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## FISCAL IMPACT REPORT

SPONSOR Campos ORIGINAL DATE 2/3/2020  
LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_  
SHORT TITLE SF Community College Small Business Center SB 211  
ANALYST Hawker

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY20	FY21		
	\$200.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Higher Education Department (HED)  
Santa Fe Community College (SFCC)

### SUMMARY

#### Synopsis of Bill

Senate Bill 211 appropriates \$200 thousand in general fund to the Higher Education Department for the small business development program at Santa Fe Community College.

### FISCAL IMPLICATIONS

The appropriation of \$200 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2021 shall revert to the general fund.

### SIGNIFICANT ISSUES

The Small Business Development Center (SBDC) at SFCC has received funding from the general fund for 31 years. It provides no cost one-on-one business counseling and low cost training to existing and start-up entrepreneurs through 18 subcontracted service center agreements with higher education institutions across the state. In fiscal year 2020 the general fund appropriation to the SBDC was just under \$4.2 million. A funding expansion request for

\$238.7 thousand was submitted to HED for possible incorporation into the HED fiscal year 2021 funding recommendation. The expansion funds covered the increase in the state match for the federal Procurement Technical Assistance Centers (PTAC) grant; an increase in an advisor salary at one service center; continuation of the Native American Small Business Advisor position; a Data Base Administrator for the lead center, and restoration of a portion of reductions in state general fund experienced by the program. HED, the Executive and the Legislature recommended flat funding for the SBDC for fiscal year 2021.

The SBDC is the State's only nationally accredited business assistance program. It is also the State's first business assistance program with an economic impact verification system in place. The SBDC operates the six New Mexico Procurement Technical Assistance Centers (PTAC) which serve as the bridge between businesses and government. In addition, the SBDC oversees the International Business Accelerator (IBA) located in Santa Teresa, which serves as a one-stop shop for New Mexico small businesses to export and import products and services through the global marketplace. In 2018 according to SBDC statistics, it added 3,831 jobs to New Mexico's economy. The SBDC targets its spending at no more than \$3 thousand per job saved or created.

### **OTHER SUBSTANTIVE ISSUES**

The SBDC recently launched its Native American Business Project initiative to expand services directly to Native American small businesses throughout the State of New Mexico. According to the SBDC, their program is in alignment with the Governor's economic development projects through its partnerships with the Small Business Administration (SBA) and the New Mexico Economic Development Department (NMEDD).

The NMSBDC offers two key services throughout its network, which include high-quality business counseling that meets its clients' specific needs and high-quality training to meet the business community's needs. These two services align with the SBDC's mission and facilitate measurable outcomes. The main goal of these services is to create and retain jobs by helping entrepreneurs start new businesses, grow existing ones or to stay in business.

According to the SBDC, they have experienced a 6.2 percent reduction in funding since FY15, which has put considerable strain on its ability to maintain a high standard of service throughout the State of New Mexico and has resulted in staff reductions and reduced services to small businesses. The expanded budget request, submitted to the NMHED for FY21, indicates new funding would restore services to the state's small business sector addressing needs for start-ups, growth and sustainability.

VKH/sb