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## FISCAL IMPACT REPORT

**SPONSOR** Varela **ORIGINAL DATE** 2/6/2015  
**LAST UPDATED** 3/14/2015 **HB** 260

**SHORT TITLE** Santa Fe Community College Higher Ed Center **SB** \_\_\_\_\_

**ANALYST** Hartzler

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY15	FY16		
	\$125.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

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

	FY15	FY16	FY17	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		\$125.0	\$125.0	\$250.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act, Section 4J

- Higher Education Department, Policy Development and Institutional Financial Oversight
- Santa Fe Community College
- New Mexico State University

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Higher Education Department (HED)

### SUMMARY

#### Synopsis of Bill

House Bill 260 appropriates \$125 thousand from the general fund to HED to develop a “2+2” hospitality degree program offered at the Santa Fe Community College (SFCC) Higher Education Learning Center.

## **FISCAL IMPLICATIONS**

The appropriation of \$125 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY16 shall revert to the general fund.

HED reports that neither the department nor SFCC requested funding for this effort, though there appears to be demand for an associate's/bachelor's program in hospitality in northern New Mexico. HB 2, as passed by the House and amended by the Senate Finance Committee, includes a \$125 thousand general fund appropriation to SFCC for this program. If HB 260 and the House-passed HB 2 are enacted, the program would receive a \$250 thousand general fund appropriation for FY16.

It is common for academic and workforce development programs to receive state general fund support. (For example, see the General Appropriation Act, Section 4J, line-item appropriations to institutions for nursing expansion.) Should SFCC collaborate with one of the state's four-year institutions to offer such a program, each institution would receive (1) tuition and fee revenues, (2) state general fund appropriations through the instruction and general (I&G) funding formula, (3) mill levy support (for SFCC), and (4) support from the land grant permanent fund (if a New Mexico four-year public institution). These revenues would be in addition to an appropriation to the HED to distribute to institutions for this purpose.

## **SIGNIFICANT ISSUES**

Generally, a "2+2" program allows a student to attend a two-year college for two years, possibly resulting in a certificate or associate's degree, and attend a four-year college for two years, completing a bachelor's degree. According to HED, New Mexico State University (NMSU) offers a bachelor's degree in hospitality management, the only public four-year institution to do so. SFCC offers a number of certificate and associate's degree programs that could lead to a bachelor's degree in hospitality management: culinary arts/chef training, hospitality administration/management, and business. The institutions have discussed the possibility of partnering to offer a 2+2 program in this area.

Further, HED reports that SFCC has surveyed current students on their interests in pursuing a four-year degree in hospitality management. About half of the students surveyed expressed an interest in this option.

## **PERFORMANCE IMPLICATIONS**

There are no performance measures for the program proposed in HB 260. Should the program be developed, possible measures and targets could include student enrollment; student persistence, particularly from the two-year program to the bachelor's program; program completion; and job placement within an industry-appropriate time following program completion.

## **ADMINISTRATIVE IMPLICATIONS**

As HED noted, the department would need to develop a process to award the funding to either or both SFCC and NMSU to support the development of the hospitality program. Many of New Mexico's public institutions have formed 2+2 program agreements without HED's facilitation.

Perhaps appropriating funds directly to institutions to support their respective programming costs would alleviate the department of having to develop a means to distribute the appropriation in HB 260.

**RELATIONSHIP**

The appropriation in HB 260 relates to appropriations in the General Appropriation Act for HED and possibly SFCC, and NMSU.

**ALTERNATIVES**

HED serves as the fiscal agent for two programs – MESA and ENLACE, and the Legislature appropriates funds to the department for these programs. However, it is common practice for the Legislature to appropriate general fund revenues directly to institutions to start or expand academic and workforce programs. To expedite the distribution of funds to SFCC and the partner institution, the bill could be amended to appropriate funds directly to institutions.

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

After assessing the market and student needs, institutional missions, and other issues, SFCC and NMSU will collaborate on a 2+2 program in hospitality management.

TH/bb/je