

<b>LFC Requester:</b>	
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**AGENCY BILL ANALYSIS  
2024 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:**

**AgencyAnalysis.nmlegis.gov**

*{Analysis must be uploaded as a PDF}*

**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** 1/17/2024  
**Bill No:** HB 84

<b>Sponsor:</b> <u>JOY GARRATT</u>	<b>Agency Name and Code</b> <u>New Mexico Institute of Mining and Technology</u>
<b>Short Title:</b> <u>PUBLIC COLLEGE FACULTY COMPENSATION</u>	<b>Number:</b> <u>962</u>
	<b>Person Writing</b> <u>The VPAF Office</u>
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**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25 and Subsequent Fiscal Years		
	Proposed \$44 million	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		
No Revenue Identified	No Revenue Identified	No Revenue Identified		

(Parenthesis ( ) Indicate Expenditure Decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	<b>FY25</b>	<b>FY26</b>	<b>FY27</b>	<b>3 Year Total Cost</b>	<b>Recurring or Nonrecurring</b>	<b>Fund Affected</b>
Direct Fiscal Impact	\$562	\$562	\$562	\$1,686	Recurring	General Fund
Compression Issues	\$741 - \$1,483	\$741 - \$1,483	\$741 - \$1,483	\$2,223 - \$4,449	Recurring	General Fund
Equity Issues for STEM Faculty	\$874 - \$1,749	\$874 - \$1,749	\$874 - \$1,749	\$2,622 - \$5,247	Recurring	General Fund
<b>Total</b>	\$2,177 - \$3,794	\$2,177 - \$3,794	\$2,177 - \$3,794	\$6,531 - \$11,382	Recurring	General Fund

(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:

1. Defines non-temporary faculty and temporary faculty.
2. Set 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.
3. Set 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.
4. Provide a \$44 million appropriation from the general fund for expenditure in FY25 and subsequent fiscal years.
5. The effective date is July 1, 2024.

**FISCAL IMPLICATIONS**

*Note: major assumptions underlying fiscal impact should be documented. if additional operating budget impact is estimated, assumptions and calculations should be reported in this section.*

This bill will have a significant fiscal impact on the New Mexico Institute of Mining and Technology (NMT) if it is not fully funded by the state. 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).

In addition, the implementation of this requirement will lead to serious compression issues within the institution. The average increase in full-time faculty salary that meets the requirements of the bill is about 16%. If the institution applies half of the raise rate (8%) to the remaining faculty members to address the compression issue, this would cost the institution an additional \$1.4 million per year (salary plus 35 percent fringe benefits for full-time faculty) or \$4.4 million over three years (not accounting for annual cost-of-living increases). If the institution were to provide the remaining faculty members with a 4% raise (instead of 8% or 15%), the estimated incremental cost to the institution would be approximately \$741 thousand per year or \$2.2 million over three years.

Furthermore, the same minimum compensation threshold applies to all types of faculty across the state without differentiation for disciplines and fields. This creates varying degrees of inequity issues. Faculty in STEM fields at research institutions typically carry both teaching loads and research loads, which require a competitive salary package. If it is not fully funded by the state, NMT will have to reallocate its funds in order to retain faculty and thus ensure that the education provided by the institution remains at a high level. If the institution applies 5% or 10% equity adjustments, this would require an additional \$874 thousand to \$1.7 million per year (salary plus 35 percent fringe benefits for full-time faculty) or \$2.6 million to \$5.2 million over three years (not accounting for annual cost-of-living increases) to make the institutional faculty salaries equitable to the pay scale standard in STEM fields.

#### **SIGNIFICANT ISSUES**

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.

#### **PERFORMANCE IMPLICATIONS**

If the institution is required to implement this requirement and must address associated compression needs without receiving funding or only partially funded by the state appropriations, the institution will have to reduce the budget in other areas. This would most likely negatively impact programs or services offered by the institution.

#### **ADMINISTRATIVE IMPLICATIONS**

None for NMT.

#### **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

None for NMT.

#### **TECHNICAL ISSUES**

None for NMT.

#### **OTHER SUBSTANTIVE ISSUES**

None for NMT.

#### **ALTERNATIVES**

The state fully funds NMT for the costs to implement this requirement and the required funds for the compression issues.

### **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

Operations would continue in the normal course of business with minimal changes. However, faculty who are paid lower wages than other job sectors may continue to face financial challenges.

### **AMENDMENTS**