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FISCAL IMPACT REPORT

ORIGINAL DATE 02/14/07

SPONSOR Cisneros LAST UPDATED _____ HB _____

SHORT TITLE Northern NM State School Faculty SB 642

ANALYST Hanika Ortiz

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	\$332.3	Recurring	General fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB 130

SOURCES OF INFORMATION

LFC Files

Responses Received From

Higher Education Department (HED)

SUMMARY

Synopsis of Bill

Senate Bill 642 appropriates \$332,300 from the general fund to Northern New Mexico College (NNMC) for FY08 to recruit and retain qualified faculty and staff; and, increase the salaries of 51 full time instruction faculty at the institution.

FISCAL IMPLICATIONS

The appropriation of \$332,300 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 submitted by NNMC to NMHED for review and was not included in the Department's funding recommendation for FY08.

SIGNIFICANT ISSUES

The purpose of SB 642 is to make faculty salaries at NNMC comparable to those offered at other state institutions of higher education. NNMC hopes to double its student population in five years

and increase its number of faculty by 25% in the same period. In order to attain this goal, NNMC not only hopes to retain its current faculty, which is aging and approaching retirement age, but also attract new faculty.

HED conducted a faculty salary study and presented its results to the Legislative Education Study Committee in October 2006. HED estimates that correcting the current difference between salaries at New Mexico institutions and their peer averages will require an estimated \$25,218,000 in additional funding. Assuming this will occur over 4 years, additional funds will be required to off set an anticipated salary inflation of 3.5%, bringing the amount to approximately \$28,750,000. This will require an annual allocation of \$7,200,000 to allow the institutions to approximate the average salaries of their peers. All values assume the inclusion of benefits in the calculations.

The HED study further noted that the case of NNMC is unique in that the institution is in transition as it expands its mission to include degrees beyond the associate's level. Currently, it offers a primarily lower division curriculum, with a typical community college faculty; that is, a faculty with fewer terminal degrees than other comprehensive institutions. All faculty are classified as instructors and salaries are in line with instructors at other comprehensive institutions. Five new bachelor's degrees have been approved and NNMC is planning to propose a number of bachelors and graduate programs in the near future. Faculty with terminal degrees will be required for these programs. It is expected that these new faculty members will be hired at the peer average for assistant professors at other comprehensive universities. Based on this assumption, the salaries required for NNMC will be approximately \$1.9 million dollars for 32 additional faculty by 2009.

Nonetheless, HED's study found that current NNMC faculty members are primarily instructors and that there is no current salary discrepancy between faculty of that rank at other comprehensive universities in the state. It is not known how many of the faculty has terminal degrees or could be classified at the assistant professor level. Without this information, it is not known whether the request in this appropriation elevates the salaries of instructional faculty without terminal degrees beyond that of similar faculty at other comprehensive institutions.

PERFORMANCE IMPLICATIONS

HED reports that NNMC expects to increase its number of faculty members by 25% in five years. In light of the fiscal implications above, NNMC should provide an analysis of educational attainment levels of existing faculty, what types of faculty it seeks to hire that require it to request salary increases and how this fits with their overall institutional goals. Also necessary are calculations of how many faculty they project they will lose each year that necessitate the hiring of new faculty, as well as projections of how much NNMC expects this turnover rate to decrease over time.

In addition, other comprehensive institutions use educational attainment levels and the tenure and promotion process to calculate salary increases. NNMC will need to establish a plan that will demonstrate equity and accountability in tying salary increases to merit similar to that of other comprehensive institutions.

ADMINISTRATIVE IMPLICATIONS

NNMC is the administrative entity for this request.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to HB130, which appropriates \$3 million to NNMC for new bachelors and masters degree programs.

OTHER SUBSTANTIVE ISSUES

According to the NNMC website, the institution has undergone five name changes since it opened its doors in 1909 as the Spanish American Normal School. In 2005, legislation led to its fifth name change to the Northern New Mexico College (NNMC) to reflect its transition from a two-year to four-year institution, which began in FY06.

ALTERNATIVES

NNMC 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). NNMC should submit an analysis of needs based on composites of existing faculty and future hiring needs. This analysis and a salary adjustment plan to HED will be helpful in establishing a comparison with other NM comprehensive institutions now that the department has conducted its salary study.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

HED reports that the faculty and staff at NNMC will receive the same salary and compensation increase as their counterparts will receive from previously enacted legislation.

AHO/nt