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FISCAL IMPACT REPORT

ORIGINAL DATE 1/29/09

SPONSOR Vigil LAST UPDATED _____ HB 218

SHORT TITLE NMHU Forest & Watershed Restoration Institute SB _____

ANALYST Haug

APPROPRIATION (dollars in thousands)

| Appropriation | | Recurring or Non-Rec | Fund Affected |
|---------------|---------|-------------------------|------------------|
| FY09 | FY10 | | |
| | \$375.0 | Recurring | General Fund |

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB 51

SOURCES OF INFORMATION

LFC Files

Responses Received From

Higher Education Department (HED)

New Mexico Highlands University (NMHU)

Energy, Minerals and Natural Resources Department (EMNRD)

SUMMARY

Synopsis of Bill

House Bill 218 appropriates \$275.0 from the general fund to the Board of Regents of New Mexico Highlands University for the Forest And Watershed Restoration Institute to develop a research and extension program with partner institutions to address forest restoration issues.

FISCAL IMPLICATIONS

The appropriation of \$275.0 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 outlook 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.

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.

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.)

NMHU states that Northern Arizona University, Colorado State University and New Mexico Highlands University are jointly developing forest restoration institutes (Institutes) in each of the three states pursuant to PL 108-317, signed into law in October 2004. The purposes of the non-regulatory Institutes are to bring the unique strengths of the member universities individually, collectively and in partnership with other institutions to help support land managers and their collaborators working to achieve comprehensive ecological restoration treatments on the ground.

NMHU notes further that New Mexico Highlands University has the only certified forestry program in the state. It is a unique opportunity for NMHU to train technical and professional forest and watershed managers for the increasing number of jobs in this field, both in the state and elsewhere. New Mexico's two recently adopted statewide strategic plans for watershed management (The Forest and Watershed Health Plan (FWHP) and The Non-native Phreatophyte/Watershed Management Plan (NNPP) both supported the Institute and identified important roles for it in implementation of these plans,

The EMNRD states that if enacted, HB 218 will likely have positive performance implications relating to the implementation of some of the action items in the New Mexico Forest and Watershed Health Plan, which was approved by the Governor in 2005. The Division's performance will also likely be enhanced because the extension program indicated in this bill will provide added forestry- related technical assistance to landowners in the State. The Forestry Division currently provides forestry related technical assistance to landowners, interested parties and communities in the State via six district offices and a Forest and Watershed Health Coordination Office, located in Albuquerque.

RELATIONSHIP

House Bill 218 relates to House Bill 51 which provides \$125.0 for the Forest And Watershed Restoration Institute.

GH/mt