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FISCAL IMPACT REPORT

ORIGINAL DATE 02/14/07

SPONSOR Salazar LAST UPDATED _____ HB 913

SHORT TITLE Luna College Staff & Faculty Salaries SB _____

ANALYST Hanika Ortiz

APPROPRIATION (dollars in thousands)

| Appropriation | | Recurring or Non-Rec | Fund Affected |
|---------------|-----------|-------------------------|------------------|
| FY07 | FY08 | | |
| | \$1,000.0 | Recurring | General fund |

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Higher Education Department (HED)

SUMMARY

Synopsis of Bill

House Bill 913 appropriates \$1 million from the General Fund to the New Mexico Higher Education Department (NMHED) for FY08 for Luna Community College (LCC) to increase the salaries of 77 full-time staff, 34 full-time faculty, 60 part-time faculty, and 28 maintenance workers at the institution in order to achieve parity with other state colleges and universities.

FISCAL IMPLICATIONS

The appropriation of \$1 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY08 shall revert to the general fund.

This request was not on the list of priority projects submitted by LCC to NMHED for review and is not included in the Departments funding recommendation for FY08.

SIGNIFICANT ISSUES

The purpose of HB 913 is to provide salary increases for all LCC employees in order to ensure that salaries are comparable to salaries at other two-year colleges in New Mexico. Currently,

LCC employees are among the lowest paid in the state. An administrator at LCC indicated that although already enacted legislation gives all two-year college employees salary increases, this does not adjust the ranking of LCC employees relative to other state colleges.

HD conducted a faculty salary study for full-time faculty and presented its results to the Legislative Education Study Committee in October 2006. The report indicated that Central New Mexico College (CNM) faculty salaries are closest to the state average. At CNM, 330 faculty members receive an average of \$55,286 per year. The average salary for full-time faculty at LCC is \$44,674 for 34 faculty members. The difference between the weighted state average of \$55,136 and LCC full-time faculty salary is \$10,462. Based on the October 2006 Faculty Study, the amount needed to bring LCC up to parity with the state community college average for full-time faculty will be \$355,708 for a one-year period without factoring in inflationary costs.

Future feasibility studies pertaining to part-time faculty, full-time staff, and part-time staff salaries will address state compensation in order to find state averages and determine the impact to all community colleges in New Mexico.

PERFORMANCE IMPLICATIONS

An LCC administrator indicated that in the previous year, the institution lost 23 staff members, 85% of whom left due to salary issues. The remaining 15% who left were either terminated, retired, or requested a voluntary separation. LCC expects to decrease this turnover rate and increase its retention rate through SB 896.

If HB 913 is funded, LCC would work in coordination with HED in developing any additional performance measures.

ADMINISTRATIVE IMPLICATIONS

HB 913 appropriates funding to NMHED to serve as the administrator of this request for LCC and may need additional staff.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to HB 9 Public employee salary increases
Relates to SB 642 Northern NM state school faculty salary increases.
Duplicates SB 751 and SB 896

ALTERNATIVES

LCC can submit a salary adjustment plan for study and review by HED, the Legislative Finance Committee (LFC), and the Department of Finance and Administration (DFA).

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If HB 913 is not enacted, LCC will not be able to adjust faculty and staff salaries above and beyond the statewide compensation increase appropriations.