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FISCAL IMPACT REPORT

ORIGINAL DATE 01/22/13
 SPONSOR Beffort LAST UPDATED 02/22/13 HB _____
 SHORT TITLE Retain UNM Medical School Faculty SB 53
 ANALYST Hartzler-Toon

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY13	FY14		
	\$1,342.9	Recurring	General Fund

(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		\$1,342.9	\$1,342.9	\$2,685.8	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to University of New Mexico Health Science Center Instruction and General Purpose Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

Higher Education Department (HED)

University of New Mexico Health Sciences Center (UNM/HSC)

SUMMARY

Synopsis of Bill

Senate Bill 53 (SB 53), a bill making an appropriation to the University of New Mexico Health Sciences Center (UNM/HSC) to retain medical school faculty, appropriates \$1,342.9 thousand from the general fund to the UNM/HSC for the purpose of increasing medical school faculty salaries as a way to improve medical school recruitment and retention.

FISCAL IMPLICATIONS

House Bill 2 includes a \$500 thousand general fund appropriation to the UNM/HSC School of Medicine. The bill does not contain language designating a specific use for these funds. The

more than \$1.3 million appropriation included in SB 53 would be in addition to the \$500 thousand increase in HB 2.

The UNM/HSC reports that \$1.3 million is necessary to ensure the salaries of all University of New Mexico medical school faculty are within the top 25th percentile of the Association of American Medical Colleges' salary scale. Many veteran medical school faculty salaries are below those salaries of more recent hires, creating a growing disparity among faculty. The UNM/HSC reports that 19 percent of medical salaries are paid with general fund appropriations, with the balance covered from other sources, including clinical and research revenues and reimbursable medical services.

The appropriation of \$1,342.9 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY14 shall revert to the general fund.

SIGNIFICANT ISSUES

As reported by the Association of American Medical Colleges, the UNM/HSC medical school faculty salaries are well below the national averages. A 2012 evaluation of the UNM HSC supported this finding, and recognized the disparate salaries among faculty and faculty within certain specialty areas. The UNM/HSC has made faculty compensation a priority.

PERFORMANCE IMPLICATIONS

The UNM/HSC School of Medicine reports on annual performance measures related to licensing test pass rates. Currently there are no performance measures to measure the UNM/HSC's goals of increasing faculty compensation.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

In prior years, the General Appropriation Act has included sections dedicated to state employee compensation increases, including increases for university faculty and select staff. For FY14, the LFC recommended an increase in compensation for select faculty and staff, and medical school faculty are included in the recommendation. Under the LFC's recommendation, the UNM/HSC would receive slightly more than \$885 thousand for an average 1 percent compensation increase, including compensation for medical school faculty.

The UNM/HSC states that this bill should be considered in addition to any other compensation or retirement contribution increase currently pending before the Legislature. The institution asserts that SB 53 is a corrective measure, necessary to smooth disparate salary levels of starting and veteran faculty and within various faculty specialties within the medical school.

POSSIBLE QUESTIONS

If medical school faculty salaries are a UNM/HSC priority, then the university may be asked to provide specific plans be taken or planned to increase faculty salaries. Members may ask about any other initiatives.