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FISCAL IMPACT REPORT

SPONSOR Lundstrom **ORIGINAL DATE** 01/21/14
LAST UPDATED _____ **HB** 125

SHORT TITLE NMSU Economic Development Doctorate Program **SB** _____

ANALYST Hartzler-Toon

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY14	FY15		
	\$169.9	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY14	FY15	FY16	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total			\$169.9	\$169.9	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act: Section J, Higher Education, New Mexico State University, Research and Public Service Projects

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico State University (NMSU)

SUMMARY

Synopsis of Bill

House Bill 125 appropriates \$169.9 thousand from the general fund to NMSU to expand the doctorate of economic development program.

FISCAL IMPLICATIONS

The appropriation of \$169.9 thousand contained in this bill is a recurring expenses to the general fund. Any unexpended or unencumbered balance remaining at the end of FY15 shall revert to the general fund.

NMSU submitted a FY15 budget request for this project and amount to the Higher Education Department (HED) as part of the department's process for considering research and public service projects. The HED, Department of Finance and Administration (DFA), and Legislative Finance Committee (LFC) reviewed the proposal as part of the budget process. The HED did not request FY15 general fund support for this project, and neither the LFC nor Executive recommended FY15 funding for this project.

Should HB 125 be included in Section 4 of the General Appropriation Act, the funding would be considered a recurring expense to the general fund. The HB 125 FIR Appropriations and Estimated Additional Operating Expenses Tables categorize the \$169.9 thousand appropriation as a recurring expense though bill language states the funding is nonrecurring.

SIGNIFICANT ISSUES

Currently, NMSU's doctorate in economic development program is available only to students attending NMSU's main campus in Las Cruces. According to NMSU, the appropriation in HB 125 would underwrite costs associated with making the program available to students in other parts of the state. The university noted that the program could capitalize on distance education tools, offering the program at an off-campus site in Albuquerque or Santa Fe. Funding would also be used to provide graduate assistantships to recruit students to the program, support summer seminars for program students and economic development professionals, and expand internship opportunities for program students.

NMSU states that

Over the next few years successful performance will be evident by the attraction of a larger pool of qualified applicants, the attraction of a larger share of applicants from New Mexico, the successful delivery of summer seminars, identification of a qualified off-campus cohort and successful delivery of the program to the cohort.

More broadly, program expansion and improvements funded by this proposal will increase the stock of economic development expertise in the state and region. [For example, program] students participate in internships that benefit local/regional/state economic development efforts, such as [regional labor market studies, a statewide inventory of green jobs, and a study into free trade zones in the state,...]. Program students also complete a final written project dealing with an economic development issue. [Some final projects have included] a feasibility study of the expansion of the nuclear waste facility in Carlsbad, an economic development plan for Sierra County, and a plan to improve technology transfer from universities.

PERFORMANCE IMPLICATIONS

There are no performance measures associated with this bill. Should HB125 be enacted, NMSU should work with DFA, LFC, HED, and the Economic Development Department to identify performance measures and targets to determine program effectiveness and efficient use of the general fund appropriation.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB 125 relates to the General Appropriation Act, Section J Higher Education, New Mexico State University, Research and Public Service Projects.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The program will continue to be delivered at and primarily serve students at NMSU's main campus in Las Cruces.

THT/svb