Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR	Saavedra	ORIGINAL DATE LAST UPDATED		HB	468/aHAFC
SHORT TITL	E Faculty Endowmer	nt Fund Name Change		SB	
			ANAL	AYST	Williams

<u>APPROPRIATION</u> (dollars in thousands)

Appropr	iation	Recurring or Non-Rec	Fund Affected
FY08	FY09		
	See Narrative		

(Parenthesis () Indicate Expenditure Decreases)

Relates to appropriation in the Senate-passed version of House Bill 2 which includes \$5.6 million for a non-recurring general fund appropriation to the faculty endowment fund, including \$600 thousand for the establishment of the Pamela Minzner professorship at the University of New Mexico School of Law.

SOURCES OF INFORMATION

LFC Files

<u>Responses Received From</u> Higher Education Department (HED)

SUMMARY

Synopsis of HAFC Amendments

The House Appropriations and Finance Committee (HAFC) amendment #1 removes the language regarding making an appropriation as a technical change. HAFC amendment #2 strikes a portion of the existing statute relating to the appropriation enacted in 2007 legislation, then inserts a temporary provision that \$5 million appropriated from the general fund to the faculty endowment fund in the General Appropriation Act of 2008 (House Bill 2) is to be disbursed in fiscal year 2009 and subsequent years. Amendment #3 makes a technical change. Amendment #4 specifies that whatever the final amount of the appropriation in the General Appropriation Act of 2008 (House Bill 2) to the faculty endowment fund, the funding would be available for university and college draw-down based on the allocations specified in the 2007 legislation.

Synopsis of Original Bill

House Bill 468 changes the name of the faculty endowment fund to the higher education endowment fund. The bill expands the purpose of the fund to include scholarships for students.

House Bill 468/aHAFC – Page 2

FISCAL IMPLICATIONS

The bill does not contain an appropriation, and has no fiscal impact. The impact of the HAFC amendments is to authorize House Bill 2 appropriations from the general fund to the faculty endowment fund beginning in FY09. Further, the 2008 House Bill 2 appropriation to the faculty endowment fund would be available for draw down by public, post-secondary institutions proportionally according to the allocations specified in the 2007 legislation.

SIGNIFICANT ISSUES

HED notes during the 2007 session, changes were made to the existing statute along with an appropriation of \$12 million. The addition of the word "scholarship" resulted in differing opinions on whether scholarships would apply only to faculty or would also apply to students. The proposed legislation clearly expands the existing faculty endowment program to students.

The faculty endowment fund has traditionally been used as a mechanism to retain and recruit highly qualified faculty.

Note that the appropriation currently included in House Bill 2 is relatively small, compared to historical appropriations for this purpose. The attached draft from HED shows the current status of faculty endowment fund draw downs.

OTHER SUBSTANTIVE ISSUES

The state is ranked an "F" for student financial aid in the 2006 Measuring Up report of state higher education outcomes. This ranking is driven by the state's reliance on the lottery scholarship program, a merit-based program, and under-reliance on need-based programs. As well, the state's ranking on affordability influences the ranking. Current funding for all state student financial aid programs total \$72.3 million as included in the LFC budget recommendation in Volume II on page 358.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

The HAFC amendments make reference to the General Appropriation Act of 2008 and appear to amend language in House Bill 2. The outcome is that the HAFC amendment would conflict with current scoring of the fiscal impact of the General Appropriation Act of 2008 (House Bill 2). The Department of Finance and Administration may harmonize this issue through the allotment process.

AW/mt:bb

JEW MEXICO HIGHER EDUCATION Faculty Endowment Summary
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Image: Signed system Image: S	Western New Mexico University	237,500			\$200K draw in progress	7,600			drawn	745,100
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llege </td <td>Luna Community College</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>75,000</td> <td></td> <td>75,000</td>	Luna Community College							75,000		75,000
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i i	New Mexico Junior College							175,000	draw in progress	175,000
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Interview 10,000,000 3,000,000 55,000 55,000 414,800 414,800 55,000 52,300 52,300 52,300 56,000	Unallocated	37,500		55,000						
	TOTAL	10,000,000		55,000		414,800		12,000,000		25,377,300
	Unallocated 2002 + 2004					92,500				25,377,300
	Cumulative interest income thru 6/3(30/07				322,300				
	Available for allocation - approved Jan'08	Jan'08				414,800				

Faculty Endowment Summary

2/7/2008