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FISCAL IMPACT REPORT

ORIGINAL DATE 1/26/09

SPONSOR Nunez LAST UPDATED _____ HB 122

SHORT TITLE NMSU Arrowhead Center Programs SB _____

ANALYST Haug

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	\$310.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Higher Education Department (HED)
New Mexico State University (NMSU)

SUMMARY

Synopsis of Bill

House Bill 122 appropriates \$310.0 from the general fund to the Board of Regents of New Mexico State University to support the economic development programs of NMSU's Arrowhead Center for Economic and Sustainable Development.

FISCAL IMPLICATIONS

The appropriation of \$310.0 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 this request was submitted by NMSU to the HED for review. The Department would have a neutral recommendation for this project for FY10, if the State's fiscal picture improves.

The LFC Appropriation Recommendations, Volume II, pages 364-365 states:

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 funding by varying levels from FY09 funding amounts 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 Executive Budget in Brief notes that over the years more than 300 RPSPs have been created, accounting for a large portion of institution budgets. The current RPSPs were reviewed while considering the relevance of the project to the core mission of the institution, the community benefit and the outcomes associated with each project. (Budget in Brief and Policy Highlights, P 9-10.)

NMSU states that the mission of Arrowhead Center is to promote prosperity and public welfare in New Mexico through economic development. Arrowhead Center is in the business of fostering commercialization of NMSU intellectual property, providing relevant public policy research analysis on economic issues, making University resources available to serve as a springboard to start-up businesses; developing new entrepreneurial concepts, jobs, and sources of wealth; and supplying training and degree programs for identified business needs of both the public and private sector in New Mexico.

NMSU states that The seven primary goals of this funding request are to:

- Goal 1: Provide business support services to entrepreneurs and small business owners
- Goal 2: Offer directed business and entrepreneurship education to new mexico's youth
- Goal 3: Create an entrepreneur expert network linking small business owners to seasoned business professionals
- Goal 4: Identify critical workforce development needs
- Goal 5: Explore innovative solutions to meet current and future workforce needs
- Goal 6: Provide economic impact analyses for new mexico communities, with a special emphasis on rural communities
- Goal 7: Conduct economic base studies for new mexico communities, with a special emphasis on rural communities

GH/mt