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FISCAL IMPACT REPORT

ORIGINAL DATE 1/26/08

SPONSOR Rawson LAST UPDATED _____ HB _____

SHORT TITLE NMSU Social Entrepreneurship Program SB 102

ANALYST Cox

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY08	FY09		
	\$200.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Higher Education – HED
New Mexico State University – NMSU

SUMMARY

Synopsis of Bill

Senate Bill 102 appropriates two hundred thousand dollars (\$200,000) from the General Fund to the Board of Regents of New Mexico State University to support the social entrepreneurship program at the Arrowhead Center.

FISCAL IMPLICATIONS

This request was submitted by NMSU to the New Mexico Higher Education Department for review, however it was not included in the Department's executive funding recommendation for FY09.

The HED's evaluation table of FY09 Research and Public Service Projects provided to the LFC classifies this project as a "would not oppose if funding available" project. Reasons for this classification decision are not provided. (LFC Report 07-20, Higher Education Department Review of Selected Research and Public Service Projects, January 12, 2008, Table 4, p74.)

The appropriation of two hundred thousand dollars (\$200,000) contained in this bill is a recurring expense to the General Fund. Any unexpended or unencumbered balance remaining at the end of Fiscal Year 2009 shall revert to the General Fund.

SIGNIFICANT ISSUES

HED stated:

The purpose of this program is to provide business assistance to nonprofit organizations in need of business development strategies, capacity building, and long-term sustainability planning. The funding will allow the creation of a social entrepreneurship program at NMSU's Arrowhead Center. The Arrowhead Center has provided business assistance to nearly 200 entrepreneurs across the state by providing business plans and feasibility studies to for-profit companies. There has been a growing demand from social entrepreneurs to provide business expertise to nonprofit organizations. The Arrowhead Center intends to expand its services into social ventures, promoting economic development in both the for-profit and nonprofit communities.

The funding will allow the design, implementation, and growth of the program to provide services to all counties in New Mexico. The Arrowhead Center has the information and resources and NMSU's University Extension program has the knowledge, human, and physical resources to reach entrepreneurs and small business owners across New Mexico.

Through this partnership, the Arrowhead Center is able to build relationships with every extension agent, assess the business assistance needs of each county, and determine the amount of business assistance needed in each county. Business research projects have already been referred from Dona Ana County to Harding County

New Mexico State University notes:

Important Conclusions

- Nonprofit organizations contribute significantly to the New Mexico economy by providing increased employment and competitive wages as well as attract significant amounts of out-of-state funds.
- Nonprofit organizations are important to social and economic development in New Mexico, and are growing among small counties.
- Increasing the efficiency of the nonprofit sector could magnify the economic impact to the State.

Arrowhead Center Social Entrepreneurship Program

- The Arrowhead Center already provides business assistance to nonprofit organizations in New Mexico. The creation of a social entrepreneurship program will allow Arrowhead to provide business assistance to *more* nonprofit organizations in need of assistance.
- The Arrowhead Center will assist these organizations in a variety of ways:
 - Develop financial sustainability plans to decrease long-term dependency on grant, State, and Federal funding sources;
 - Implement business strategies to increase efficiency, productivity, and overall effectiveness;
 - Generate economic and feasibility studies to assist nonprofits focus on applying business strategies to their social missions.
- Arrowhead Center will help local nonprofits in Dona Ana County increase their organizational capacity to expand their regional impact.
- In the future, move to assisting for profit organizations integrate socially responsible principles into business ventures.

OTHER SUBSTANTIVE ISSUES

HED further notes:

According to “The Economic Impact of Nonprofit Organizations in New Mexico,” (Mitchell, 2006) nonprofit organizations are important to social and economic development in New Mexico, and are growing among small counties. With the Social Entrepreneurship Program in place, the Arrowhead Center will be able to increase its capacity and ensure more nonprofit, socially oriented businesses are reached in each county.

PRC/bb