

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 Lovejoy **ORIGINAL DATE** 03/04/11 **LAST UPDATED** 03/14/11 **HB** _____
SHORT TITLE Recommend Higher Ed Changes For 2012 **SJM** 19
ANALYST Haug

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY11	FY12	FY13	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		See Narrative				

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Higher Education Department (HED)

SUMMARY

Synopsis of Bill

Senate Joint Memorial 19 requests that the Legislative Education Study Committee lead a study to identify and recommend changes to the system of higher education in New Mexico for 2012 and that the Higher Education Department, the Council of University Presidents, New Mexico Independent Colleges and the New Mexico Association Of Community Colleges and others be consulted in the accomplishment of the study.

Furthermore, Senate Joint Memorial 19 requests that the Higher Education Department integrate the findings and recommendations of the study with the recommendations contained in the state master plan for higher education and those specific legislative recommendations are developed for consideration for endorsement by the Legislative Education Study Committee.

FISCAL IMPLICATIONS

Senate Joint Memorial 19 would require allocation of staff and resources on the part of the organizations charged with conducting the study. The demands placed on these organizations should be modest in impact.

SIGNIFICANT ISSUES

According to Section 2-10-3 NMSA 1978:

The [LESC] shall:

B. conduct a continuing study of all education in New Mexico, the laws governing such education and the policies and costs of the New Mexico educational system [;] provided that such studies shall not duplicate studies conducted by the board of educational finance, **nor shall such studies, related to higher education, deal with any subject other than the training of certified teaching personnel in post-secondary institutions;**

The board of educational finance has become NMHED.

Higher education in New Mexico will account for nearly eight hundred million dollars (\$800,000,000) from the general fund in fiscal year 2010.

There are twenty-four post-secondary educational institutions and over sixty sites in New Mexico, a state with a population of approximately two million.

The six state-funded universities have ten branch community colleges and thirty-nine educational sites.

According to Curt Porter, chair, higher education funding task force; Dr. Viola Florez, former secretary, higher education department. Hipolito "Paul" Aguilar, principal analyst, legislative finance committee, in testimony before the interim government restructuring task force, the funding formula for higher education is not aligned with many of the state's policy goals for higher education.

These same individuals raised several specific concerns with the funding formula, among them that the formula funds inputs, but ignores outcomes; that the formula has too many cost variables; that, in order to increase enrollment and therefore increase funding, institutions are expanding the number and scope of programs, irrespective of service area or mission.

The state's institutions of higher learning are controlled by constitutionally established boards of regents that have absolute control over their institutions, limiting the ability of state policymakers to make changes to the system of higher education.

The provision of higher education is becoming increasingly more complex with both internal and external relationships of educational institutions growing more and more interdependent.

The state master plan for education identifies a vision that "New Mexico's higher education system will aspire to be the global standard of quality, value, relevance and accessibility" through the provision of a high-quality, post-secondary education regardless of financial need, without unnecessary duplication and that preserves institutional flexibility.

In order to achieve the vision, the state master plan for education identifies recommendations for preparedness of students, financial aid, a comprehensive student data warehouse, distance education, workforce and economic development, funding, capital outlay and governance.

Senate Joint Memorial 19 – Page 3

The interim government restructuring task force heard testimony regarding higher education in four of its ten meetings during the 2010 interim with topics covering "Big Ideas, Innovative Options", the state master plan for higher education, the higher education funding formula and suggestions for cost-savings and efficiencies at two-year and four-year post-secondary educational institutions.

Despite the attention paid to higher education, the government restructuring task force was unable to make any substantive legislative recommendations to reform the higher education governance system or funding formula.

The government restructuring task force, the legislative finance committee, the higher education department, the higher education funding formula task force and others agreed that an in-depth study of the higher education funding formula and the policy drivers behind the formula is of critical importance to the state.

House Bill 2 of the fiftieth legislature first session, 2011 states, "The department [HED] shall recommend revisions to the funding formula authorized by Section 21-2-5.1 NMSA 1978 no later than October 15, 2011. At a minimum the new formula shall provide incentives for improving student outcomes and quality of programs, including mechanisms to promote cost effective services, greater rates of students completing courses and on-time degree completion."

GH/mew:bym