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FISCAL IMPACT REPORT

SPONSOR Lujan, A. DATE 02-20-05 TYPED 02-20-05 HB 609

SHORT TITLE NMSU Aerospace Engineering Department SB _____

ANALYST Woods

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	\$750.0			Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY05	FY06			
		See Narrative	Recurring	General Fund

(Parenthesis () Indicate Revenue Decreases)

Relates to the appropriation for New Mexico State University in the General Appropriations Act.
Relates to SB1048; Duplicates SB43, HB418

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico State University (NMSU)
New Mexico Commission on Higher Education (CHE)
New Mexico Economic Development Department (EDD)

SUMMARY

Synopsis of Bill

House Bill 609 – Making an Appropriation to Create an Aerospace Engineering Department at New Mexico State University – appropriates \$750,000 from the general fund to the Board of Regents of New Mexico State University for expenditure in FY06 and succeeding fiscal years to create an Aero-

space Engineering Department. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund.

Significant Issues

NMSU indicates that New Mexico is home to a number of public and private aerospace related companies, including:

- NASA White Sands;
- White Sands Missile Range;
- The Air Force Research Laboratory;
- Sandia Laboratories;
- Eclipse Aviation; and
- many others each having a strong need for trained aerospace engineers.

But, as NMSU suggests, while New Mexico is quickly moving to the forefront in aerospace initiatives with the advent of the X-Prize and the investment in the spaceport of the future; it does not currently offer an aerospace engineering program, nor does it possess the capacity to react to current or anticipated industry needs. Further, a 2003 White Sands Research and Developers, LLC poll of New Mexico high school students revealed that aerospace engineering ranked third behind electrical and mechanical engineering in interest among students wishing to pursue an engineering degree.

EDD agrees that the state has a growing aeronautics industry and that companies are moving to New Mexico for this very purpose. EDD further notes that bill seeks to address the concern that while aeronautic companies may receive economic incentives to become established in New Mexico, there may be an issue drawn from the state being able to provide viable employee talent pools with which to pursue and expand their business activities.

PERFORMANCE IMPLICATIONS

NMSU indicates that the aerospace engineering program will be housed within the NMSU's College of Engineering and will occupy existing facilities at no additional expense. It will also share an existing state-of-the-art fluids laboratory with Department of Mechanical Engineering.

Again citing from the 2003 White Sands Research and Developers survey, NMSU notes: "...any new academic program in Aerospace Engineering should directly benefit the high-tech economy of New Mexico. An aerospace engineering department would provide the focal point for the State's aerospace industry, which it currently lacks. In addition, it could assist in consolidating the State's role in established aerospace areas as well as position it for emerging aerospace markets."

FISCAL IMPLICATIONS

NMSU anticipates that expected growth in student enrollments and student credit hour production in aerospace engineering – beyond the initial state appropriation support phase – will generate revenue from the Instruction and General (I&G) higher education funding formula within the General Appropriation Act, once students begin to enroll in the program.

CHE indicates this request was not in the list of priority projects submitted by NMSU to CHE for review. Accordingly, the request was not included in CHE's funding recommendation for FY06.

The appropriation of \$750,000 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY06 shall not revert to the general fund.

ADMINISTRATIVE IMPLICATIONS

NMSU would retain oversight of the program.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

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

Duplicates SB43 and HB418 in that SB43 and HB418 also seek to appropriate \$750,000 from the general fund to the Board of Regents of New Mexico State University for expenditure in FY06 and succeeding fiscal years to create an Aerospace Engineering Department.

Relates to SB1048 in that SB1048 also seeks to appropriate \$750,000 from the general fund to the Board of Regents of New Mexico State University to maintain and expand the aerospace engineering program; however this bill indicates that expenditures are solely for FY06 and any unexpended or unencumbered balance remaining at the end of FY06 shall revert to the general fund.

TECHNICAL ISSUES

NMSU suggests that growth of the aerospace engineering program will require a curriculum and facilities that are at the forefront in aerospace technology. To this end, an Aerospace Engineering Advisory Board will help guide the development of the program with members selected from New Mexico's aerospace industries and major corporations, as well as from national organizations that have a stake in the growth of aerospace in New Mexico. EDD additionally suggests that it would be preferred that those creating the curriculum have a relationship with the aeronautic firms in the state.

OTHER SUBSTANTIVE ISSUES

NMSU suggests that its leadership profile in aerospace research – as evidenced by the 2002-03 National Science Foundation research expenditure rankings – will be substantially expanded by the addition of an aerospace engineering program. Further, NMSU observes that an aerospace engineering program will have the ability to attract not only federal research dollars, but other research funds as well, also enhancing the state's status as a leader in the aerospace industry.

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