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FISCAL IMPACT REPORT

ORIGINAL DATE 02/10/13

SPONSOR Egolf/Griego LAST UPDATED _____ HB 327

SHORT TITLE Physical Education Credit Hours for Funding SB _____

ANALYST Hartzler-Toon

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY13	FY14		
	NFI	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY13	FY14	FY15	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total			Est. \$100.0- \$200.0	\$100.0- \$200.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act, Higher Education, branch and independent community colleges

SOURCES OF INFORMATION

LFC Files

Responses Received From
Higher Education Department (HED)

Responses Not Received From
New Mexico Association of Community Colleges
New Mexico Independent Community Colleges

SUMMARY

Synopsis of Bill

House Bill 327 requires the Higher Education Department (HED) to include all physical education student credit hours for purposes of determining funding for any community college that provides physical education courses.

FISCAL IMPLICATIONS

The HED uses an instruction and general (I&G) funding formula to determine general fund appropriations for the state's colleges and universities. The formula contains a component based on complete student credit hours.

Except for physical education courses, the I&G funding formula counts student credit hours that are audited or not taken for a grade. If audited physical education courses are included in the student credit hour formula component, there will likely be an increase in credits included in the formula. The more credits included in the formula may increase the I&G formula funding for the student credit hour component.

SIGNIFICANT ISSUES

Working with the Higher Education Funding Formula Task Force in 2011, the HED proposed significant changes to the I&G funding formula. In determining priorities for state funding, the Task Force and the HED proposed excluding audited, physical education courses. An informal review showed that these courses were frequently the only ones taken by individuals so the individuals could gain full access to the institution's athletic facilities.

The HED reports that, in academic year 2011-2012, there were approximately 600 audited physical education credit hours at universities and nearly 18,000 such credit hours at all community colleges. The bill would require the HED to include credit hours reported by community colleges only.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

The bill relates to each institution's instruction and general purpose provision in the General Appropriation Act.

TECHNICAL ISSUES

House Bill 327 would impact the HED's I&G funding formula calculations for FY15.

OTHER SUBSTANTIVE ISSUES

The HED notes that, while community colleges do not receive state funding for offering audited physical education courses, colleges receive local mill levy support and tuition and fees for such courses.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Community colleges will continue to rely on local and student funding to support audited physical education courses.

THT/blm