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FISCAL IMPACT REPORT

ORIGINAL DATE 1/27/09

SPONSOR Cisneros LAST UPDATED _____ HB _____

SHORT TITLE NMSU Rural Entrepreneurship Program SB 95

ANALYST Haug

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	\$150.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

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

SUMMARY

Synopsis of Bill

Senate Bill 95 appropriates \$150.0 from the general fund to the Board of Regents of New Mexico State University for the vice provost office of outreach and engagement to develop a rural entrepreneurship program that will support the long-term viability of small farms, ranches and food and agriculture-related businesses in New Mexico by assisting with business planning and implementation.

FISCAL IMPLICATIONS

The appropriation of \$150.0 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 not submitted by NMSU to the HED for review and is not included in the Department's funding recommendation for FY10.

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:

This initiative is requesting a recurring amount of \$150,000 from the general to support the New Mexico Rural Entrepreneurship (NMRE) program. The NMRE program would be embedded in NMSU Office of Outreach and Engagement. Funding would be used to:

- Hire one additional professional staff (1 faculty FTE), plus some operating, dedicated to providing specialized business planning assistance to the program participants.
- Established as a partnership with non-profit organization, such as the New Mexico Acequia Association, with a demonstrated track record of providing technical assistance to farmers and ranchers. The collaborating non-profit would coordinate the technical team that would provide assistance to farmers and ranchers.

The technical team would be comprised of NMSU Cooperative Extension faculty from the College Agriculture and Business, in addition to the following:

- State and federal agencies (Natural Resource Conservation Service, Soil and Water Conservation Districts, Small Business Development Centers, Organic Commodity Commission, etc.)
- Food/Agriculture Organizations (New Mexico Farmers Marketing Association, various land trusts, commodity groups, etc.)
- Private Sector Consultants (crop consultants, business consultants, accountants, QuickBooks instructors, marketing specialists, energy & equipment consultants, grant writers, other farmers, etc.)
- NM Micro Lending organization.