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FISCAL IMPACT REPORT

ORIGINAL DATE 1/30/08

SPONSOR Cisneros LAST UPDATED _____ HB _____

SHORT TITLE Northern NM State School Salary Increases SB 253

ANALYST Haug

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY08	FY09		
	\$332.3	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Higher Education Department (HED)

SUMMARY

Synopsis of Bill

Senate Bill 253 appropriates \$332.3 from the general fund to the Board of Regents of Northern New Mexico State School (now Northern New Mexico College) to increase faculty and staff salaries to a level closer to peer institutions.

FISCAL IMPLICATIONS

The appropriation of \$332.3 contained in this bill is a 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.

This request was not submitted by NNMC to NMHED for review and was not included in the Department's funding recommendation for FY09.

SIGNIFICANT ISSUES

The HED states:

The purpose of SB253 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.

The New Mexico Higher Education Department (NMHED) conducted a faculty salary study in 2006. NMHED 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 offset 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 NMHED report 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's 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, NMHED'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.

GH/jp