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FISCAL IMPACT REPORT

ORIGINAL DATE 02/05/11

SPONSOR Lovejoy LAST UPDATED _____ HB _____

SHORT TITLE Dual Credit Reimbursement for Completion SB 157

ANALYST Aguilar

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY11	FY12	FY13		
	*NFI		Recurring	General Fund
	See Fiscal Implication			

(Parenthesis () Indicate Revenue Decreases)

*SB157 is effective with the Fall 2011 semester. Fiscal impact would not occur until FY14, due to the two-year delay in funding formula calculations.

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Independent Community Colleges (NMICC)
Higher Education Department (HED)

SUMMARY

Synopsis of Bill

Senate Bill 157 restricts dual credit funding through the higher education funding formula to courses completed not based on course enrollment.

The bill also makes technical corrections to existing statute.

FISCAL IMPLICATIONS

NMHED estimates that total dual credit tuition reimbursement to the institutions would decrease by \$350 thousand, based on the following assumptions:

- dual credit enrollment (73,390 credit hours) and tuition rates stay at the AY 2009-10 level
- the estimated 9 percent reduction using HED definitions of course completion holds constant

NMHED calculates that about 6,800 credit hours would be classified as “not completed”, amounting to 9 percent of total dual credit student credit hours of 73,390. This assumes that the grades “A+ through F”, “credit/no credit”, and “passed/failed” fall under completion, while the grades “withdrawal”, “incomplete”, and “not reported” fall under non-completion.

Since SB157 is effective with the Fall 2011 semester, fiscal implications would not occur until FY14, due to the two-year delay in funding formula calculations.

SIGNIFICANT ISSUES

Funding institutions using completion data has been a key discussion point over the 2010 interim and will be a significant piece in the new funding formula currently in development. The New Mexico Independent Community Colleges (NMICC) notes that many of the costs an institution incurs are in place whether a student completes a course or not. This is part of an ongoing discussion of marginal cost and what costs an institution can be expected to absorb under a variety of circumstances.

The current funding formula uses enrollment data as of the census date of a course, which is typically the 3rd Friday of the semester (for full-semester courses). Census date enrollment includes courses that were not completed by students.

The Higher Education Department (HED) is charged with calculating the annual higher education funding formula. With the implementation of state funding for dual credit tuition reimbursement, effective FY10, HED developed a formula procedure whereby eligible dual credit enrollment (student credit hours) was used to calculate the amount of reimbursement to each higher education institution for the tuition it waived for dual credit students. This reimbursement is included in each institution’s annual Instruction and General appropriation and is in addition to the “workload” funding for all academic courses an institution provided.

SB157 requires that dual credit courses be reimbursed based on completed courses rather than those student credit hours recorded as of the census date. This effectively reduces the amount of reimbursement to the institutions and the impact on the state General Fund. HED notes that due to a two-year lag between a year in which courses are provided and the year in which corresponding formula funding is appropriated, SB157 would affect state funding in FY14 and subsequent years.

HJA/svb