Institution Act.

With respect to Section 7. Section 21-23-6.3 NMSA 1978 (being Laws 1994, Chapter 108, Section 10) the proposed legislation specifically seeks to amend:

21-23-6.3. FEE AUTHORIZATION.

Adds the language: The commission may charge a reasonable administrative fee not to exceed the actual cost of providing the administrative service.

With respect to Section 8. Section 21-23-10 NMSA 1978 (being Laws 1971, Chapter 303, Section 9) the proposed legislation specifically seeks to add language with respect to disciplinary action and to clarify the civil penalty language as follows:

21-23-10. DISCIPLINARY ACTIONS--CIVIL PENALTIES.

B: Clarifies that whoever violates any provision of this section may be assessed a civil penalty not to exceed five hundred dollars (\$500) per day per violation. Civil penalties shall be credited to the current school fund as provided in Article 12, Section 4 of the constitution of New Mexico.

C. Adds the language: After an investigation, the commission may take any one or a combination of the following disciplinary actions against a post-secondary education institution licensed in accordance with the Post-Secondary Educational Institution Act:

- (1) revoke a license;
- (2) assess a civil penalty as provided in Subsection B of this section; or
- (3) impose probation requirements.

Significant Issues

Additional information received from CHE subsequent to initial FIR submission indicates that only thirty-eight institutions fall under this category. Further, that only a handful of these entities are expected to be assessed the new fees authorized in this bill in a given year. The minimal amount of revenue expected to be generated by these fees would be retained by CHE and would be applied back to program costs.

CHE indicates that the purpose for many of the changes proposed in this legislation is to simplify and clarify the language regarding private post-secondary schools. Reliance on accreditation by a U.S. Department of Education-recognized accrediting body for those private schools offering degrees will help assure academic quality of their programs.

CHE notes that the role of the commission is to establish and monitor guidelines for the licensure of all private post-secondary institutions operating in New Mexico. Further, that the commission has endorsed these statute changes as have the members of the CHE Advisory Council for Proprietary Education.

FISCAL IMPLICATIONS

While there is no appropriation attached to this bill, CHE suggests that authorizing the commission to charge an administrative fee will bring the fee schedule into parity with surrounding states. Currently, CHE charges no administrative fees. The below table reflects the various fees from surrounding states:

	Arizona	Colorado	Texas
Change of Location	\$500	\$150	\$270
Change of Name	\$500	\$150	\$150
New School Packet	\$20	\$20	\$15

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