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## FISCAL IMPACT REPORT

**SPONSOR** Harper **ORIGINAL DATE** 02/02/14  
**LAST UPDATED** 02/03/14 **HB** 228

**SHORT TITLE** UNM Manufacturing Engineering Program **SB** \_\_\_\_\_

**ANALYST** Hartzler-Toon

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY14	FY15		
	\$193.1	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
<b>Total</b>		\$193.1	\$193.1	\$386.2	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates Appropriation in the General Appropriation Act, University of New Mexico, Manufacturing Engineering Program

### SOURCES OF INFORMATION

LFC Files  
 HB 501 (2013 Session)

Responses Received From  
 Higher Education Department (HED)  
 University of New Mexico (UNM)

### SUMMARY

#### Synopsis of Bill

House Bill 228 appropriates \$193.1 thousand from the general fund to the University of New Mexico's Manufacturing Engineering Program to provide auxiliary support for the operations of the program's microsystems clean room.

## FISCAL IMPLICATIONS

The appropriation of \$193.1 thousand contained in this bill is a recurring expense to the general fund. The bill states that any unexpended or unencumbered balance remaining at the end of FY15 shall revert to the general fund. However, if HB 228 or any appropriation for this program is added to the program's existing line-appropriation in the General Appropriation Act (GAA), Section 4, the funds will be designated nonreverting unless explicitly stated. (The FIR tables for this bill reflect a recurring appropriation.)

For FY14, the UNM Manufacturing Engineering Program received \$556.9 thousand in general fund revenues, an increase of more than \$200 thousand over FY13 levels. For FY15, both the LFC and Executive recommended a slight increase of funding for this program to fund a scheduled retirement contribution increase pursuant to Section 22-11-21 NMSA 1978. If either the LFC or Executive recommendation is adopted and HB 228 is enacted, the program's general fund support would increase by 35 percent to \$750 thousand, or to the program's peak, FY09 state funding level.

The program and the clean room helps faculty, students, and small businesses generate additional federal funding and user fees. The program's proposed FY15 budget includes federal and industry grants and contracts (restricted funds) and \$242 thousand in fees. Additional funds would help the program expand its academic programs and start a biomanufacturing concentration. With this program expansion, UNM would receive, in future years, additional general fund support through the state's instruction and general (I&G) funding formula and additional tuition and fees revenues from students.

## SIGNIFICANT ISSUES

According to Dr. John Wood, the program director at UNM,

The UNM manufacturing engineering program has the following five goals: (1) provide manufacturing resources, courses and degrees for graduate level engineering and computer science students; (2) sustain research and projects; (3) interact with community colleges and high schools, both within NM and outside of NM; (4) interact with the manufacturing industry, both within NM and outside of NM, supporting economic development; and (5) diversify and institutionalize primary sources of funding. These goals are supported by the nine quantifiable objectives shown on the [HED's] research and public service project performance measures matrix. This expansion request herein will impact, in a positive way, each of these five goals.

This program does not duplicate other activities in the Albuquerque area or in New Mexico. The Manufacturing Training and Technology Center (Center's) cleanroom is unique in New Mexico as it supports, (1) training of teachers and students from UNM, Central New Mexico (CNM) Community College, Southwest Indian Polytechnic Institute, and Albuquerque Public Schools (APS); (2) small companies doing microsystems prototyping to prove performance to venture capitalists; and (3) research by UNM faculty and students.

Most recently, the Center's tenants include Radiant Technology and Trilumina. Both of these tenants are tapping into the infrastructure of the MTTC cleanroom for their R&D

operations. It is vital that the MTTC cleanroom remain viable, as a source of economic development, in order for these small companies to succeed.

[Further,] the microsystem sector is growing at about 15% per year, requiring technicians and engineers to support this growth. The Center’s cleanroom prepares both technicians and engineers for these jobs. The cleanroom hosts a CNM dual-credit/enrollment course (Introduction to MEMS) that is open to APS high-school students. These types of courses expose high school students to the possibility of high-tech STEM careers, as technicians or engineers. Starting salaries for MEMS technicians is on the order of \$45k/yr.

### **PERFORMANCE IMPLICATIONS**

The program currently provides performance reports as part of its annual budget submission. In the FY15 budget submission, the program reported a stable number of students enrolled and number of courses support by the program, consistent faculty and student use of the cleanroom and labs, and a slight increase in the number of companies using the fabrication facilities.

### **DUPLICATION, RELATIONSHIP**

HB 228 duplicates a line-appropriation in the General Appropriation Act, Section 4, University of New Mexico, Manufacturing Engineering Program.

### **OTHER SUBSTANTIVE ISSUES**

UNM notes that “there is no similar degree-granting manufacturing program in New Mexico, and there is no similar microsystems cleanroom that supports workforce development, technology development, and economic development. While Intel (Rio Rancho) and Sandia National Laboratories have cleanrooms, they are limited to their specialized processes and not open to small companies.”

### **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

Without the increased funding in HB 228, the program’s general fund appropriation may be limited to FY14 levels. Limited funding reduces the ability of groups to submit competitive federal-level proposals in the microsystems field. Further, a current \$3.3 million National Science foundation award that supports the Southwest Center for Microsystems Education, of which UNM is a member, requires that the university operate a cleanroom to train student and faculty grant beneficiaries.

THT/ds