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FISCAL IMPACT REPORT

SPONSOR Nunez **ORIGINAL DATE** 02/11/09
LAST UPDATED _____ **HB** 503
SHORT TITLE Dona Ana Regional Educational Initiative **SB** _____
ANALYST Haug

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	\$100.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Higher Education Department (HED)

Public Education Department (PED)

SUMMARY

Synopsis of Bill

House Bill 503 appropriates \$100.0 from the general fund to the Board of Regents of New Mexico State University for Dona Ana Community College to implement the Dona Ana County Regional Educational Initiative.

FISCAL IMPLICATIONS

The appropriation of \$100.0 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of Fiscal Year 2010 shall revert to the general fund.

SIGNIFICANT ISSUES

The HED states that this request was not submitted by Dona Ana Community College to the HED for review and is not included in the Department's funding recommendation for FY10.

The LFC Appropriation Recommendations, Volume II, pages 364-365 states:

The committee has concerns about the growth of research and public service projects within the higher education budget, as well as the alignment of these projects with state goals and strategic plans. The committee also continues to have significant concerns about accountability and performance outcomes for these projects.

The committee recommendation reduces funding included in the HED request by varying levels from FY09 funding amounts for research projects, public service projects and P-20 pipeline projects focusing on students.

With respect to special projects, higher education institutions advanced 114 proposals for new projects and expansions at a total general fund cost of \$54 million during the HED budget request process in fall 2008.

According to the December 2008 revenue estimate, FY10 recurring revenue will only support a base expenditure level that is \$293 million, or 2.6 percent, less than the FY09 appropriation. All appropriations outside of the general appropriation act will be viewed in this declining revenue context.

The Executive Budget in Brief notes that over the years more than 300 RPSPs have been created, accounting for a large portion of institution budgets. The current RPSPs were reviewed while considering the relevance of the project to the core mission of the institution, the community benefit and the outcomes associated with each project. (Budget in Brief and Policy Highlights, P 9-10.)

The HED states that:

The Regional Education Initiative (REI) is a collaboration between private and public sectors in Dona Ana county including business, nonprofits, and both secondary and postsecondary educational institutions. The REI is overseen by a Board of Directors including members from a cross-section of business, governmental, and educational communities.

The specific purpose of this appropriation is to continue the work of the REI by establishing an office, hiring staff, including grant writers, and to invest in management and monitoring of the program. Based on the gap analysis of the REI, a nonprofit 501(c3) entity named The Bridge was formed and is responsible for the desired outcomes of the REI which include but are not limited to annual reduction in drop-out rate and increased academic achievement. The REI program seeks funding from federal, state, and private sectors.

The PED notes that this legislation is a result of a task force (commissioned in May 2007) whose members represent administrators from Higher Ed (NMSU), superintendents (LCPS), Las Cruces Chamber of Commerce and representatives from the business community in Dona Ana County whose goal was to develop solutions and recommendations to prepare all graduating high school students to compete in a global workforce. The work of the task force suggests that there were good programs implemented by several educational institutions, but there was seldom interaction with each other. The high dropout rate and the lack of a tracking system also was addressed.