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## FISCAL IMPACT REPORT

ORIGINAL DATE 02/02/08

SPONSOR Garcia, Thomas A. LAST UPDATED \_\_\_\_\_ HB 628

SHORT TITLE Study Faculty Salaries at New Mexico SB \_\_\_\_\_

ANALYST Williams

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY08	FY09		
	\$75.0	Non-Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act for Higher Education Department

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Higher Education Department (HED)

Public Education Department (PED)

New Mexico Independent Community Colleges

### SUMMARY

#### Synopsis of Bill

House Bill 628 appropriates \$75,000 from the General Fund to the Higher Education Department for the purpose of studying full-time faculty salaries at New Mexico post-secondary educational institutions. The report would be submitted to the governor and the legislature by December 31, 2008.

The report would be particularly focused on: 1) current compensation practices and rates for New Mexico institutions; 2) similar information for peers; and 3) similar information for full-time teachers at New Mexico public secondary schools.

### FISCAL IMPLICATIONS

The appropriation of \$75,000 contained in this bill is a non-recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2009 shall

revert to the general fund.

### **SIGNIFICANT ISSUES**

HED notes faculty salaries increased by an average of 3.8 percent in 2007, just above inflation and at the highest rate since 2002. HED cites a recent study by the American Association of University Professors which discussed growing salary inequality among institutions. HED notes its recent study on part-time faculty salaries in response to House Bill 384 from the 2007 legislative session.

New Mexico Independent Community Colleges discusses it has been a number of years since a comprehensive, objective study has been conducted at the state level. Individual institutions and the Council of University Presidents, New Mexico Association of Community Colleges and New Mexico Independent Community Colleges conduct faculty salary comparisons every year which are used for the compensation analysis for budget recommendations. A summary of this year's reports is located in the LFC budget recommendation, Volume I, page 93.

In December 2006, the HED published Faculty Salary Study II: Closing the Gap Between New Mexico Higher Education Institutions and Regional Peers. The study concluded \$56.1 million was needed over a three year period to raise faculty salaries to parity with regional peers. Of this amount, 63 percent were funds required beyond anticipated "normal" annual salary increases. Maintaining the current situation alone would require at least \$21 million over three years.

### **PERFORMANCE IMPLICATIONS**

PED notes the bill relates to: 1) the percent of classes in core academic subjects taught by highly qualified teachers in high-poverty schools and 2) annual percent of core academic subjects taught by highly qualified teachers in K-12.

### **ADMINISTRATIVE IMPLICATIONS**

HED notes the need for cooperation from New Mexico higher education institutions and the New Mexico Public Education Department.

PED notes the agency "can participate in this report with existing staff and minimal fiscal implications."

### **OTHER SUBSTANTIVE ISSUES**

The set of institutional peers designated by the Commission on Higher Education is dated and may need review. HED discusses the need to establish peer groups.

PED notes the study could determine the extent of compensation variances between teachers in the three-tier licensure structure and post-secondary faculty.

PED states under the three-tier structure, a person with at least a master's degree in any field and teaching experience of any type in a higher education setting may become a level 2 or level 3 teacher. Under House Bill 345 from the 2007 session, Alternative Teacher Level 2 and 3 License, teaching experience in higher education can be equated with teaching students in a K-12

setting. At this point, very few college faculty members have applied for alternative licensure for K-12 education. The bill was viewed as useful in recruiting math and science teachers, curriculum consultants and for online and team teaching.

**POSSIBLE QUESTIONS**

1. Given the existence of several detailed datasets for institutional compensation available from various agencies and organizations, how would the appropriation be used?

AW/nt