

LFC Requester: _____

**AGENCY BILL ANALYSIS
2024 REGULAR SESSION**

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SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Check all that apply:

Original Amendment
Correction Substitute

Date 1/23/24

Bill No: HB 84

Sponsor: Garratt Agency Name and Code: Council of University Presidents
Short Title: Public College Faculty Compensation Number: 993
Person Writing: Therese J Graham
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

- House Bill 84 sets the minimum compensation for non-temporary faculty as: \$60,000 for a full-time, nine-month contract at a four-year institution, or \$55,000 for a full-time, nine-month contract at a two-year institution.
- It sets the minimum compensation for temporary faculty as: \$2,000 per credit hour at a four-year institution, or \$1,833 per credit hour at a two-year institution.
- It appropriates \$44 million from the GF for expenditure in FY25 and subsequent fiscal years.
- The effective date is July 1, 2024.

FISCAL IMPLICATIONS

<i>Instn</i>	<i>HB84 Additional Cost</i>	<i>FY25</i>		<i>FY26</i>		<i>FY27</i>		<i>Total</i>		<i>Rec/Non</i>	<i>Fund</i>
		<i>Low est.</i>	<i>High est.</i>	<i>Low est.</i>	<i>High est.</i>	<i>Low est.</i>	<i>High est.</i>	<i>Low est.</i>	<i>High est.</i>		
ENMU	<i>Main Campus</i>	1,520.0	1,520.0	1,520.0	1,520.0	1,520.0	1,520.0	4,560.0	4,560.0		
	<i>Roswell Branch</i>	2,316.8	2,316.8	2,316.8	2,316.8	2,316.8	2,316.8	6,950.0	6,950.4		
	<i>Ruidoso Branch</i>	400.0	450.0	400.0	450.0	400.0	450.0	1,200.0	1,350.0		
	ENMU total	4,236.8	4,286.8	4,236.8	4,286.8	4,236.8	4,286.8	12,710.4	12,860.4	recurring	GF
NMHU	NMHU total	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	recurring	GF
NMSU	<i>Main Campus</i>	4,121.2	4,121.2	4,121.2	4,121.2	4,121.2	4,121.2	12,363.6	12,363.6		
	<i>Dona Ana Branch</i>	2,788.5	2,788.5	2,788.5	2,788.5	2,788.5	2,788.5	8,365.5	8,365.5		
	<i>Grants Branch</i>	780.8	780.8	780.8	780.8	780.8	780.8	2,342.3	2,342.3		
	<i>Alamogordo Branch</i>	582.8	582.8	582.8	582.8	582.8	582.8	1,748.4	1,748.4		
	NMSU total	8,273.3	8,273.3	8,273.3	8,273.3	8,273.3	8,273.3	24,819.8	24,819.8	recurring	GF
NMT	NMT total	2,177.0	3,794.0	2,177.0	3,794.0	2,177.0	3,794.0	6,531.0	11,382.0	recurring	GF
NNMC	NNMC total	1,007.5	1,061.5	1,053.5	1,107.5	1,102.0	1,156.0	3,162.9	3,324.9	recurring	GF
UNM	<i>Main Campus</i>	2,026.3	2,026.3	2,026.3	2,026.3	2,026.3	2,026.3	6,078.9	6,078.9		
	<i>Health Sciences</i>	1,187.4	1,187.4	1,187.4	1,187.4	1,187.4	1,187.4	3,562.2	3,562.2		
	<i>Gallup Branch</i>	506.4	506.4	506.4	506.4	506.4	506.4	1,519.2	1,519.2		
	<i>Los Alamos Branch</i>	247.0	247.0	247.0	247.0	247.0	247.0	709.8	709.8		
	<i>Taos Branch</i>	424.4	424.4	424.4	424.4	424.4	424.4	1,273.2	1,273.2		
	<i>Valencia Branch</i>	342.1	342.1	342.1	342.1	342.1	342.1	1,026.3	1,026.3		
	UNM total	4,733.6	4,733.6	4,733.6	4,733.6	4,733.6	4,733.6	14,200.8	14,200.8	recurring	GF
WNMU	WNMU total	2,147.3	2,147.3	2,147.3	2,147.3	2,147.3	2,147.3	6,441.9	6,441.9	recurring	GF

Added costs from HB84 for CUP members (6 of 7) and all branches (9) for FY25, FY26 & FY27. Data from NMHU not available.									
HB84 Additional Costs	FY25		FY26		FY27		Total 3-year Impact		Notes
	Low est.	High est.	Low est.	High est.	Low est.	High est.	Low est.	High est.	
TOTALS	22,575.5	24,296.5	22,621.5	24,342.5	22,670.0	24,391.0	67,866.8	73,029.8	See note below.
<i>Includes salary compression & equity adjustments for NMT and ENMU only. Does not consider comp or COLA increases for FY25, FY26 and FY27.</i>									

The table above shows cost estimates (as reported by six of the seven CUP institutions) for bringing faculty compensation up to the levels prescribed by HB84. It indicates that, at minimum, the cost to the six institutions and their nine branches would range from \$22,575,000 to \$24,296,500 in FY25, and from \$67,866,800 to \$73,029,800 for the first three (3) fiscal years.

These estimates are modest calculations of the projected annual costs to CUP members and branch colleges, as they are largely flat over a three-year period and do not adjust for future compensation and cost-of-living increases; only NNMC projected increasing annual costs. The projections are also modest in terms of necessary adjustments for salary compression and equity issues that will arise, as only ENMU and NMT addressed these factors in their calculations.

Clearly, HB84 would have a significant fiscal impact on higher education institutions if it is not fully funded by the state. As was pointed out in NMICC’s bill analysis, “While HB 84 appropriates \$44 million to implement the faculty minimum compensation, neither the Legislative Finance Committee recommendation nor Governor Lujan Grisham’s funding recommendation include this appropriation in their FY25 funding recommendations.”

Based on the projections above – which do not include the bill’s estimated \$25.7 million first-year cost to the independent community colleges, NMHU’s costs, or costs associated with potential compensation and cost-of-living increases – even a \$44 million recurring appropriation would be insufficient in terms of addressing HB84’s full cost to our public higher ed institutions.

SIGNIFICANT ISSUES

ENMU states: “The proposed minimum salary of \$60,000 is significantly higher than the most recent 2022-2023 CUPA average for 9-month Instructors (average salaries vary by discipline, but with the exceptions of the professional fields (Nursing, CDIS, Business, etc.) the national averages for most are in the 49-54K range.

The proposed \$2,000/SCH rate is about 80% higher than the most recent 2022-2023 CUPA average for adjuncts (\$1,109/SCH; n=288 institutions nationally.)”

NMTech states: “The institution estimates the total cost to meet the minimum requirements for all full-time and part-time faculty positions in FY25 to be \$562 thousand (salary plus 35 percent fringe benefits for full-time faculty and 15 percent fringe benefits for part-time faculty) or \$1.6 million over three years (not accounting for annual cost-of-living increases).”

The compression issues are significant. If the state does not fully fund it, the institution will have to consider a variety of alternatives to address these issues, including reallocating institutional

funds, which would negatively impact its ability to carry out the institution's mission effectively"

NNMC states: "This bill would support faculty pay increases to be more competitive with market pay. Northern New Mexico College salaries compete with not only peer institutions but also Santa Fe and Los Alamos National Laboratory wages which are significantly higher than what we can afford due to budget constraints. Northern New Mexico College continues to experience turnover due to the lack of funding to support competitive wages specifically in disciplines such as engineering, business, nursing, education, and trades."

NMSU states: "HB84 will have potential positive and negative impacts in its attempt to increase the minimum compensation for non-temporary and temporary faculty. On the positive end of the spectrum, we would lead the market and be more competitive in recruitment and in retention of newly hired non-temporary and temporary faculty in a tight labor market. However, this bill does not address some powerful secondary impacts including salary compression, equity, seniority, engagement, and morale of long-term and tenured faculty."

UNM states: "As written, the legislation applies equally to all types of faculty (temporary part-time, instructors, professors, lecturers, clinician educators, and term teachers) without differentiation for specialization, type of work, market conditions, qualifications or other employment factors. Minimum compensation with a one-time allocation would create salary compression and salary equity concerns given the lack of differentiation by type of faculty for which the minimum compensation rates apply. Salary compression and salary equity concerns would impact faculty across academic disciplines, titles, and ranks."

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS