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FISCAL IMPACT REPORT

ORIGINAL DATE
LAST UPDATED

SPONSOR T. Garcia **HB** 51

SHORT TITLE NM Highlands Forestry & Watershed Institute **SB** _____

ANALYST Haug

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	\$125.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

Higher Education Department (HED)

Energy, Minerals and Natural Resources Department (EMNRD)

Interstate Stream Commission (ISC)

SUMMARY

Synopsis of Bill

House Bill 51 appropriates \$125.0 from the general fund to the Board of Regents of New Mexico Highlands University for the New Mexico Forestry and Watershed Institute.

FISCAL IMPLICATIONS

The appropriation of \$125.0 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of Fiscal Year 2010 shall revert to the general fund.

SIGNIFICANT ISSUES

The HED states that a request was submitted by NMHU in the amount of \$375,000 to the HED for review. This request represents a \$122,400 increase to the base funding. The Department would have a neutral recommendation for this project for FY10, if the State's fiscal picture improves. The HED notes further that the additional \$125,000 is to develop a research and extension program with partner institutions.

A base appropriation of \$240.0 for the Forest and Watershed Institute is included in the LFC appropriation recommendations for Higher Education, but the base appropriation does not include the expansion component requested by NMHU and embodied in HB 51. The LFC Appropriation Recommendations, Volume II, pages 364-365 states:

With respect to special projects, higher education institutions advanced 114 proposals for new projects and expansions at a total general fund cost of \$54 million during the HED budget request process in fall 2008. The committee has concerns about the growth of research and public service projects within the higher education budget, as well as the alignment of these projects with state goals and strategic plans. The committee also continues to have significant concerns about accountability and performance outcomes for these projects. The committee recommendation reduces from FY09 funding levels by 3 percent for statewide and other activities and by 5 percent for research projects, public service projects and P-20 pipeline projects focusing on students.

According to the December 2008 revenue estimate, FY10 recurring revenue will only support a base expenditure level that is \$293 million, or 2.6 percent, less than the FY09 appropriation. All appropriations outside of the general appropriation act will be viewed in this declining revenue context.

The EMNRD notes that the Institutes' mission is complementary to the Forestry Division's mission of providing for healthy forests and watersheds in New Mexico. The Division's performance will be enhanced because the Institutes will ensure all stakeholders and levels of government have access to the best scientific information available to implement collaborative ecosystem restoration treatments in the most effective and efficient manner. The Institute at Highlands is an important partner with the Forestry Division as the New Mexico Forest and Watershed Health Plan is implemented using a collaborative approach. A Joint Powers Agreement between the EMNRD - Forestry Division and New Mexico Highlands University supports collaborative efforts.

GH/mt