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FISCAL IMPACT REPORT

ORIGINAL DATE 02/1/06

SPONSOR Griego LAST UPDATED _____ HB _____

SHORT TITLE Northern NM State School Salary Increases SB 177

ANALYST Moser

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	\$3,000.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates Appropriation in the General Appropriation Act
Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From
NM Higher Education Department (NMHED)

SUMMARY

Synopsis of Bill

Senate Bill 177 appropriates \$3,000,000 from the General Fund to the Board of Regents of Northern New Mexico State School for expenditure in FY06 and FY07 to raise faculty and staff salaries by approximately 51%. Any unexpended or unencumbered balance remaining at the end of FY07 shall revert to the General Fund. The bill carries an emergency clause and would take effect immediately upon executive approval.

FISCAL IMPLICATIONS

SB 177 contains a \$3,000,000 appropriation for expenditure in both FY06 and FY07 to raise faculty and staff salaries at NNMC by 51 percent. Because this is a salary increase this would be considered a recurring expense.

HB 2/aHAFC appropriates 4.5 percent in compensation increases to faculty and staff of four- and two-year public post-secondary educational institutions in addition to appropriating a 0.75 percent increase in the employer contribution to the Educational Retirement Fund. This bill appears to grant a 51 percent increase in addition to the 4.5% salary increase adjustment of HB2/aHAFC.

SIGNIFICANT ISSUES

SB 177 is specific only to NNMC and would not apply to faculty in other two-year to four-year higher education facilities.

SB 177 contains a \$3,000,000 multi-year special appropriation for expenditure in both FY06 and FY07 to raise faculty and staff salaries at Northern New Mexico State School. NMHED points out that the official name of the school is Northern New Mexico College (NNMC). During the 2005 legislative session, Governor Richardson signed into law duplicate bills that changed the name from Northern New Mexico State School to NNMC to signify its transition from two-year to four-year status beginning in FY06. NMHED suggests an amendment to clarify this point (See Alternatives).

The NMHED indicates that the New Mexico Association of Community Colleges (NMACC) recently issued its report on Faculty and Staff Salary Comparisons for 2004-2005 with data self-reported by the 2-year institutions and compared against data supplied by both the Chronicle of Higher Education (CoHE) and the American Association of University Professors (AAUP). Since NNMC was still a two-year institution in FY05, the report mainly compares its faculty/staff salaries against those of other two-year schools, but there are some comparisons with the four-year schools in New Mexico as well.

The study showed NNMC's mean salary for faculty was \$39,508--which was \$20,109 less than the mean salary at other New Mexico universities (including both two- and four-year institutions). Additionally, the report showed NNMC faculty salaries averaging \$25,300 for those with a bachelor's degree; \$29,100 for those with a master's degree; and \$30,800 for those with a doctorate.

NMHED also indicates that its data shows salaries based on rank cannot be compared with other institutions since NNMC reports only salaries for all faculty (without designation of rank) and salaries of staff. NMHED used Integrated Post-secondary Education Data System (IPEDS) data to compare NNMC faculty rank and salaries against those of the four-year state institutions that serve rural populations (Western New Mexico University, Eastern New Mexico University and New Mexico Highlands University). These data show the following:

	NNMC			WNMU			NMHU			ENMU		
Degrees												
Bachelor's	5	12%	\$35,289	1	1%	\$30,024	0	0%		0	0%	
Bachelor's	10	24%	\$32,016	3	4%	\$32,837	2	2%	\$41,000	2	2%	\$47,527
Master's	20	49%	\$40,138	23	28%	\$42,620	21	20%	\$44,832	23	28%	\$45,038
Doctorate	6	15%	\$38,894	56	67%	\$48,458	83	78%	\$48,787	101	80%	\$51,545
	Mean Salary			Mean Salary			Mean Salary			Mean Salary		
	\$39,429			\$44,820			\$44,873			\$50,294		

NMHED concludes that based on these comparisons, the mean salaries of the comparison four-year institutions are higher due to the higher number of faculty with advanced degrees who consequently receive higher salaries. Salaries for individuals with bachelor's or lower than bachelor's degrees at WNMU are comparable to those of faculty at NNMC. Mean salaries for individuals from NNMC, WNMU and NMHU are comparable. Some adjustments may need to be made for

individuals with bachelor's and doctoral degrees at NNMC. The comparison institution with the highest salary for faculty according to rank is ENMU. Across the institutions the significant disparities reported by the NMACC are not apparent.

The comparison of faculty salaries also cannot be made without distinguishing the curricula taught by the different faculty. For example, at NNMC, faculty are primarily teaching lower division courses, whereas the faculty at the comparison institutions are teaching a combination of lower division, upper division, and graduate courses. Finally, research and other faculty requirements, including the number of students served (teaching and advising), need to be considered when comparing faculty salaries.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

SB177 is companion to HB342 and relates to, HB2/aHAFC, as well as SB1.

ALTERNATIVES

NMHED suggests that NNMC can submit a salary adjustment plan for study and review by NMHED, the Legislative Finance Committee (LFC), and the Department of Finance and Administration (DFA). Given the significance of this increase, a study is recommended to determine the financial impact not only on the NNMC salary structure, but on the overall higher education funding formula. NMHED will be initiating a complete salary study of faculty and staff at all institutions.

NMHED recommends that the submission of a salary adjustment plan by NNMC not occur until the salary study is completed by NMHED.

NMHED recommends that the bill be amended as follows:

- Delete "State School" and add the word "College" as the official name of the institution is Northern New Mexico College (NNMC). During the 2005 legislative session, Governor Richardson signed into law duplicate bills (SB594) Laws 2005, Ch. 304, 47th Legislature, 1st Session and, (HB461) Laws 2005, Ch. 308, 47th Legislature, 1st Session, that changed the name to signify the transition from a two-year to four-year institution beginning in FY06.

GM/mt