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FISCAL IMPACT REPORT

ORIGINAL DATE 02/14/13

SPONSOR Harper LAST UPDATED 02/24/13 HB 501

SHORT TITLE UNM Manufacturing Engineering Program SB _____

ANALYST Hartzler-Toon

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY13	FY14		
	\$349.7	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY13	FY14	FY15	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total			\$349.7	\$699.4	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates Appropriation in the General Appropriation Act, University of New Mexico, Manufacturing Engineering Program

SOURCES OF INFORMATION

LFC Files

Responses Received From
University of New Mexico (UNM)

SUMMARY

Synopsis of Bill

House Bill 501 (HB501) appropriates \$349.7 thousand from the general fund to the University of New Mexico's Manufacturing Engineering Program to provide auxiliary faculty and support for the operations of the program's microsystems clean room.

FISCAL IMPLICATIONS

The appropriation of \$349.7 thousand contained in this bill is a recurring expense to the general fund. The bill states that any unexpended or unencumbered balance remaining at the end of

FY14 shall revert to the general fund. If HB501 or any appropriation for this program is added to the program's existing line-appropriation in the General Appropriation Act, Section 4, the funds will be designated nonreverting unless explicitly stated.

For FY13, the UNM Manufacturing Engineering Program received \$350.3 thousand in general fund revenues. House Bill 2 includes a general fund appropriation of \$354 thousand for FY14. If HB 2 as passed by the House and HB 501 are enacted, the program's general fund support would increase by 100 percent to \$703.7 thousand, or to the program's peak, FY09 state funding level.

The program and the clean room helps faculty, students, and small businesses generate additional federal funding and user fees. The program's proposed FY14 budget includes an \$800 thousand federal grant and \$262 thousand in fees. Additional funds would help the program expand its academic programs and start a biomanufacturing concentration. With this program expansion, the institution would receive, in future years, additional general fund support through the state's instruction and general (I&G) funding formula and additional tuition and fees revenues from students.

SIGNIFICANT ISSUES

As stated by the University in the program's FY14 budget submission:

The mission of the UNM Manufacturing Engineering Program is to (1) provide a masters-level engineering degree to students, (2) provide high-tech, hands-on, micro-nano-bio and robotics systems prototyping facilities to students at all levels (high school, community college, undergraduate, and graduate) so they can learn manufacturing methods or conduct research, and (3) provide prototyping capabilities to small, fee-paying, companies so they can demonstrate working devices to venture capitalists.

The program supports the operation of the UNM Manufacturing Training and Technology Center Cleanroom. The cleanroom is used to train graduate students; students from Central New Mexico Community College and Southwestern Indian Polytechnic Institute; and faculty from community colleges and local high schools. The training center and cleanroom have hosted many tenants and users who have collectively raised over \$300 million in venture funding.

For FY12, the cleanroom has served as a center for seven faculty members and their research students, undergraduate students taking hands-on lab work, and many company groups. The FY14 budget request of an additional \$349.7 thousand would add two technicians and two student tech aides to the classroom. These additional staff will help address growing customer demand. Funds will also be used to purchase nominal materials, supplies and small equipment associated with educational activities. The additional funds will help faculty and staff improve response times in dealing with cleanroom and equipment failures, process drive, preventative maintenance, customer assistance, and teaching lab preparations. The expansion will also allow the program to offer four courses that would pertain to existing concentrations and a planned biomanufacturing concentration.

PERFORMANCE IMPLICATIONS

The program currently provides performance reports as part of its annual budget submission. In the FY14 budget submission, the program reported a stable number of students enrolled and number of courses support by the program, consistent faculty and student use of the cleanroom and labs, and a slight increase in the number of companies using the fabrication facilities.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

House Bill 501 duplicates a line-appropriation in the General Appropriation Act, Section 4, University of New Mexico, Manufacturing Engineering Program.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The manufacturing engineering program will continue to receive state appropriations at the FY13 general fund levels.

THT/blm