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FISCAL IMPACT REPORT

ORIGINAL DATE 1/28/09

SPONSOR Lujan, A. LAST UPDATED _____ HB 201

SHORT TITLE NMSU Aerospace Engineering Program SB _____

ANALYST Haug

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	\$383.0	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 201 appropriates \$383.0 from the general fund to the Board of Regents of New Mexico State University to implement undergraduate and graduate level degree programs in aerospace engineering.

FISCAL IMPLICATIONS

The appropriation of \$383.0 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of any Fiscal Year shall not revert to the general fund.

SIGNIFICANT ISSUES

The HED states that this request was submitted by the NMSU to the HED for review. This project supports State priorities and the Department would recommend it for funding 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 included in the HED request 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 Aerospace Engineering program will 1) develop and deliver an accredited undergraduate aerospace engineering program that would produce about 24 BSAE graduates per year and 2) develop a nationally competitive research and graduate program. The AE undergraduate and research programs will support existing and emerging aerospace enterprises in New Mexico, including Spaceport America. The additional recurring funds will enable NMSU to make the long term commitment necessary to hire top faculty. The additional non-recurring funding is requested for new faculty startup and for laboratory equipment and infrastructure. This project has approval from the NMSU Board of Regents.

NMSU notes further that the critical need to hire a minimum of six new aerospace engineering faculty to ensure both undergraduate accreditation and viability of graduate programs has dictated the budgeting for this project. Previous state allocations have allowed facility development and the initiation of the program. Of the FY 2009 recurring funding of \$616,800 (\$423,500 to NMSU and \$193,300 to NMT), the NMSU share will fund salaries/benefits of three new faculty and one support staff. NMSU has provided two additional aerospace faculty positions from I&G funds; these university funded positions were filled, effective August 2008, with two excellent faculty. This legislative request for an additional \$383,000 will be used by NMSU for the following purposes: 1) to provide nationally competitive startup packages for the new faculty (including summer salary funds, initial graduate student support, research computing, equipment, instrumentation funds), and 2) to equip an undergraduate instructional laboratory.

GH/mc