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FISCAL IMPACT REPORT

ORIGINAL DATE 01/27/13
 SPONSOR Cervantes LAST UPDATED 02/23/13 HB _____
 SHORT TITLE NMSU Manufacturing Sector Development Program SB 253
 ANALYST Hartzler-Toon

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY13	FY14		
	\$88.0	Recurring	General Fund

Relates to Appropriation in the General Appropriation Act, New Mexico State University, Manufacturing Sector Development Program

SOURCES OF INFORMATION

LFC Files

Responses Received From

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

SUMMARY

Synopsis of Bill

Senate Bill 253 (SB 253), a bill making an appropriation to the New Mexico State University (NMSU) for the Manufacturing Sector Development Program (MSDP), appropriates \$88 thousand from the general fund to the NMSU for the program to expand services.

FISCAL IMPLICATIONS

For FY13, the program has a budget of \$756.6 thousand in revenues, including a \$280.7 thousand general fund appropriation, with a projected \$484 thousand in expenditures, half for faculty, student, and support staff compensation and the other half for supplies and expenses related to product development.

House Bill 2 (HB 2) includes a general fund appropriation of \$392 thousand for this program for FY14, an increase of \$111.3 thousand, or almost 40 percent, over the FY13 general fund appropriation. If HB 2, as passed by the House, and SB 253 are enacted, the program's general fund appropriation would total \$480 thousand, for a 71 percent increase over the FY13 general fund level.

The appropriation of \$88 thousand contained in this bill is a recurring expense to the general fund. While SB 253 states that any unexpended or unencumbered balance remaining at the end of FY14 shall revert to the general fund, language in Section 4 of the General Appropriation Act would make this appropriation nonreverting unless explicitly stated otherwise.

SIGNIFICANT ISSUES

The MSDP serves the small business community in southern New Mexico. The College of Engineering's faculty and students provide entrepreneurs with engineering, manufacturing, product development, creating prototypes, and other services to move products from the design phase to market.

According to the program directors,

The demand from businesses for engineering and technology extension services has grown significantly. The present funding level has allowed the College of Engineering to make significant positive economic contributions to communities where it has assisted businesses. The additional business success, employment opportunities, and taxes generated from the increased economic development justify the revenue invested in the program. For example, the mechanization of harvesting and processing in the chili industry is necessary for the survival this important industry in the state; engineering faculty work closely with farmers to develop tools for the chili industry. The college of engineering is the primary organization in New Mexico that provides this type of technical assistance and outreach that would otherwise be extremely limited or difficult for businesses to access.

Support for the STEM outreach programs will promote math and science education among teachers and students in the public school system, increase engagement of K-12 students and teachers in STEM activities, provide recruitment opportunities for students to enroll in engineering degree programs, lead to better prepared and more committed college freshmen studying engineering, and therefore, higher retention rates in the discipline. This will generate more graduates with engineering degrees who can enter the workforce and support the growth of the state's industrial base.

PERFORMANCE IMPLICATIONS

The program submits annual reports on performance measures to the Higher Education Department (HED). For FY12, the program met measures on the number of individuals assisted with technical assistance; individuals who attended training workshops, seminars, and short courses; individuals assisted that lead to initial commercial viability of products; faculty and students involved in projects and employed; and other universities involved in projects.

COMPANIONSHIP and RELATIONSHIP TO OTHER LEGISLATION

SB 253 would expand the base appropriation included in the GAA, Section 4, the NMSU, research and public service projects, MSDP.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The program may only receive an appropriation under the GAA.

THT/svb