

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (www.nmlegis.gov). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

ORIGINAL DATE 02/07/13
 SPONSOR Gallegos, D.Y. LAST UPDATED 02/23/13 HB 271
 SHORT TITLE NMSU Cooperative Extension Service SB _____
 ANALYST Hartzler-Toon

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY13	FY14		
	\$1,000.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY13	FY14	FY15	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total			\$1,000.0	\$1,000.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates Appropriation in the General Appropriation Act, New Mexico State University, Cooperative Extension Service

Duplicates Appropriation in the General Appropriation Act, New Mexico State University, Agriculture Experiment Station

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico State University (NMSU)
 Higher Education Department (HED)

SUMMARY

Synopsis of Bill

House Bill 271 (HB 271) appropriates \$1 million from the general fund to New Mexico State University (NMSU) for the purpose of providing \$500 thousand to the Cooperative Extension Service (CES) to support operations and \$500 thousand to the Agriculture Experiment Station (AES) to support operations.

FISCAL IMPLICATIONS

House Bill 2 includes a general fund appropriation of \$12,562 thousand to the CES for FY14. This appropriation is an increase of \$305 thousand, or a 5 percent, over the FY13 general fund appropriation of \$11,859 thousand. The appropriation includes \$5 thousand for training adult 4-H volunteers to better assist 4-H students with projects (see HB 109) and funds for the agency's retirement contributions and increased payments. If the House-passed version of HB 2 and HB 271 are enacted, the CES would receive a total FY14 general fund appropriation of \$13,062 thousand.

The appropriation of \$1 million contained in this bill is a recurring expense to the general fund. The bill states that any unexpended or unencumbered balance remaining at the end FY14 shall revert to the general fund, however, if this appropriation is added to existing provisions in the General Appropriation Act, legislative language in that act would make these funds non-reverting.

Attachment 1 describes the revenue sources and general uses of both the CES and AES. Each projects a cash balance for FY13. As reported on the attachment, each entity received significant increases in general fund support in FY13, both in base level increases and retirement contributions. The NMSU requested general fund increases for both the CES and AES for \$500 thousand each. For FY14, the Higher Education Department (HED) requested and both the Executive and LFC FY14 recommendations supported base level funding for both organizations.

Both entities would apply the appropriation increase to hire and retain staff. As reported by the NMSU:

- (1) The CES will use funds to support recently added staff, particularly the extension wildland fire management specialist, and maintain faculty and staff positions in each county.
- (2) The AES will use funds to hire new faculty researchers to focus on urban issues, such as pest management and horticulture at Los Lunas and Alcalde, forage agronomy at Artesia, and irrigation/water conservation at Tucumcari. Enhanced funding would also help ensure the best equipment and assistantships are available to train future scientists to solve societal problems.

SIGNIFICANT ISSUES

Cooperative Extension Service

The CES' mission is to provide New Mexicans with practical, research-based knowledge and programs to improve their quality of life, focusing on nutrition, family and child development, environmental stewardship, economic and community development. The program maintains staff in 54 offices in all 33 counties and many tribal areas of the state providing:

- 4-H youth development, serving 67 thousand young people;
- Training and seminars to adults and youth on healthy food choices, general nutrition, diabetes prevention, cooking and physical fitness;
- Master gardening programs and other training sessions on environmental stewardship, sustainable energy, and water conservation; and

- Guidance to 10.5 thousand volunteers and 70 thousand youth to carry out hundreds of science, engineering, technology, and healthy living projects.

During the last few years, the CES cut back on programming, reduced staff, and tailored outreach efforts due to declining state funding. The amount budgeted for supplies and expenses has been reduced by half, from \$12.8 million in FY11 to \$4.5 million in FY13. The agency reduced its total FTE from 494 in FY11 to 320 in FY13, mostly through reductions in professional and other staff salaries.

Agriculture Experiment Station

The AES serves as the principal research unit of the NMSU's College of Agricultural, Consumer and Environmental Sciences. The unit provides fundamental and applied science and technology research to benefit New Mexicans in many aspects of agriculture, natural resources management, and family issues. Notable outcomes of the AES include

- Birth and development of the state's commercial chili industry,
- Expansion of the state's onion industry,
- Development of the southwest's pecan industry,
- Development of turf grass varieties, including those featured on NFL Super Bowl fields, and
- Research on nutrition, range management, and genetics to improve animals' ability to thrive in the southwest climate.

During the last few years, the AES adapted to lower state appropriations by eliminating faculty and research FTE as federal or other grant and contract funds expired and narrowing research priorities. Between FY11 to FY13, total FTE were reduced by 70 FTE staff, or 15 percent.

PERFORMANCE IMPLICATIONS

Both the CES and AES complete performance reports as part of the HED's annual budget review process. No additional measures would be added if HB 271 is enacted.

DUPLICATION

HB 271 duplicates appropriations in the General Appropriation Act (GAA) for both the CES and AES.

OTHER ISSUES

While not included in HB 271, the NMSU has requested separating the CES and AES from the University's research and public service projects in the GAA. The University requested creating two new line-items in the GAA for these programs, appearing similar to those of main campus, the branches, and the New Mexico Department of Agriculture.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Both programs will continue to operate at FY13 general fund levels, possibly reducing services.

**Agriculture Experiment Station
BUDGET SUMMARY
(dollars in thousands)**

	FY08 Actuals	FY09 Actuals	FY10 Actuals	FY11 Actuals	FY12 Actuals	FY13 Operating Budget	FY14 AES Request	\$ Inc./Dec.) over FY13	% Inc./Dec.) over FY13
SOURCES									
General Fund	\$16,106.1	\$16,050.2	\$14,501.6	\$13,750.4	\$12,998.6	\$13,562.9	\$14,062.9	\$500.0	3.7%
Other Transfers	(\$516.2)	\$809.5	\$399.9	\$735.5	\$2,032.2	\$2,756.8	\$2,756.8	\$0.0	0.0%
Federal Revenues	\$8,790.0	\$13,419.8	\$16,001.4	\$14,308.1	\$13,871.4	\$12,400.0	\$12,400.0	\$0.0	0.0%
Other Revenues	\$2,595.7	\$3,844.0	\$4,630.8	\$3,432.7	\$3,348.1	\$1,162.0	\$1,162.0	\$0.0	0.0%
TOTAL SOURCES	\$26,975.6	\$34,123.5	\$35,533.7	\$32,226.7	\$32,250.3	\$29,881.7	\$30,381.7	\$500.0	1.7%
USES									
Personal Services and Employee Benefits	\$20,289.9	\$22,048.5	\$22,053.4	\$23,185.4	\$21,470.4	\$20,552.3	\$20,974.7	\$422.4	0.0%
Other	\$7,116.0	\$11,590.8	\$12,318.3	\$9,296.7	\$12,211.3	\$8,890.5	\$8,968.1	\$77.6	0.0%
TOTAL USES	\$27,405.9	\$33,639.3	\$34,371.7	\$32,482.1	\$33,681.7	\$29,442.8	\$29,942.8	\$500.0	1.7%
FTE									
Permanent	296.5	320.5	354.3	348.0	327.3	287.1	291.1	4.0	0.0%
Term	93.9	106.1	92.3	104.6	101.2	95.2	95.2	0.0	0.0%
TOTAL FTE POSITION:	390.4	426.6	446.6	452.6	428.5	382.2	386.3	4.1	0.0%

Notes:

- (1) The AES maintains fund balances. For FY13, the projected fund balance is \$186.5 thousand. If the agency's FY14 expansion request is funded, the projected balance for FY14 would be \$446.6 thousand.
- (2) The Higher Education Department will submit the NMDA's request on November 1, 2012.

**Cooperative Extension Service
BUDGET SUMMARY
(dollars in thousands)**

	FY08 Actuals	FY09 Actuals	FY10 Actuals	FY11 Actuals	FY12 Actuals	FY13 Operating Budget	FY14 CES Request	\$ Inc./Dec.) over FY13	% Inc./Dec.) over FY13
SOURCES									
General Fund	\$13,906.8	\$13,844.1	\$12,453.9	\$12,020.4	\$11,016.8	\$11,859.0	\$12,359.0	\$500.0	4.2%
Other Transfers	\$487.6	\$1,457.6	\$946.6	\$1,727.9	\$2,292.9	\$1,771.2	\$1,771.2	\$0.0	0.0%
Federal Revenues	\$21,558.8	\$25,030.4	\$25,886.6	\$25,012.4	\$9,797.5	\$9,550.0	\$9,550.0	\$0.0	0.0%
Other Revenues	\$4,400.8	\$3,770.1	\$4,653.3	\$3,755.4	\$3,182.5	\$3,100.0	\$3,100.0	\$0.0	0.0%
TOTAL SOURCES	\$40,354.0	\$44,102.2	\$43,940.4	\$42,516.1	\$26,289.7	\$26,280.2	\$26,780.2	\$500.0	1.9%
USES									
Personal Services and Employee Benefits	\$25,984.5	\$28,840.7	\$30,074.7	\$28,192.6	\$20,280.5	\$19,305.7	\$19,543.3	\$237.6	0.0%
Other	\$13,171.1	\$15,271.9	\$15,332.7	\$15,029.9	\$7,152.3	\$6,431.3	\$6,693.7	\$262.4	0.0%
TOTAL USES	\$39,155.6	\$44,112.6	\$45,407.4	\$43,222.5	\$27,432.8	\$25,737.0	\$26,237.0	\$500.0	1.9%
FTE									
Permanent	449.9	498.3	493.0	465.0	342.4	287.9	289.9	2.0	0.0%
Term	29.7	36.2	38.3	32.7	26.9	29.9	29.9	0.0	0.0%
TOTAL FTE POSITION:	479.6	534.5	531.3	497.7	369.3	317.8	319.8	2.0	0.0%

Notes:

- (1) The CES maintains fund balances. For FY13, the projected fund balance is -\$942.1 thousand. If the agency's FY14 expansion request is funded, the projected balance for FY14 would be -\$670.3 thousand.
- (2) The Higher Education Department will submit the NMDA's request on November 1, 2012.

Source: AES and CES Research and Public Service Budget Forms, FY11, FY13, FY14