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FISCAL IMPACT REPORT

ORIGINAL DATE 02/24/09

SPONSOR Beffort LAST UPDATED _____ HB _____

SHORT TITLE UNM Business Essentials For Entrepreneurs SB 691

ANALYST Haug

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	\$197.3	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Higher Education Department (HED)

University of New Mexico (UNM)

Economic Development Department (EDD)

SUMMARY

Synopsis of Bill

Senate Bill 691 appropriates \$197.3 thousand from the general fund to the Board of Regents of the University of New Mexico to develop a Business Essentials for Community Entrepreneurs Program.

FISCAL IMPLICATIONS

The appropriation of \$197.3 thousand 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.

According to the February 2009 revenue estimate, FY10 recurring revenue will only support a base expenditure level that is \$575 million less than the FY09 appropriations before the 2009 solvency reductions. All appropriations outside of the general appropriation act will be viewed in this declining revenue context.

The HED states that this request was submitted by UNM to the HED for review, but is not recommended for funding for FY10, regardless of whether 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.

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.

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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.)

SIGNIFICANT ISSUES

UNM states:

In order for a small business to thrive, entrepreneurs need to develop a wide range of skills “just in time” to apply them effectively. This program takes the proven content of UNM-Anderson School of Management non-credit courses and tailors it to the needs of entrepreneurs in rural areas. Faculty will also use the data gathered during this project to support research in economic development. Thus, the program addresses the UNM Strategic Priority of Economic and Community Development and also enhances research and the development of distance teaching methodology.

Similar non-credit courses offered to the Albuquerque community have a proven track record. This funding will allow us to develop easily accessible online course delivery, coupled with on-site group interaction. This gives rural New Mexicans the same high quality business skill development opportunities now available in urban areas.

This program will generate economic opportunities for New Mexicans by providing the focused education needed to grow new businesses and nurture existing businesses in communities throughout the state. The project will conduct on-site focus groups with entrepreneurs and community leaders and gather additional data in each geographic area served by UNM Extended University (Gallup, Los Alamos, Rio Rancho, San Juan County, Taos, Valencia County) in order to evaluate local business skill-building needs, then supply tailored “business essentials” courses via distance technology (interactive television), supplemented by in-person instructional support, in order to address those

needs. Faculty will also be able to use the data gathered during this project to support research in economic development. The intensive, 30 hour, non-credit courses will be created for adult learners and will not require admission to the university or any college-level preparation. The courses will be developed and taught by Anderson professors and expert practitioners. Sample course topics include marketing, human resources, personnel management, small business accounting, and project management.

The EDD notes that the State and specifically the Economic Development Department wholeheartedly supports the creation of new entrepreneurs and has, throughout the years, by its own programs and with the cooperation of other business organizations like the SBDC and municipal economic development offices worked to strengthen the New Mexican entrepreneurial community of new small businesses. Indeed support comes from other quarters such as assistance from the Federal government through the SBA and from SCORE. Additional assistance is also available through various business incubator programs throughout the State and at the State's university-led science parks.

HED notes that for the first year, UNM Anderson School of Management will provide program match: \$46,799 for personnel and expenses. Also, each student entrepreneur will contribute \$750 per 30-hour course to offset course delivery expenses.

GH/mc