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FISCAL IMPACT REPORT

ORIGINAL DATE 2/3/2015

SPONSOR Nunez LAST UPDATED 3/9/2015 HB 194

SHORT TITLE NMSU Agricultural Experiment Station SB _____

ANALYST Hartzler

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY15	FY16		
	\$605.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY15	FY16	FY17	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		\$605.0	\$605.0	\$1,210.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates Appropriation in the General Appropriation Act, New Mexico State University, Cooperative Extension Service

Duplicates Appropriation in the General Appropriation Act, New Mexico State University, Agriculture Experiment Station

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico State University (NMSU)

Higher Education Department (HED)

SUMMARY

Synopsis of Bill

House Bill 194 appropriates \$605 thousand from the general fund to NMSU for the purpose of providing \$230 thousand to the Cooperative Extension Service (CES) and \$375 thousand to the Agricultural Experiment Station (AES).

FISCAL IMPLICATIONS

The appropriation of \$605 thousand contained in this bill is a recurring expense to the general fund. The bill states any unexpended or unencumbered balance remaining at the end FY16 shall revert to the general fund. However, if this appropriation is added to existing provisions in the General Appropriation Act, legislative language in that act would make these funds nonreverting.

Attachment 1 describes the revenue sources and general uses of both the CES and AES. Each projects a cash balance for FY16. As reported on the attachment, each entity received significant increases in general fund support since FY13, both in base level increases and retirement contributions.

Cooperative Extension Service

For FY15, CES received a general fund appropriation of nearly \$13.6 million, an increase over FY14. While CES requested an increase of \$230 thousand, or 1.7 percent, in general fund support for FY16, HB 2, as passed by the House, includes a general fund appropriation at the FY15 level. If HB 198 and the House-passed HB 2 were enacted, CES would receive a total of \$13.8 million, or a 1.7 percent increase over FY15.

CES would apply the appropriation in HB 194 towards increasing each station's operating budget. More specifically, the appropriation would help faculty and staff

- enhance quality of programs in the areas of Health and Family Wellness, Community Economic Development, Agriculture and Natural Resources, and 4-H Youth Development
- enhanced ability to respond to emerging issues including extreme drought, catastrophic wildfires, and food safety
- provide more one-on-one consultation across all programmatic areas
- provide sufficient resources for county extension offices to maintain high quality broadband access and telephone services
- increase adequate office resources for the distribution of newsletters and printed materials to clientele
- add travel funds for state specialists to fulfill county-based programming needs across the state

The request was approved by the NMSU Board of Regents

Agricultural Experiment Station

For FY15, AES received a general appropriation of \$14.7 million. For FY16, the program requested \$375 thousand in general fund support, to provide statewide graduate research stipends. HB 2, as passed by the House, includes a \$200 thousand increase in general fund revenues for AES for the Alcalde AES for the Los Luceros Ranch (contingent on an agreement with the Cultural Affairs Department). If HB 198 and the House-passed HB 2 are enacted, AES would receive a \$15.3 million general fund appropriation, or a 4 percent increase over FY15.

AES reports the appropriation in HB 194 would be used to expand the competitive graduate research award program, established in FY15, by creating 15 new graduate assistantships. The AES continues to leverage state appropriations such that over the past 10 years the AES has consistently brought in \$1 to nearly \$1.50 from other sources for every state-appropriated dollar invested. Being able to attract and retain outstanding graduate students will benefit NMSU and,

ultimately, the citizens of New Mexico. The request was approved by the NMSU board of regents.

SIGNIFICANT ISSUES

CES states that, currently, faculty and staff operate with the same funding levels as in 1999. Increased state appropriations for operations will help CES meet its mission of “providing the citizens of New Mexico with practical, research-based knowledge and programs that improve their quality of life.”

AES reports that “increasing the number of graduate assistantships will help the university achieve three strategic goals that benefit New Mexicans:

- 1) Sustain agriculture and conserve natural resources,
- 2) Enhance NM community and economic development, and
- 3) Invest in and develop our human capital.

Recently, state funding graduate students has allowed the AES respond to local and regional needs such as forest restoration after wildfires, saltcedar control, *Listeria* detection in food, animal health, and surviving drought.

Demand for this program far exceeded available funding, providing one of every five applicants a graduate assistantship. Graduate student education can provide high returns on investments in terms of services provided to the state and economic benefits to diverse parts of the state. Graduate research results are crucial for supplying data that is leveraged for grant proposal opportunities at various federal and state funding agencies.

See [Attachment 2](#) for more information on both programs.

PERFORMANCE IMPLICATIONS

CES and AES submitted performance measures and targets as part of NMSU’s request for FY16 general fund appropriations. These targets should be applied if HB 194 is enacted.

CONFLICT

The General Appropriation Act includes provisions for both CES and AES.

TH/bb

**Agriculture Experiment Station
Budget Summary (Unrestricted and Restricted Funds)
(dollars in thousands)**

	FY13 Actuals	FY14 Actuals	FY15 Operating Budget	Change Between FY13 and FY15	FY16 AES Request	\$ Inc./Dec.) FY15 OpBud	% Inc./Dec) FY15 OpBud	FY16 LFC Rec.	FY16 Exec. Rec.
SOURCES									
General Fund	\$13,562.9	\$14,336.5	\$14,725.5	\$1,162.6	\$15,100.5	\$375.0	2.5%	\$15,000.5	\$14,725.5
Other Transfers	\$3,371.7	\$4,396.5	\$3,827.1	\$455.4	\$3,827.1	\$0.0	0.0%	\$3,827.1	\$3,827.1
Federal Revenues	\$9,237.9	\$9,167.3	\$9,150.0	-\$87.9	\$9,150.0	\$0.0	0.0%	\$9,150.0	\$9,150.0
Other Revenues	\$2,009.4	\$1,818.2	\$1,400.0	-\$609.4	\$1,400.0	\$0.0	0.0%	\$1,400.0	\$1,400.0
Fund Balance	-\$431.2	\$157.5	\$881.8	\$1,313.0	\$1,181.8	\$300.0	34.0%	\$881.8	\$881.8
TOTAL SOURCES	\$27,750.7	\$29,876.0	\$29,984.4	\$2,233.7	\$30,659.4	\$675.0	2.3%	\$30,259.4	\$29,984.4
USES									
Personal Services and Employee Benefits	\$19,028.4	\$19,671.2	\$21,026.8	\$1,998.4	\$21,402.0	\$375.2	1.8%	\$21,026.8	\$21,026.8
Other	\$8,564.7	\$9,062.4	\$7,775.8	-\$788.9	\$7,775.4	-\$0.4	0.0%	\$7,775.8	\$7,775.8
TOTAL USES	\$27,593.1	\$28,733.6	\$28,802.6	\$1,209.5	\$29,177.4	\$374.8	1.3%	\$28,802.6	\$28,802.6
Difference	\$157.6	\$1,142.4	\$1,181.8	\$1,024.2	\$1,482.0	\$300.2	25.4%	\$1,456.8	\$1,181.8
FTE	357.4	357.6	351.91	-5.49	370.4	18.5		351.91	351.91

Source: LFC Files

**Cooperative Extension Service
Budget Summary (Unrestricted and Restricted Funds)
(dollars in thousands)**

	FY13 Actuals	FY14 Actuals	FY15 Operating Budget	Change Between FY13 and FY15	FY16 AES Request	\$ Inc./Dec.) FY15 OpBud	% Inc./Dec) FY15 OpBud	FY16 LFC Rec.	FY16 Exec. Rec.
SOURCES									
General Fund	\$11,859.0	\$12,869.5	\$13,612.6	\$1,753.6	\$13,842.6	\$230.0	1.7%	\$13,612.6	\$13,612.6
Other Transfers	\$2,684.9	\$2,809.1	\$2,900.0	\$215.1	\$2,900.0	\$0.0	0.0%	\$2,900.0	\$2,900.0
Federal Revenues	\$8,399.5	\$8,121.4	\$8,600.0	\$200.5	\$8,600.0	\$0.0	0.0%	\$8,600.0	\$8,600.0
Other Revenues	\$2,673.4	\$3,999.1	\$2,859.5	\$186.1	\$2,859.5	\$0.0	0.0%	\$2,859.5	\$2,859.5
Fund Balance	(\$1,757)	(\$1,000.0)	\$448.9	\$2,205.5	\$980.0	\$531.1	118.3%	\$448.9	\$448.9
TOTAL SOURCES	\$23,860.2	\$26,799.1	\$28,421.0	\$4,560.8	\$29,182.1	\$761.1	2.7%	\$28,421.0	\$28,421.0
USES									
Personal Services and Employee Benefits	\$18,307.2	\$18,932.0	\$19,928.9	\$1,621.7	\$19,928.9	\$0.0	0.0%	\$19,928.9	\$19,928.9
Other	\$6,553.0	\$7,345.5	\$7,512.2	\$959.2	\$7,742.2	\$230.0	3.1%	\$7,512.2	\$7,512.2
TOTAL USES	\$24,860.2	\$26,277.5	\$27,441.1	\$2,580.9	\$27,671.1	\$230.0	0.8%	\$27,441.1	\$27,441.1
Difference	(\$1,000.0)	\$521.6	\$979.9	\$1,979.9	\$1,511.0	\$531.1	54.2%	\$979.9	\$979.9
FTE	314.9	314.7	308.7	-6.20	\$308.7	0.0		308.70	308.70

Source: LFC Files