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FISCAL IMPACT REPORT

ORIGINAL DATE 2/8/2015
SPONSOR Sanchez, C. **LAST UPDATED** _____ **HB** _____

SHORT TITLE Valencia County Off-Campus Center **SB** 255

ANALYST Hartzler

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY15	FY16	FY17		
		\$395.9	Recurring	Institutional Tuition/Fees, Other

(Parenthesis () Indicate Revenue Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY15	FY16	FY17	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total			\$445.9	\$445.9	Recurring	Institutional I&G Expenditures

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act, Section 4J Higher Education, University of New Mexico, Valencia Branch

SOURCES OF INFORMATION

LFC Files

Responses Received From

Higher Education Department (HED)

University of New Mexico (UNM)

SUMMARY

Synopsis of Bill

Senate Bill 255 authorizes the UNM board of regents to establish an off-campus instructional center in Valencia County. The bill does not contain an appropriation.

Pursuant to Section 21-1-26.9 NMSA 1978, an off-campus instructional center can only be created by the Legislature, after receiving a recommendation from HED.

FISCAL IMPLICATIONS

Fiscal Impacts for Institution

UNM reports that the facility, if SB 255 is enacted, will not operate until fall 2016, or FY17. According to HED and UNM, operating expenses incurred during FY16 would include completing negotiations over donated parcel for the instructional center; negotiating or amending academic partnerships with Los Lunas High School, School of Dreams Academy, and Manufacturing Council of Valencia County; and completing construction of the instructional center.

Once in operation (FY17, or academic year 2016-2017), UNM-Valencia (UNM-V) expects tuition and fees revenues of approximately \$395.9 thousand, with operating expenses of approximately \$445.9 thousand. UNM-V expects to cover this estimated \$50 thousand shortfall with institutional reserves. In future years, the campus expects that students attending and completing programs at the instructional center will generate state general fund support through the instruction and general (I&G) funding formula as the UNM-V the number of completed courses are added, more dual credit opportunities are provided, and certificates and degrees are awarded.

Fiscal Impacts for State

There will be a fiscal impact of SB 255 on the state, but the degree of which is unclear. As the institution and HED state, UNM-V will receive state general fund appropriations through the I&G formula based on students completing courses, students completing dual credit courses, and students completing workforce and academic programs. LFC staff cannot precisely determine whether UNM-V will change or improve on the outcome measures included in the I&G formula and whether improved performance on such metrics will result in more state general fund support.

Further, before FY13, the state supported an institution's instructional space through a component in the I&G funding formula. During FY13 through FY15, the formula did not include a calculation. For FY16, HED requested and LFC and the executive recommended funding a formula component that would include plant operations and maintenance for instructional space. The HED's steering committee recommended further refinement of this component during the 2015 and 2016 legislative interim sessions. At this time and given the consistent direction and underlying principals of the I&G funding formula revisions, LFC staff estimates a minimal fiscal impact on state appropriations as distributed through the funding formula for institutions adding or removing instructional space.

SIGNIFICANT ISSUES

Institutional Proposal

The university proposes a westside instructional center, located directly off I-25. A 2013 survey of the community found that more than 90 percent of area residents on the west-side of Los Lunas would likely attend classes at a westside location. Currently, nearly 50 percent of UNM-V's students live west of the Rio Grande River, and presumably would take classes at a new center. Federal population estimates project that Valencia County will grow 16 percent by 2020, though the high school population remains largely flat. UNM-V reports the institution's growth has increased a greater rate than the general population, with headcount growing 30 percent and

full-time equivalent (FTE) students more than 25 percent in the last 10 years. UNM-V estimates it will grow to 1,600 FTE by 2020. HED notes that UNM-V's FTE was increasing through fall 2011 (to 1,530 FTE), but has declined by 200 FTE since then.

UNM-V's current campus center became stressed as enrollment increased. HED notes that UNM-V features 118 gross square feet (GSF) per student, where the state average is 172 GSF per student. Focusing on instructional space, UNM-V allocates 172 I&G space per 1 FTE student where the average two-year college ratio is 273 I&G/FTE.

UNM-V proposes to offer a number of certificate and associate degree programs, particularly in allied health fields and business and industry training. As reported by HED, a 2013 UNM-V survey showed that

- For those considering an associate's degree: 66 percent were "very likely" and 26 percent were "somewhat likely" to take courses at the proposed location
- For those considering job training in a certificate program: 59 percent were "very likely" and 30 percent were "somewhat likely" to take courses at the proposed location

In addition, the campus will increase dual credit and adult basic education offerings at a Westside center. Los Lunas High School and the School of Dreams Academy are planning a permanent faculty off I-25, which can enhance dual credit offerings by UNM-V.

Review of Proposal and Recommendation

An institution seeking to establish a center must follow statutory requirements found in Section 21-14A NMSA 1978, then HED is required to complete a review of such a proposal and submit a recommendation to the Legislature pursuant to Section 21-1-26.9 NMSA 1978. The statute requires the department consider the institution's level of local financial support, potential student population and estimated changes in population, governance structure, construction costs and property acquisition, and proposed academic and workforce programming. Within the last year, HED completed its initial review and concluded the statutory criteria were satisfied. However, the department has yet to complete its assessment as of February 2015.

PERFORMANCE IMPLICATIONS

There are no specific performance measures associated with the bill. However, UNM-V notes that it expects to improve on its annual Accountability in Government Act (AGA) performance measures, particularly those recording dual credit offerings and completed courses, participation in adult basic education programming, and number of certificates and degrees completed.

ADMINISTRATIVE IMPLICATIONS

According to the university, UNM-V's Dean of Instruction will oversee the instructional center with other officers overseeing maintenance, security, and student service activities.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Over time, UNM-V's general fund appropriation in the General Appropriation Act may be affected by expanding services at the proposed instructional center.

OTHER SUBSTANTIVE ISSUES

Legislators may consider making the enactment of SB 255 contingent on a favorable recommendation and thorough analysis from HED.

ALTERNATIVES

Students will continue to participate in programming offered on UNM-V's current campus. Other arrangements with the local high school and charter school to maximize local school facilities to expand dual credit and adult education services.

POSSIBLE QUESTIONS

1. To HED, why hasn't the report on an off-campus instructional center for Los Lunas been released and when will it be available?

TH/bb