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LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS
56th Legislature, 2nd Session, 2024

Bill Number	<u>HB84</u>	Sponsor	<u>Garratt</u>
Tracking Number	<u>.226546.2</u>	Committee Referrals	<u>HEC/HAFC</u>
Short Title	<u>Public College Faculty Compensation</u>		
Analyst	<u>Hathaway</u>	Original Date	<u>1/22/2024</u>
		Last Updated	<u></u>

BILL SUMMARY

Synopsis of Bill

House Bill 84 (HB84) establishes minimum compensation levels for “non-temporary” and “temporary” faculty at public postsecondary institutions. The bill defines non-temporary and temporary faculty, with non-temporary faculty referring to faculty with a continuous appointment, and temporary faculty referring to faculty with a fixed-term or temporary appointment. The bill sets minimum compensation levels as follows:

- \$60 thousand when appointed to a full-time, nine-month contract at a four-year institution;
- \$55 thousand when appointed to a full-time, nine-month contract at a two-year institution;
- \$2,000 per credit hour when employed as temporary faculty at a four-year institution; and
- \$1,833 per credit hour when employed as temporary faculty at a two-year institution.

The bill carries an effective date of July 1, 2024.

FISCAL IMPACT

The bill appropriates \$44 million from the general fund to the Higher Education Department (HED) for expenditure in FY25 and subsequent fiscal years. Any unexpended or unencumbered balance remaining at the end of FY25 shall not revert to the general fund.

SUBSTANTIVE ISSUES

Determining Faculty Compensation and Compensation. HB84 establishes minimum salaries for non-temporary and temporary faculty, but current practice allows a public postsecondary institution to establish salaries. As a result, there is varying data available to project costs accurately, and cost projections submitted in agency analyses vary widely and do not include all postsecondary institutions in the state. In its analysis of HB84, however, HED indicates the \$44 million appropriation is likely to be large enough to cover the increased compensation costs. Despite this projection, the New Mexico Independent Community Colleges (NMICC) reports that

for its member institutions, the cost would be an estimated \$25.7 million—nearly 60 percent of the appropriation contained in HB84.

Compression Concerns. HB84 does not specifically address salary compression, a phenomenon that can emerge when increasing minimum salaries. Salary compression occurs when the gap between employee earnings shrinks as the bottom of the salary range is increased and there are not corresponding raises for those who are already earning over the minimum salaries. Compression in salary or compensation can lead to newer employees earning similar amounts to those who are more senior, or who have been employed longer. [Research](#) shows salary compression is negatively related to pay equity and that these perceptions can be damaging to employee morale and lead to increased turnover.

In submitted agency analyses, New Mexico State University (NMSU), New Mexico Institute of Mining and Technology (NMT), Eastern New Mexico University (ENMU) and the NMICC all note concerns about compression issues that raising minimum salaries could cause.

Current Faculty Numbers. HED reports that the most current data on full-time and part-time faculty at New Mexico’s public postsecondary institutions is from fall 2021. As of fall 2021, there were 1,117 full-time faculty and 1,872 part-time faculty reported at two-year colleges, and 3,237 full-time faculty and 1,329 part-time faculty reported at four-year colleges and universities.

Faculty Contracts. In its analysis of HB84, HED notes the bill refers to non-temporary faculty as having nine-month contracts or appointments, but many faculty have 12-month contracts or appointments, which may mean equivalent salary adjustments for those faculty would need to be computed.

Common Course Numbering. New Mexico has adopted common course numbering, which means that among common courses—regardless of whether the course is offered at a community college or a university—credits are fully transferrable among New Mexico’s public postsecondary institutions. NMICC notes establishing minimum salaries based on whether a faculty member teaches at a community college versus a university could create complexities even though these faculty may be teaching the same course.

ADMINISTRATIVE IMPLICATIONS

HED notes this would be a new program for the department to administer and there is no appropriation in the bill to cover those increased administrative costs.

Colleges and universities that submitted analyses (NMSU, NMT, and ENMU) all note the bill would require increased administrative responsibilities to determine salary changes if the measure were adopted.

ALTERNATIVES

In its analysis of HB84, NMICC recognizes the issue of adequate, targeted compensation for public college faculty, but also notes multiple concerns around community college and university minimums, return to work faculty, faculty duties, non-credit and workforce training faculty, and compression—NMICC writes that given “the sheer complexity of compensation, and the significant recurring costs, NMICC respectfully requests the Legislature require a comprehensive

compensation study be conducted prior to examining the implementation of minimum compensation amounts.”

SOURCES OF INFORMATION

- LESC Files
- New Mexico Higher Education Department
- New Mexico Independent Community Colleges
- New Mexico Institute of Mining and Technology
- New Mexico State University
- Eastern New Mexico University

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