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FISCAL IMPACT REPORT

ORIGINAL DATE 2/2/09

SPONSOR R S Martinez LAST UPDATED _____ HB 408

SHORT TITLE WNMU Economic Statistical Research Center SB _____

ANALYST Haug

APPROPRIATION (dollars in thousands)

| Appropriation | | Recurring or Non-Rec | Fund Affected |
|---------------|---------|-------------------------|------------------|
| FY09 | FY10 | | |
| | \$211.0 | Recurring | General Fund |

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Higher Education Department (HED)
Economic Development Department (EDD)

SUMMARY

Synopsis of Bill

House Bill 408 appropriates \$211.0 from the general fund to the Board of Regents of Western New Mexico University to develop and maintain a regional economic statistical research center.

FISCAL IMPLICATIONS

The appropriation of \$211.0 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of Fiscal Year 2011 shall revert to the general fund.

SIGNIFICANT ISSUES

The HED states that this request was submitted by WNMU to the HED for review. 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.)

The HED states that:

WNMU plans include the development and maintenance of a University Center Technical Assistance Program. This will include a website hosted by WNMU with economic statistics for WNMU's service area.

The project will initially gather information about Grant County and Luna County. The website will be available January 2010 to economic development and government entities. Information about Hidalgo, Sierra, and Catron Counties will be added to the site on a county by county basis every six months. Once research has been done to gather the information, the website will be updated on a regular basis.

According to WNMU this appropriation will fund 3 professional staff for direction and promotion of the program, and research for information for the website; provide for supplies and expenses for operation; provide travel for staff to educate organizations and companies about the program and to use resources for information that are not accessible online; and provide funding for three computers, a networked printer, a scanner, digital camera, and LCD projector for presentations about the program.

The EDD notes that research capacity and data is critical to the success of economic development, including recruiting new business, expanding existing businesses and assisting entrepreneurs in starting successful and sustainable new business entities.