

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

## FISCAL IMPACT REPORT

ORIGINAL DATE 2/2/09

SPONSOR Larranaga LAST UPDATED \_\_\_\_\_ HB 384

SHORT TITLE UNM Nanotechnology Research SB \_\_\_\_\_

ANALYST Haug

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	\$200.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Higher Education Department (HED)  
University of New Mexico (UNM)

### SUMMARY

#### Synopsis of Bill

House Bill 384 appropriates \$200.0 from the general fund to the Board of Regents of the University of New Mexico for infrastructure support for entrepreneurial activities in nanotechnology and bioengineering research.

### FISCAL IMPLICATIONS

The appropriation of \$200.0 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of Fiscal Year 2010 shall revert to the general fund.

### SIGNIFICANT ISSUES

The HED states that this request was submitted by UNM to the HED for review, but is not recommended for funding for FY10, regardless of whether the State's fiscal picture improves.

The LFC Appropriation Recommendations, Volume II, pages 364-365 states:

The committee has concerns about the growth of research and public service projects within the higher education budget, as well as the alignment of these projects with state goals and strategic plans. The committee also continues to have significant concerns about accountability and performance outcomes for these projects.

The committee recommendation reduces funding included in the HED request by varying levels from FY09 funding amounts for research projects, public service projects and P-20 pipeline projects focusing on students.

With respect to special projects, higher education institutions advanced 114 proposals for new projects and expansions at a total general fund cost of \$54 million during the HED budget request process in fall 2008.

According to the December 2008 revenue estimate, FY10 recurring revenue will only support a base expenditure level that is \$293 million, or 2.6 percent, less than the FY09 appropriation. All appropriations outside of the general appropriation act will be viewed in this declining revenue context.

The Executive Budget in Brief notes that over the years more than 300 RPSPs have been created, accounting for a large portion of institution budgets. The current RPSPs were reviewed while considering the relevance of the project to the core mission of the institution, the community benefit and the outcomes associated with each project. (Budget in Brief and Policy Highlights, P 9-10.)

UNM states that:

This project is an effort to directly encourage entrepreneurial activity within research groups in the economically significant areas of **nanotechnology and bio-engineering** (*Nano-Bio Engineering*), areas which account for most (~75%) of the innovative technology developed at UNM. While the federal government supports the pure research creating these innovations, opportunities are often squandered in making the transitions to commercial activity because there are no support mechanisms for the very earliest transitions from research to development. By the mechanisms proposed here for increasing entrepreneurial activity, more technology transfer opportunities will be successful. The excellence of UNM research in nanotechnology and bioengineering is demonstrated both by our national reputation and by the generation of a large amount of intellectual property such as patents. These technologies in turn directly impact the two primary challenges of the 21st century - energy and healthcare. Innovative initiatives combining these in specific approaches are unique to UNM and it is essential to keep our lead in this area.

Well in excess of 100 faculty (and their associated research groups composed of graduate students, postdocs and research faculty) at both Main Campus and the Health Science Center at UNM are engaged in research in these areas and the effect on economic and workforce impact have been demonstrated over a number of years. Additionally, STC.UNM has worked across the state to help commercialize technology developed by UNM and collaborators at SNL, LANL and in other educational institutions.