

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

## FISCAL IMPACT REPORT

ORIGINAL DATE 02/02/12

SPONSOR Campos LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Higher Education Digital and Online Learning SB 262

ANALYST Hartzler-Toon

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY12	FY13		
	1,250.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY12	FY13	FY14	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		*	*			

(Parenthesis ( ) Indicate Expenditure Decreases)

- See Fiscal Impact discussion below.

Relates to SB 273, Digital Education and Online Learning.

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Higher Education Department (HED)

Public Education Department (PED)

### SUMMARY

#### Synopsis of Bill

Senate Bill 262 appropriates \$1.25 million from the general fund to the HED to support innovative digital education and online learning programs for students attending New Mexico public postsecondary institutions.

### FISCAL IMPLICATIONS

Since fiscal year 2008, the State of New Mexico has spent \$18 million on the innovative digital education and learning program (IDEAL-NM), an online learning platform that includes servers,

maintenance, software licenses, and staffing at the HED and by participating agencies to institutions to provide online learning to students. For fiscal year 2013, neither the HED nor the Executive recommended funding for IDEAL-NM.

The appropriation of \$1.25 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2013 shall revert to the general fund.

This bill may be counter to the LFC tax policy principle of adequacy. According to the LFC staff General Fund Recurring Appropriation Outlook for FY14 and FY15, December 2011 forecasted revenues will be insufficient to cover growing recurring appropriations.

## **SIGNIFICANT ISSUES**

Institutions have increased the number of credit hours offered online and developing distance learning platforms to meet the educational needs of their students and communities. During fiscal year 2012, a number of higher education institutions have used IDEAL-NM as the means to deliver online courses, including

- Eastern New Mexico University (main campus and those in Roswell and Ruidoso),
- Western New Mexico University,
- New Mexico Highlands University,
- Northern New Mexico College,
- New Mexico Junior College,
- Luna Community College, and
- the New Mexico Military Institute.

The state's largest institutions -- University of New Mexico, New Mexico State University, and Central New Mexico Community College -- developed educational platforms that serve their programmatic and operational priorities.

Towards the end of fiscal year 2011, the HED concluded that it would end its support of IDEAL-NM by not seeking funding past fiscal year 2012, repurposing IDEAL-NM staff at the department, and reviewing how to divest licenses and unused assets. For fiscal year 2012, IDEAL-NM participating institutions have been preparing for the end of HED's support and identifying institutional solutions to deliver courses and meet the needs of online students. At this time, a number of institutions may stay with the IDEAL-NM provider, under a different contract and by assuming the on-site technical support function that HED had provided in the past. Others are pursuing contracts with other distance education platforms. At this time, the HED has not communicated a clear plan for how it will dispose of, transfer, or maintain on a conditional basis the perpetual licenses to the IDEAL-NM platform.

While the HED is winding-down its portion of the IDEAL-NM contract, the PED and other state agencies will continue to use IDEAL-NM for its purposes. For fiscal year 2013, the Executive requested \$890 thousand to support IDEAL-NM.

## **PERFORMANCE IMPLICATIONS**

The HED has never had performance measures for IDEAL-NM. This bill does not include such measures, but these could be developed to account for the number of student credit hours delivered using IDEAL-NM, the number of students participating in IDEAL-NM per institution,

or other purpose.

**ADMINISTRATIVE IMPLICATIONS**

After reviewing the HED's transition of IDEAL-NM staff to other departmental priorities, this bill would provide a much higher level of funding than the Department had in past years when there were many FTEs staffing the program. It is unclear whether the Department, if it received this funding, could hire staff or develop a plan to support IDEAL-NM as it had in prior years.

**DUPLICATES/COMPANION LEGISLATION**

Senate Bill 262 relates to Senate Bill 273, which would appropriate \$2.5 million in general fund to the PED (\$1.25 million) and the HED (\$1.25 million).

**ALTERNATIVES**

Given the HED's actions during fiscal year 2012, institutions have developed plans for distance learning for the summer 2012 semester and the 2012-2013 academic year. It is uncertain whether this appropriation could be used to support institutional efforts if the appropriation is specifically for IDEAL-NM. The legislature could change the appropriation to serve as a pass-through to institutions to support their online efforts.

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

The HED and higher education institutions will not receive funding for IDEAL-NM.

THT/lj