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FISCAL IMPACT REPORT

ORIGINAL DATE 01/21/2014
SPONSOR Hall **LAST UPDATED** _____ **HB** 34

SHORT TITLE NMSU Cooperative Extension Service **SB** _____

ANALYST Hartzler-Toon

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY14	FY15		
	\$1,008.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY14	FY15	FY16	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		\$1,008.0	\$1,008.0	\$2,016.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates Appropriation in the General Appropriation Act, New Mexico State University, Cooperative Extension Service

Duplicates Appropriation in the General Appropriation Act, New Mexico State University, Agriculture Experiment Station

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico State University (NMSU)

SUMMARY

Synopsis of Bill

House Bill 34 appropriates \$1.008 million from the general fund to NMSU for the purpose of providing \$674 thousand to the Cooperative Extension Service (CES) and \$334 thousand to the Agricultural Experiment Station (AES).

FISCAL IMPLICATIONS

For FY14, CES received a general fund appropriation of nearly \$12.9 million, where AES received a general fund appropriation of \$14.3 million. While both programs requested increases in general fund support for FY15, the Higher Education Department (HED) did not request additional funds for either program. The FY15 Executive recommendation also maintained funding for both programs at FY14 funding levels.

For FY15, the LFC recommended base increases for both programs. The base increases included sufficient amounts for the 0.75 percent contribution to the education retirement fund pursuant to Section 22-11-21 NMSA 1978. The Executive's recommendation funded the retirement increase for CES and AES faculty and staff in NMSU's instruction and general purpose general fund appropriation.

The LFC's general fund recommendation for CES was nearly \$13.1 million, including \$87.4 thousand for the retirement increase and \$100 thousand to support an additional FTE to coordinate economic development efforts throughout the state. The \$187.4 thousand increase is 1.5 percent more than the FY14 general fund level. HB 34 would appropriate an additional \$674 thousand to CES, for a total of \$13.5 million, or 5.2 percent increase over FY14. If the LFC's FY15 recommendation and HB 34 are adopted, CES would receive \$13.7 million in general fund support – an \$861 thousand, or 6.7 percent, increase over FY14 levels.

The LFC's general fund recommendation for AES totaled \$14.4 million, including \$95.8 thousand for the retirement increase. The increase is 0.7 percent more than the FY14 general fund level. HB 34 would appropriate an additional \$334 thousand to AES, for a total of almost \$14.7 million, or 2.3 percent increase over FY14. If the LFC's FY15 recommendation and HB 34 are adopted, AES would receive nearly \$14.7 million in general fund support – a \$430 thousand, or 3 percent, increase over FY14 levels.

The appropriation of \$1.008 million contained in this bill is a recurring expense to the general fund. The bill states any unexpended or unencumbered balance remaining at the end FY15 shall revert to the general fund; however, if this appropriation is added to existing provisions in the General Appropriation Act, legislative language in that act would make these funds non-reverting.

Attachment 1 describes the revenue sources and general uses of both the CES and AES. Each projects a cash balance for FY14. As reported on the attachment, each entity received significant increases in general fund support in FY13 and FY14, both in base level increases and retirement contributions.

Both entities would apply the appropriation increase to hire and retain staff. As reported by the NMSU:

- (1) The CES will use funds to enhance rural health programming and hire an extension economic development coordinator and extension urban horticulture specialist.
- (2) The AES will use funds to hire new faculty researchers: an agronomist (soil and plant scientist) at the Clovis Agricultural Science Center and a small farms/urban farms researcher at the Alcalde Agricultural Science Center.

SIGNIFICANT ISSUES

In addition to the specific uses for additional funding, NMSU noted that

Cooperative Extension Service

Enhanced Rural Health Programming: Many individuals and families living in rural areas and communities experience disparities related to health and well-being. Diabetes, heart disease, obesity, cancer and the absence of routine screenings are challenging rural New Mexicans. Education is the key to influencing even modest lifestyle and behavior changes that can result in lower rates of diabetes, obesity, and chronic disease. Encouraging and facilitating routine health screenings for diabetes, heart disease, and cancer can offer rural New Mexico residents opportunities for preventative health care and early diagnosis of these diseases. To that end, the New Mexico Cooperative Extension Service with offices in each county has a long history of providing research-based education to rural New Mexico. Educational efforts will focus on prevention of diabetes, heart disease and obesity, good nutritional practices, the importance of physical activity, self-management of chronic illness, greater knowledge about recognizing signs of depression, and healthy ways of coping with stress. These educational efforts will include collaboration with local agencies, community-based organizations, established partnerships, and stakeholders to organize health fairs, screenings, and educational opportunities for New Mexicans.

Agricultural Experiment Station

State appropriations are critical to maintain the ability to address the research needs of New Mexico citizens. Currently, 39 percent of AES appropriations are used to maintain personnel and operations at off-campus locations. Each agricultural science center must use AES state appropriations to pay for utilities (gas, electricity, and water); fuel (propane, gas, and diesel); maintenance, repair and replacement of wells, tractors, trucks, equipment for cultivation, harvesting, and spraying; and upkeep of buildings, roads and irrigation. Several of our off-campus Agricultural Science Centers (ASC) is short-staffed and currently unable to address all the needs of constituents near each center. In FY2014 we asked for funding to add faculty to four ASCs – funding was provided for two. Advisory committees, made up of agricultural and community leaders from the area served by each ASC, commodity group, or community organizations are being/were consulted to help determine the best disciplines to serve regional needs.

PERFORMANCE IMPLICATIONS

Both the CES and AES complete performance reports as part of the HED's annual budget review process. No additional measures would be added if HB 34 is enacted.

DUPLICATION

HB 34 duplicates appropriations in the General Appropriation Act (GAA) for both the CES and AES.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Both programs will continue to operate at FY14 general fund levels, possibly reducing services.

THT/ds

HB 34 - NMSU Cooperative Extension Service

**Cooperative Extension Service
Budget Summary (Unrestricted and Restricted Funds)
(dollars in thousands)**

	FY12 Actuals	FY13 Actuals	FY14 Operating Budget	FY15 CES Request	\$	
					Inc./Dec.) FY14 OpBud	% Inc./Dec.) FY14 OpBud
SOURCES						
General Fund	\$11,016.8	\$11,859.0	\$12,869.5	\$13,543.5	\$674.0	5.2%
Other Transfers	\$2,292.9	\$2,684.9	\$2,800.0	\$2,800.0	\$0.0	0.0%
Federal Revenues	\$9,797.5	\$8,399.5	\$8,100.0	\$7,970.0	-\$130.0	-1.6%
Other Revenues	\$3,182.5	\$2,673.4	\$2,355.5	\$2,255.5	-\$100.0	-4.2%
Fund Balance	(\$613.5)	-\$1,756.6	-\$1,243.6	-\$327.1	\$916.5	-73.7%
TOTAL SOURCES	\$25,676.2	\$23,860.2	\$24,881.4	\$26,241.9	\$1,360.5	5.5%
USES						
Personal Services and Employee Benefits	\$20,280.5	\$18,307.2	\$19,480.8	\$19,718.5	\$237.7	1.2%
Other	\$7,152.3	\$6,553.0	\$5,971.4	\$6,407.7	\$436.3	7.3%
TOTAL USES	\$27,432.8	\$24,860.2	\$25,452.2	\$26,126.2	\$674.0	2.6%
Difference	(\$1,756.6)	(\$1,000.0)	(\$570.8)	\$115.7	\$686.5	\$0.0
FTE	369.32	314.9	313.9	316.4	2.5	0.8%

Note: For FY15, the Executive recommended \$12,869.5 thousand in general fund, and the LFC recommended \$13,056.9 thousand. A difference of \$187.4 thousand.

**Agriculture Experiment Station
Budget Summary (Unrestricted and Restricted Funds)
(dollars in thousands)**

	FY12 Actuals	FY13 Actuals	FY14 Operating Budget	FY15 AES Request	\$	
					Inc./Dec.) FY14 OpBud	% Inc./Dec.) FY14 OpBud
SOURCES						
General Fund	\$12,998.6	\$13,562.9	\$14,336.5	\$14,670.5	\$334.0	2.3%
Other Transfers	\$2,032.2	\$3,371.7	\$2,703.0	\$2,703.0	\$0.0	0.0%
Federal Revenues	\$13,871.4	\$9,237.9	\$9,500.0	\$9,400.0	-\$100.0	-1.1%
Other Revenues	\$3,348.1	\$2,009.4	\$1,800.0	\$1,800.0	\$0.0	0.0%
Fund Balance	\$1,000.8	-\$431.2	\$463.7	\$463.7	\$0.0	0.0%
TOTAL SOURCES	\$33,251.1	\$27,750.7	\$28,803.2	\$29,037.2	\$234.0	0.8%
USES						
Personal Services and Employee Benefits	\$21,470.4	\$19,028.4	\$20,255.8	\$20,569.7	\$313.9	1.5%
Other	\$12,211.3	\$8,564.7	\$7,599.3	\$7,619.4	\$20.1	0.3%
TOTAL USES	\$33,681.7	\$27,593.1	\$27,855.1	\$28,189.1	\$334.0	1.2%
Difference	-\$430.6	\$157.6	\$948.1	\$848.1	-\$100.0	-10.5%
FTE	327.3	357.4	366	370.4	4.4	1.2%

Note: For FY15, the Executive recommended \$14,336.5 thousand in general fund, and the LFC recommended \$14,432.3 thousand. A difference of \$95.8 thousand.