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FISCAL IMPACT REPORT

SPONSOR Rawson DATE TYPED 03-04-05 HB _____

SHORT TITLE NMSU Manufacturing Sector Development Program SB 1063

ANALYST Woods

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	\$184.0			Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to the appropriation for New Mexico State University in the General Appropriations Act.
Relates to SB301

SOURCES OF INFORMATION

LFC Files
New Mexico State University (NMSU)
New Mexico Commission on Higher Education (CHE)

SUMMARY

Synopsis of Bill

Senate Bill 1063 – Making an Appropriation for the Manufacturing Sector Development Program at New Mexico State University – appropriates \$184,000 from the general fund to the Board of Regents of New Mexico State University for expenditure in FY06 to maintain and expand the Manufacturing Sector Development Program. Any unexpended or unencumbered balance remaining at the end of FY06 shall revert to the general fund.

Significant Issues

NMSU indicates that the Manufacturing Technology and Engineering Center (M-TEC) is housed in NMSU’s College of Engineering. M-TEC directly supports economic development in two key areas: technical workforce development through educational partnerships with high schools and community colleges, and providing assistance to New Mexico businesses with product development, engineering and manufacturing services that would otherwise not be available. M-TEC’s base funding is as a Research and Public Service Project (RPSP). The Center leverages facilities,

expertise and other resources of the university.

NMSU adds that the demand for M-TEC's technical services has more than doubled every year for the past four years. There are requests to expand educational programs across the state. This growth in demand for services and budget cuts in RPSP programs have created both a significant challenge and opportunity for M-TEC. A major barrier to economic development in the state is the lack of a technically trained workforce. The proposed expansion of technical education programs within the public schools directly addresses this barrier and will act as a catalyst for economic development. M-TEC designed and is currently implementing a model manufacturing technology program in the Gadsden School District that will serve as a pilot program.

CHE notes that this expansion request was not in the list of priority projects submitted by NMSU to the commission for review. Consequently, this request was not included in the commission's funding recommendation for FY06. However, CHE advises that the commission has recommended funding in the amount of \$408,000 for the Manufacturing Sector Development Program within the overall general fund recommendations for Research and Public Service Projects.

PERFORMANCE IMPLICATIONS

NMSU suggests that the ability of M-TEC to provide the increased technical and educational outreach activities that are needed is limited without the requested funding. The legislation supports new technical career paths while supporting economic development with new and expanding business opportunities in New Mexico

FISCAL IMPLICATIONS

The appropriation of \$184,000 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY06 shall revert to the general fund.

ADMINISTRATIVE IMPLICATIONS

New Mexico State University will retain oversight of this program and indicates that M-TEC will use existing administrative staff operating within the existing university administrative structure. Additional administrative resources are not required.

CONFLICT, DUPLICATION, COMPANIONSHIP OR RELATIONSHIP

Relates to the appropriation for New Mexico State University in the General Appropriations Act.

Relates to SB301 in that SB301 seeks to appropriate \$350,000 from the general fund to the Board of Regents of New Mexico State University for expenditure in FY06 to support the Manufacturing Technology and Engineering Center.

OTHER SUBSTANTIVE ISSUES

As general background, NMSU advises that M-TEC has a proven base of technical, educational and administrative expertise and experience in the areas of manufacturing technology, engineering, product design and education. M-TEC operates six well-equipped manufacturing, product

development and measurement laboratories that support the outreach activities. M-TEC is recognized as a leader in manufacturing related curriculum development and new product development. The M-TEC designed “Chile Thinning Machine” has been licensed for production by two New Mexico businesses and will be available to farmers in 2005, providing substantial cost savings to chile farmers.

Further, at present less than 7 percent of the employment base in New Mexico is in the manufacturing sector – a disproportionately small number when contrasted with most other states – indicating a critical need to facilitate the growth of manufacturing in the state. A recent study by *Industry Week* found that manufacturing salaries are generally 89 percent higher than retailing salaries. Increasing the manufacturing sector of the state’s economy will improve the standard of living.

CHE suggests – assuming that funding will continue beyond FY06 – that consideration might be given to requiring the university to submit a plan for program evaluation, including specific program goals and criteria for assessing program effectiveness to the Legislative Finance Committee and the Commission on Higher Education by October 1, 2005. Further that the university should also submit a program evaluation to the Legislative Finance Committee and the Commission on Higher Education by June 30, 2008 detailing the benefits to the State of New Mexico from having this program implemented for a three-year period.

BFW/lg