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FISCAL IMPACT REPORT

SPONSOR Heaton **DATE TYPED** 03/08/05 **HB** 737/aHAFC

SHORT TITLE Community College Science Course Funding Fix **SB** _____

ANALYST Williams

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	NFI				

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files
Commission on Higher Education (CHE)

SUMMARY

Synopsis of HAFC Amendment

The HAFC amendment removes the appropriation contained in the bill. Further, the amendment directs the CHE to adjust the higher education funding formula so that science courses taught at public, two-year post-secondary educational institutions are funded equitably compared to comparable courses at public, four-year post-secondary educational institutions.

Synopsis of Original Bill

House Bill 737 appropriates \$678 thousand from the general fund to the commission on higher education to address an inequity of the higher education funding formula for community college science courses.

Significant Issues

Unlike the public school funding formula, the higher education funding formula is not contained in statute. As such, the proposed formula funding change in this bill is highly unusual.

A blue ribbon task force recommended adjustments to the higher education funding formula implemented in FY04. Among the task force recommendations was providing the same funding

level for similar classes at two-year colleges as that funding level provided for similar classes at four-year universities. For FY06, lower division science courses at two-year community colleges would be incorporated into the formula at \$173.01 per student credit hour under the provisions of this bill, up from \$115.80 per student credit hour as shown in the legislative finance committee and executive budget recommendations.

For FY06, the CHE request included funding for the issue addressed in this bill, but funding is not included in the legislative finance committee or executive budget recommendations.

FISCAL IMPLICATIONS

The House Appropriation Committee amendment removes the appropriation and fiscal impact in FY06.

The cost of this formula change in FY06 would have been \$678.0 thousand, a recurring expense to the general fund. The future cost of this formula adjustment would be driven by enrollment growth in these courses. This legislation is not a guarantee of funding; future total workload costs of the higher education funding formula and other needs of higher education such as compensation and inflationary increases will be balanced against availability of recurring general fund monies.

OTHER SUBSTANTIVE ISSUES

According to CHE: "A basic premise of the new higher education funding formula developed through the efforts of a CHE-appointed "Blue Ribbon Task Force" in 2002 was to establish a common level of funding for comparable courses taught at all institutions. A complicating factor in this regard was that the previous formulas for the universities and community colleges independently mapped the various instructional courses to formula clusters, which also varied between the two formulas. The process of developing the new three-tiered formula structure was accomplished by linking the old formula clusters in their entirety to the new three-tier grid. An unintended consequence in this regard was that science courses at the community colleges were funded at a lower level than comparable courses taught by the universities.

Some additional course mapping inconsistencies remain to be addressed by CHE. These result from the new formula conversion noted above, as well as the need to implement an updated coding system for instructional programs (IPEDS) recently released by the federal government. CHE anticipates bringing forward any further funding changes that are determined to be necessary in its funding recommendations for FY 2007."

POSSIBLE QUESTIONS

1. What other course mapping inconsistencies occurred in the conversion to the new funding formula? What is the anticipated cost of these issues?
2. What other funding changes might be proposed by CHE for FY07 as formula revisions?
3. Could the cost to the general fund from the formula change proposed by this bill be phased-in over time?

AW/yr