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## FISCAL IMPACT REPORT

ORIGINAL DATE 2/3/09

SPONSOR Harden LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Canadian River Soil & Water Conservation SB 369

ANALYST Haug

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	\$65.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Higher Education Department (HED)

Energy, Minerals and Natural Resources Department (EMNRD)

Department of Agriculture (NMDA)

### SUMMARY

#### Synopsis of Bill

Senate Bill 369 appropriates \$65.0 from the general fund to the Board of Regents of New Mexico State University to support the Canadian River Soil and Water Conservation District.

### FISCAL IMPLICATIONS

The appropriation of \$65.0 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 not submitted by NMSU to the HED for review and is not included in the Department's funding recommendation for FY10.

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.)

The NMDA states that the Canadian river soil and water conservation district has a history of leveraging federal funds and other cash and non-cash contributions for watershed restoration work in a multi-district, multi-county project. This funding would support staffing for management of various district programs and staff travel required to conduct such programs in the project area. Rehabilitation and monitoring activities are in progress following extensive watershed treatments. Failure to fund the ongoing needs of a watershed project would compromise the effectiveness of state funds and other funds used in the treatment phase of the project.

The EMNRD notes that:

The Energy, Minerals and Natural Resources Department provided funds to the Canadian River SWCD to improve riparian health and reduce hazardous fuels in order to reduce local fire danger. Although the appropriation indicated in this bill is not specifically to fund similar riparian health related projects, the District's capacity to conduct this type of work may be enhanced.

This bill may indirectly benefit the Forestry Division's efforts to improve the health of New Mexico's watersheds. Conducting watershed restoration and fire mitigation projects by removing stands of invasive species and managing the native vegetation will reduce the risk of wildfires and make wildfire suppression less costly, as well as improve the health of the ecosystem.