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FISCAL IMPACT REPORT

ORIGINAL DATE 1/30/09

SPONSOR Morales LAST UPDATED _____ HB _____

SHORT TITLE Expand WNMU Workforce Development Programs SB 284

ANALYST Haug

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	\$275.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Higher Education Department (HED)

Department of Workforce Solutions (DWS)

SUMMARY

Synopsis of Bill

Senate Bill 284 appropriates \$275.0 from the general fund to the Board of Regents of Western New Mexico University for expansion of education, training and workforce development programs in southwest New Mexico.

FISCAL IMPLICATIONS

The appropriation of \$275.0 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of Fiscal Year 2011 shall revert to the general fund.

SIGNIFICANT ISSUES

The HED states that this request was not submitted by WNMU to the HED for review and is not included in the Department's funding recommendation for FY10.

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.

With respect to special projects, higher education institutions advanced 114 proposals for new projects and expansions at a total general fund cost of \$54 million during the HED budget request process in fall 2008.

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 HED states:

Recent copper mine lay-offs have resulted in an increase in student enrollment at WNMU. Since November 2008, more than 600 Freeport-McMoran copper mine workers have been laid off in Grant County, with an additional 400 from the border town of Morenci, Arizona. Many of the affected workers are seeking re-training in the areas of applied technologies such as welding technology, electrical technology, digital media, and computer technology. Another area of interest is the health care field.

Given the timing of the lay-offs, WNMU was not able to anticipate the demand for such courses and was not able to request additional funding through the HED's Research and Public Service Projects process. The requested funding would be spent in the areas of Instruction and General costs. More specifically, the appropriation will be utilized for additional advisement as well as additional instructors. Although the unforeseen lay-offs in part contributed to an increase in enrollment, the existing institutional budget and current Higher Education Funding Formula should be adequate to support these educational programs.

The DWS notes that the economy in this part of the state has few jobs and many recent layoffs from the mines that are the primary employer in this area. Without this added assistance, there may be a mass exodus and a substantial increase in public assistance requests. In addition workers will be ill equipped to compete for the few jobs that are available.