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FISCAL IMPACT REPORT

ORIGINAL DATE 1/27/09

SPONSOR Nava LAST UPDATED _____ HB _____

SHORT TITLE NMSU Returning Students Assistance SB 149

ANALYST Haug

APPROPRIATION (dollars in thousands)

| Appropriation | | Recurring or Non-Rec | Fund Affected |
|---------------|---------|-------------------------|------------------|
| FY09 | FY10 | | |
| | \$100.0 | Recurring | General Fund |

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Higher Education Department (HED)
 New Mexico State University (NMSU)
 Department of Finance and Administration (DFA)

SUMMARY

Synopsis of Bill

Senate Bill 149 appropriates \$100.0 from the general fund to the Board of Regents of New Mexico State University to establish a program to assist former NMSU students who did not complete their degree to return to higher education and earn a post-secondary credential.

FISCAL IMPLICATIONS

The appropriation of \$100.0 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of Fiscal Year 2010 shall revert to the general fund.

SIGNIFICANT ISSUES

The HED states that this request was submitted by NMSU to the HED for review. The Department would not oppose this project's funding for FY10, if the State's fiscal picture improves.

The LFC Appropriation Recommendations, Volume II, pages 364-365 states:

The committee has concerns about the growth of research and public service projects within the higher education budget, as well as the alignment of these projects with state goals and strategic plans. The committee also continues to have significant concerns about accountability and performance outcomes for these projects.

The committee recommendation reduces funding included in the HED request by varying levels from FY09 funding amounts for research projects, public service projects and P-20 pipeline projects focusing on students.

According to the December 2008 revenue estimate, FY10 recurring revenue will only support a base expenditure level that is \$293 million, or 2.6 percent, less than the FY09 appropriation. All appropriations outside of the general appropriation act will be viewed in this declining revenue context.

The Executive Budget in Brief notes that over the years more than 300 RPSPs have been created, accounting for a large portion of institution budgets. The current RPSPs were reviewed while considering the relevance of the project to the core mission of the institution, the community benefit and the outcomes associated with each project. (Budget in Brief and Policy Highlights, P 9-10.)

The DFA states that The appropriation of \$100.0 would strain the already limited resources available in the FY10 General Fund.

NMSU states:

Former students of New Mexico institutions of higher education who have ‘stopped-out’ represent great potential for economic development in New Mexico: because they have some progress toward degrees, they represent a pool of potential knowledge workers who, with specific, appropriate information, could become skilled professionals who augment New Mexico's workforce with higher-wage professional earners.

Educational Attainment for Regional Needs (EARN) will increase skills of the New Mexico workforce by encouraging former NMSU students who stopped out prior to completing a degree to return to higher education and earn a college degree. Focusing first on southern New Mexico region and the five counties that send the most students to NMSU, (Chaves, Doña Ana, Eddy, Luna, Otero), EARN will locate students who have stopped-out and assess their educational needs. In collaboration with local, state, regional, and federal agencies, EARN personnel will present information and strategies to:

- (1) identify labor market trends and assess students' needs to complete educational credentials;
- (2) establish personal and career goals;
- (3) refer students to educational and training opportunities to achieve their goals; and
- (4) assist students to pursue opportunities that meet regional labor demands.

GH/mt