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FISCAL IMPACT REPORT

ORIGINAL DATE 01/25/12

SPONSOR King LAST UPDATED _____ HB 135

SHORT TITLE NMSU Coop. Extension & Experiment Station SB _____

ANALYST Hartzler-Toon

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY12	FY13		
	\$1,230.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY12	FY13	FY14	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	\$0.0	\$0.0	\$0.0	\$0.0		

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB 2, Section 4, J, New Mexico State University, Research and Public Service Projects, Cooperative Extension Service and Agricultural Experiment Station items.

SOURCES OF INFORMATION

LFC Files

Responses Received From

Higher Education Department (HED)
New Mexico State University (NMSU)

SUMMARY

Synopsis of Bill

The bill making an appropriation to the New Mexico State University (NMSU) Cooperative Extension Service (CES) and Agricultural Experiment Station (AES) appropriates \$1,230.0 thousand from the general fund to the NMSU CES and AES for the purpose of adding general fund revenues to each program for FY13. The bill would appropriate \$570.0 thousand in general fund to the CES and \$660.0 thousand in general fund to the AES.

FISCAL IMPLICATIONS

The appropriation of \$1,230.0 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY13 shall not revert to the general fund.

This bill would add \$1,230.0 to the proposed general fund appropriation amount of \$24,621.9 thousand included in HB 2, and recommended by both the LFC and the Executive for FY13. The LFC and Executive budget recommendations of \$24,621.9 reflect the FY12 general fund amount for CES and AES.

SIGNIFICANT ISSUES

In October 2011, the CES requested an increase of \$570.0 thousand in general fund and the AES requested an increase of \$660.0 in general fund during the HED's process for reviewing budget expansion requests for research and public service projects. The HED's FY13 budget request did not include these expansions, requesting funding at FY12 operating levels. The Executive recommended flat funding and the LFC recommended flat funding for these programs.

If either the LFC or Executive FY13 recommendation is followed, this bill would increase CES funding to \$11,929.0 thousand in general fund and AES funding to \$13,922.9 in general fund. This bill would return funding for these programs to pre-FY10 levels.

The CES is the community education arm and the AES is the agricultural research arm of New Mexico State University. The CES and AES are defined in state statute and within the state constitution, and further by the federal Smith-Lever Act (CES) since 1912 and Hatch Act (AES) since 1889. The missions of the CES and AES are to provide the people of New Mexico with practical, research-based knowledge and programs to improve their quality of life. Over 350 CES faculty and staff members are located in 54 offices attached to all 33 county governments and many tribal areas in New Mexico and over 380 AES faculty and staff are based in Las Cruces or at one of our 13 off-campus agricultural science centers.

The subjects of CES educational programs are the fabric of life – social development of young people, human nutrition, environmental stewardship, economic development, and community development. The most well-known CES programs are 4-H youth development, agriculture and natural resources, community economic development, and family and consumer sciences programs. The AES strives to find answers needed by New Mexicans whether commercial growers, urban gardeners, city planners, ranchers, or homeowners. The majority (90%) of state appropriated CES and AES dollars fund personnel. The AES and CES consistently leverage state funding to generate other revenues.

The AES and CES rely on the base general fund appropriation for operations, having receiving a \$500.0 thousand general fund appropriation in FY09 to offset increases in inflationary costs. The AES and CES have supported continued operations from modest reserve balances during this period. By the end of FY11, fund balances had been depleted and both AES and CES are working to avoid a projected year-end deficit for FY12. Without an increase in base funding, AES and CES will likely further curtail service to the state's citizens.

Over the past three fiscal years, state funding for the CES has been cut by nearly 21.8% or \$3.08 million and AES by over 18.9% or \$3.04 million. In order to maintain the county and specialist structure, avoid regionalization of county offices, and maintain operations to support delivery of CES programming, the current CES organizational structure has been downsized. The reorganization resulted in a reduction of ten agent positions and 5 specialist positions. Although downsizing was accomplished primarily through attrition of vacant positions, 6 county faculty transfers were necessary. Also, AES was forced to consider closing a statewide service lab – the Soil, Water, and Plant testing lab (SWAT) resulting in layoffs of 9 employees -- and also to leave off-campus faculty positions open at science centers in Alcalde, Artesia, Clayton, Clovis, Farmington, Los Lunas, and Tucumcari and on-campus faculty positions in several departments pending restoration of any state dollars.

PERFORMANCE IMPLICATIONS

Both the CES and AES report performance measures annually through the HED's program for research and public service projects.

Without additional general fund support, the AES and CES will continue to cut costs, including personnel, and curtail services throughout the state. Currently, more than 42% of AES appropriations are used to maintain personnel and operations at off-campus locations. Each agricultural science center must use AES state appropriations to pay for utilities (gas, electricity, and water); fuel (propane, gas, and diesel); maintenance, repair and replacement of wells, tractors, trucks, equipment for cultivation, harvesting, and spraying; upkeep of buildings, roads and irrigation infrastructure; janitorial service; phones, and internet access; and waste disposal (septic, trash).

RELATIONSHIP

This bill would supplement general funds included in HB 2 for CES and AES.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The CES and AES will receive recurring general fund appropriations at base funding levels.

THT/svb