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FISCAL IMPACT REPORT

ORIGINAL DATE 2/4/09

SPONSOR Adair LAST UPDATED _____ HB _____

SHORT TITLE ENMU Educational Television SB 432

ANALYST Haug

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	\$150.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Higher Education Department (HED)
Eastern New Mexico University (ENMU)

SUMMARY

Synopsis of Bill

Senate Bill 432 appropriates \$150.0 from the general fund to the Board of Regents of Eastern New Mexico University for the operating expenses of educational television KENW.

FISCAL IMPLICATIONS

The appropriation of \$150.0 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 NMSU to the HED for review. The Department would have a neutral recommendation for this project for FY10, if the State's fiscal outlook 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.)

ENMU states that this funding is necessary due to inflation of operating costs caused by federally mandated conversion from analog to digital transmission.

The HED states that:

According to KENW General Manager Duane Ryan, there are three reasons for the need to increase the budget of KENW.

- (1) Utility cost increases. The national TV digital transition moves KENW from a single translator of 100 watts to 1 million-watt translators in Roswell, Hobbs/Lovington, Portales, Artesia, Ft. Sumner, Tatum, Tucumcari, Carlsbad, and Ruidoso.
- (2) Computer service contracts. The change in technology also requires computer software and service contracts that according to Mr. Ryan will exceed \$50,000 per year.
- (3) Server capacity increase. High Definition television requires more data storage and server capacity.

GH/mt