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FISCAL IMPACT REPORT

ORIGINAL DATE 02/03/09

SPONSOR Papen LAST UPDATED _____ HB _____

SHORT TITLE Water Adjudications Reform Meetings SB 50

ANALYST Haug

APPROPRIATION (dollars in thousands)

| Appropriation | | Recurring or Non-Rec | Fund Affected |
|---------------|--------|-------------------------|------------------|
| FY09 | FY10 | | |
| | \$50.0 | Recurring | General Fund |

(Parenthesis () Indicate Expenditure Decreases)

Relates to SJM 3

SOURCES OF INFORMATION

LFC Files

Responses Received From

Office of the State Engineer (OSE)
 Department of Finance and Administration (DFA)
 Higher Education Department (HED)
 Administrative Office of the Courts (AOC)

No Responses Received From

University of New Mexico (UNM)

SUMMARY

Synopsis of Bill

Senate Bill 50 appropriates \$50.0 from the general fund to the Board of Regents of the University of New Mexico to support the Institute of Public Law meetings of stakeholders on water adjudications reform.

FISCAL IMPLICATIONS

The appropriation of \$50.0 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.

Without venturing an amount, the AOC anticipates that additional funding may be necessary to support the professional design of the public meetings, preparation of adjudication alternatives, preparation of educational materials, administrative costs (travel, facilities), meeting facilitation, and generation of the final report.

SIGNIFICANT ISSUES

The HED states that the request was not submitted by UNM's Institute of Public Law to the HED for review and is not included in the HED's funding recommendation for FY10.

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

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. 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 by varying levels from FY09 funding amounts for research projects, public service projects and P-20 pipeline projects focusing on students.

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.)

The DFA notes that the appropriation would strain the already limited resources in the General Fund for FY10.

RELATIONSHIP

SB 50 is related to SJM 3 which requests the Institute of Public Law to develop methods for obtaining public comment on the process of adjudicating water rights and to conduct at least one public meeting for the same purpose.

GH/svb