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## FISCAL IMPACT REPORT

SPONSOR Pinto ORIGINAL DATE 2/3/19  
LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_  
SHORT TITLE Navajo Tech University Trades Program SB 389  
ANALYST Gaussoin

### APPROPRIATION (dollars in thousands)

| Appropriation |         | Recurring<br>or Nonrecurring | Fund<br>Affected |
|---------------|---------|------------------------------|------------------|
| FY19          | FY20    |                              |                  |
|               | \$750.0 | Nonrecurring                 | General Fund     |

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Indian Affairs Department (IAD)

Higher Education Department (HED)

### SUMMARY

#### Synopsis of Bill

Senate Bill 389 appropriates \$750 thousand from the general fund to the Higher Education Department to expand the trades program facility at the Crownpoint campus of Navajo Technical University.

### FISCAL IMPLICATIONS

The appropriation of \$750 thousand contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY20 shall revert to the general fund.

### SIGNIFICANT ISSUES

HED reports Navajo Technical University, which requested the funding for a 15-thousand-square-foot expansion in summer 2018, has not provided an estimate for construction cost, but a review of similar facilities indicates the project could cost between \$4.05 million and \$4.5 million. The school has not indicated where it would get the remaining funds.

The college increased its campus square footage from 178,835 to 259,335 between 2015 and 2017, and the current square footage per full-time student is 329, according to HED. This project would increase that figure to 349. An LFC program evaluation from 2017, *Higher Education Cost Drivers and Cost Savings*, found the statewide average in 2015 was 259 square feet per student.

HED reviewed the project during the summer 2018 capital outlay hearings and found it did not adhere to the requirements of 5.3.9 NMAC, specifically it was not a project that would address major fire, health, and safety issues or federal accessibility requirements or provide for asset protection.

HED indicates funding the project outside the HED recommendation process, as set out in sections 21-1-21, 21-2A-1, and 9-25-13 NMSA 1978, would set a precedent for circumventing the vetting process and seeking funds directly from the Legislature.

### **OTHER SUBSTANTIVE ISSUES**

Enrollment at Navajo Technical School grew between 2010 and 2014 but has declined since then.

IAD says the school, established in 1979, has a number of branches throughout the Navajo Nation in addition to its main campus in Crownpoint. It offers 23 certificates, 19 associate degrees, 10 baccalaureate degrees, and the Navajo Nation's first master's degree. In 2017, its enrollment was 97 percent Native American or Alaska Native. It operates as a chartered corporation of the Navajo Nation governed by a six-member board of regents. It is accredited by the Higher Learning Commission of the North Central Association of Universities and Schools and is a member of the American Indian Higher Education consortium.

HFG/sb