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## FISCAL IMPACT REPORT

ORIGINAL DATE 1/27/09  
 LAST UPDATED 2/16/09      HB \_\_\_\_\_

SPONSOR Cisneros

SHORT TITLE NM Small Business Development Center      SB 97

ANALYST Haug

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	\$400.0	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

Senate Bill 97 appropriates \$400.0 from the general fund to the Higher Education Department for the statewide New Mexico Small Business Development Center at Santa Fe Community College.

### FISCAL IMPLICATIONS

The appropriation of \$400.0 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 Santa Fe Community College to the HED for review. The Department would have a neutral recommendation for this project for fiscal year 2010, 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.)

The HED states:

The mission of the Small Business Development Center (SBDC), as stated in the statewide strategic plan, is to provide quality direct assistance entrepreneurial education and resource links for potential and existing small businesses to strengthen the economy of New Mexico. Each of the 20 local centers records the number of clients served, training events and topics. In FY 07-08 NMSBDC assisted clients with opening 185 new businesses. The survival rate of businesses which NMSBDC assisted in startup in FY 04-05 was 66% in FY 07-08. Santa Fe Community College is the host site and fiscal agent for each of the statewide offices. With the exception of Eastern New Mexico at Ruidoso and University of New Mexico at Taos, every community college has an SBDC. It is estimated that start up funds to operate a center would be \$150,000. The funding requested is to cover operating costs for additional counselors and advisors, satellite locations, rural circuit riders and increased funding for the International Business Accelerator.

SB97 represents an increase of \$400,000 to the existing recurring General Fund appropriation of \$5,148,700.

GH/mt