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FISCAL IMPACT REPORT

SPONSOR: Rawson DATE TYPED: 03/12/03 HB _____
 SHORT TITLE: NMSU Endowed Chair for Nursing SB 722/aSEC
 ANALYST: Williams

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
	500.0			Non-Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to SB 94, SB 186, SB 291, SB 455, SB 460, SB 466, HB 255, HB 376, HB 385, HB 476, HB 567, HB 756

SOURCES OF INFORMATION

LFC Files
 Commission on Higher Education
 New Mexico State University

SUMMARY

Synopsis of SEC Amendment

The Senate Education Committee amendment removes the reversion language.

Synopsis of Original Bill

Senate Bill 722 appropriates \$500.0 from the general fund to the Board of Regents of New Mexico State University for the purpose of an endowed chair for nursing.

Significant Issues

NMSU notes an endowed chair would provide incentive to retain or recruit senior nursing faculty with additional funds and prestige for the faculty member.

In 2002, the Nursing Shortage Statewide Strategic Summit of the Commission on Higher Education and the University of New Mexico Health Sciences Center noted the importance of expanding nursing education program by increasing faculty and enhancing faculty retention through salary adjustments. Specifically, the Summit calls for an incremental 500 licensed nurse graduates

per year (doubling of current levels) beginning in three years and continuing for fifteen to twenty years.

FISCAL IMPLICATIONS

The appropriation of \$500.0 contained in this bill is a non-recurring expense to the General Fund. Any unexpended or unencumbered balance remaining at the end of FY04 shall revert to the general fund.

Through the Faculty Development Fund created in 2002, NMSU currently has the opportunity to utilize \$2,675,000 toward endowed chairs and endowed faculty development programs, as follows:

<u>Program</u>	<u>State Treasury funds</u>	<u>Non-govt'l funds (match)</u>	<u>Total</u>
3 Endowed Chairs	\$1,500,000	\$1,500,000	\$3,000,000
4 Endowed Professorships	800,000	800,000	1,600,000
Endowed Faculty Development	<u>375,000</u>	375,000	750,000
	\$2,675,000		

According to the LFC budget document, over the past couple of years, the Legislature has appropriated funds to institutions to address statewide nursing workforce needs. The Legislature appropriated a total of \$2,569.8 in FY03 to provide market salary adjustments for nursing faculty, convert nursing faculty from a nine-month contract to a 12-month contract, and expand nursing student enrollments for two-year and four-year institutions, other than the University of New Mexico. NMSU received \$419.2, of which 85 percent was allocated to provide market salary adjustment for nursing faculty and 15 percent was allocated to expand nursing student enrollment. NMSU Alamogordo received \$27.9, with 71.4 percent allocated to provide market salary adjustments for nursing faculty and 28.6 percent allocated to expand nursing student enrollment. NMSU Carlsbad received \$34.9 for market salary adjustment for nursing faculty. Finally, NMSU Dona Ana received \$104.8, equally split between market salary adjustments for nursing faculty and expansion of nursing student enrollment.

For those institutions that did not use the funds appropriated in FY03 to expand nursing student enrollments, the LFC recommended institutions expand nursing enrollment in FY04. The LFC budget recommendation for FY04 includes \$419.2 for NMSU nursing expansion, \$27.9 for NMSU Alamogordo nursing expansion, \$34.9 for NMSU Carlsbad nursing expansion and \$104.8 for NMSU Dona Ana nursing expansion.

TECHNICAL ISSUES

If this is to be an endowment, funds must not revert because the faculty is paid from the interest of the investments. The bill could be amended to remove the last sentence, the reversion clause, which starts on line 18 and ends on line 20.

OTHER SUBSTANTIVE ISSUES

The Faculty Development Fund was created during the 2002 session. Conformity with the law requires that the four-year public higher education institutions have in place two items to access the Fund: 1) an investment policy approved by their Board of Regents, and 2) an advisory committee in place whose duties involve oversight of the institutional investments. AW/njw