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FISCAL IMPACT REPORT

ORIGINAL DATE 1/28/21

SPONSOR Soules LAST UPDATED _____ HB _____

SHORT TITLE Research Grants Closing Fund SB 44

ANALYST Valenzuela

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY21	FY22		
	\$10,000.0	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY21	FY22	FY23	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		\$125.0	\$125.0	\$375.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico State University (NMSU)

New Mexico Council of University Presidents (NMCUP)

New Mexico Higher Education Department (HED)

SUMMARY

Synopsis of Bill

Senate Bill 44 creates the Research Grants Closing Fund to be administered by the New Mexico Higher Education Department. The bill appropriates \$10 million from the general fund to the fund. The purpose of legislation is to stimulate extramural research agreements by providing researchers at public institutions of higher education cost-share matching funds. At a minimum, the fund should leverage an additional \$10 million from outside sources (federal or private) because SB44 requires “equal or greater sources” of nonstate revenue as a condition for awards from the fund.

FISCAL IMPLICATIONS

The appropriation of \$10 million contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance shall not revert to the general fund. SB44 creates a new fund and provides for continuing appropriations. The LFC has concerns with including continuing appropriation language in the statutory provisions for newly created funds, as earmarking reduces the ability of the legislature to establish spending priorities.

HED reports that it is not currently staffed to administer the fund and would require additional resources if SB44 is enacted into law. This bill does not include any additional appropriation to help cover the increased costs and workload associated with these new duties.

SIGNIFICANT ISSUES

Pursuant to rules promulgated by HED, university researchers would compete to receive awards. A panel of experts would evaluate and score the proposals. The bill would assist university researchers access a greater pool of competitive grant opportunities because the researchers would have access to funds to cover the cost share requirements of most federal or private philanthropic proposals.

New Mexico research universities underperform compared with research universities in neighboring states, as shown in the graphic.

Cost sharing typically occurs when a sponsor requires an applicant contributes resources to a sponsored project beyond the amount funded by the sponsor. One of the effects of required cost-sharing requirements is it places additional costs on applicants. Due to these additional required institutional costs institutions of higher education with significant institutional resources have a competitive advantage over smaller universities.

MFV/sb

