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FISCAL IMPACT REPORT

ORIGINAL DATE 02/09/12
LAST UPDATED 02/13/12 **HB** 132/aHFI#1

SPONSOR Nuñez

SHORT TITLE Community College Election Procedures **SB** _____

ANALYST Hartzler-Toon

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY12	FY13		
	None*		

(Parenthesis () Indicate Expenditure Decreases)

*See Fiscal Impact

SOURCES OF INFORMATION

LFC Files

Responses Received From

Higher Education Department (HED)

New Mexico Independent Community Colleges (NMICC)

New Mexico Association of Community Colleges (NMACC)

SUMMARY

Synopsis of HFI#1Amendment

The House Floor #1 amendment to House Bill 132 clarified that a majority of voters in a school district and a majority of voters in a branch community college district must approve the addition of the school district in the branch community college district for the HED to act and declare the extension of the college district's boundaries.

Synopsis of Original Bill

House Bill 132 would amend 21-14-2 NMSA 1978, the Branch Community College Act, to allow the expansion of the branch community college district by an election of voters. The branch community college district may expand to include a school district that is in a county containing a branch community college or is in an adjoining county that contains a branch community college.

A school district's voters must vote on whether to expand the branch community college district to include a school district. The bill amends 21-14-2, adding new sections that identify two mechanisms for determining whether to hold such an election: from a voter-generated request for

a petition and survey demonstrating the proposal will “promote improved education services in the school district” or a school board vote to hold an election.

Upon the school board’s approval of the petition or by the school board’s favorable vote, the bill requires the school board contact the branch community college board and the two boards hold a joint election on the question. The bill states the election on the question can be part of a regular school board election or a special election. If the majority votes cast in the school district and the branch community college district favor the expansion, the HED shall notify the school district and the branch community college district of the results and shall declare the extension of the branch community college district’s boundaries. The addition shall become effective the next succeeding July 1st.

FISCAL IMPLICATIONS

There is no appropriation in House Bill 132, but there are undeterminable fiscal impacts to the school district, community college, and the state.

The bill specifies that the school district incorporated in branch community college district is automatically subject to any levy on taxable property for college operations and bond issues. The HED states that, (1) at a minimum, any school district where voters support inclusion in the college district would be subject to a levy of 1 mill to support the branch community college, and (2) the district would be subject to a higher levy if the branch community college assesses more than the statutory minimum tax of 1 mill.

Where a school district board evaluates a voter survey to determine whether expanding a branch community college district would “promote improved education services,” there will presumably an expansion or increase in educational services in the district. If these services include components the state funds through the higher education instruction and general expenditure formula (funding formula), then the college may experience an increase in general fund formula funding. However, both NMICC and the HED observe that, under the funding formula proposed for fiscal year 2013, an increase in mill levy revenues offset or reduce an institution’s formula funding.

The bill does not specify the fund source the school district board and branch community college may use to administer the petition, survey, and election process, and these funds may include state general fund appropriations. The HED reports that additional operational funds, likely general fund appropriations, would be needed to certify the election and amend district boundaries.

SIGNIFICANT ISSUES

The NMACC, which represents the state’s branch community colleges, has indicated that many branch community colleges serve individuals who reside outside a branch community college district. A branch community college’s “geographic areas of responsibility” does not equal its college district, resulting in individuals who reside outside the district frequently paying higher tuition rates, compared to residents within a college district, and lacking representation on the community college’s advisory board. House Bill 132 provides a mechanism, currently available to other two-year institutions, for school district boards or the school district electorate to call for an election to expand a branch community college district. By exercising such an option, branch

community colleges recognize that school districts within or adjacent to a community college district's county could receive educational services and more consistent revenues to fund such services. An attachment

The HED's response stated "expanding branch community college districts may lead to requests for expanding campuses within the new district." Read in isolation, the bill provides a process for expanding the branch community college district, but other provisions in NMSA Chapter 21, Section 14 and other statutes require more than mere requests and commonly require HED or other explicit approval to establish campuses, learning centers, and learning sites.

ADMINISTRATIVE IMPLICATIONS

The bill requires the school district board and the branch community college board to hold a joint election, and the HED to certify the results. The NMICC commented this would necessitate coordination with the County Clerk.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

House Bill 132 creates a process that allows branch community colleges to expand their districts. There are similar provisions for institutions established under the Community College Act (21-13-21 NMSA 1978) and the Technical and Vocational Institute Act (21-16-14 NMSA 1978).

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Branch community colleges will not be able to expand the branch community college district through voter-approved processes similar to the process available to other two-year institutions.

THT/amm:lj:svb