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FISCAL IMPACT REPORT

ORIGINAL DATE 2/4/2006

SPONSOR Griego LAST UPDATED _____ HB _____

SHORT TITLE NM State School Postgraduate Program SB 391

ANALYST Earp

APPROPRIATION (dollars in thousands)

| Appropriation | | Recurring or Non-Rec | Fund Affected |
|---------------|-----------|-------------------------|------------------|
| FY06 | FY07 | | |
| | \$1,500.0 | Recurring | General Fund |
| | | | |

(Parenthesis () Indicate Expenditure Decreases)

Duplicates HB 343
Relates to HB 843

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

| | FY06 | FY07 | FY08 | 3 Year Total Cost | Recurring or Non-Rec | Fund Affected |
|--------------|------|------|-------------|----------------------|-------------------------|------------------------------|
| Total | | | Substantial | Substantial | Recurring | General Fund, GOB & STB's |

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From
Higher Education Department (HED)

SUMMARY

Synopsis of Bill

Senate Bill 391 appropriates \$1,500,000 from the general fund to the Board of Regents of New Mexico State School (now Northern New Mexico College - NNMC) to fund graduate and post-graduate program start-up, including planning, hiring faculty and staff, identifying curricula, obtaining a student learning outcomes assessment and improving the library.

FISCAL IMPLICATIONS

The appropriation of \$1,500,000 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2007 shall revert to the general fund.

Authorization for NNMC to offer graduate and postgraduate programs would require substantial additional investments of state resources in future years for both operational support and capital facilities.

SIGNIFICANT ISSUES

This proposal was not included among the special program funding requests submitted by NNMC to the Higher Education Department (HED) for review. Consequently, this proposal has not been included in the HED fiscal year 2007 funding recommendations to the Legislature.

HED reports that NNMC has been granted accreditation status to offer associate's and bachelor's degrees by the Higher Learning Commission of the North Central Association of Colleges and Universities (NCA). The stipulations on the college's affiliated status with the regional accreditation agency limits the degrees offered at the baccalaureate level to teacher education. Additional baccalaureate degrees and graduate degrees will require approval by the Higher Learning Commission.

Further, HED has statutory responsibility to review new graduate programs proposed by state universities as part of its authority for statewide planning and oversight of post-secondary education. The Post-Secondary Educational Planning Act, specifically Section 21-2-5 NMSA 1978, authorizes HED to conduct statewide planning, including analyses of state needs for post-secondary educational programs. Section 21-1-24 NMSA 1978 requires that any graduate program that is to benefit from state funding must first be approved by the HED and by the State Board of Finance. This proposal to offer graduate and post graduate degrees has not been submitted to HED for review.

ADMINISTRATIVE IMPLICATIONS

HED reports that Section 21-2-5 of the Post-Secondary Educational Planning Act authorizes the department to identify cases where "establishment of new institutions and programs are needed in order to meet the present and projected needs for post-secondary education on a statewide basis in an effective and efficient manner." The requirement that educational sites receive approval for new programs from the HED prior to their operation is established through a pattern of statutory and regulatory requirements. This legislation appears to circumvent these planning responsibilities of the HED.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

House Bill 343 and Senate Bill 391 are duplicate measures.

This bill is related to House Bill 843 which appropriates \$100,000 to NNMC to conduct a study on the efficacy of creating a center for graduate studies and research in northern New Mexico.

OTHER SUBSTANTIVE ISSUES

HED states that it is committed to the adequate and equitable support of necessary instructional, student services, and academic support initiatives for all students in New Mexico. Activities to be funded in this proposal will be funded through the Instruction and General (I&G) higher education funding formula within the General Appropriation Act. Funding of this program without consideration of similar needs at all institutions could weaken the equitability and thus the integrity of the I&G formula. NNMC will need to complete the requirements for regional accreditation from the Higher Learning Commission of the North Central Association to offer graduate and post-graduate degrees and submit the intent to offer such programs to HED and related entities as required by New Mexico statutes governing graduate program approval.

POSSIBLE QUESTIONS

Has NNMC identified graduate and postgraduate programs for potential implementation?

Does NNMC have adequate campus space to develop facilities for such programs and, if not, are there plans to acquire additional property?

Has HED addressed a recent request from the State Board of Finance to provide a statewide plan for graduate programs? (The State Board of Finance has expressed concerns about unnecessary duplication of expensive graduate programs in the state.)

DKE/nt