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## FISCAL IMPACT REPORT

SPONSOR Salazar DATE TYPED 01/31/05 HB 129

SHORT TITLE NM Tech Technology Research Collaborative SB \_\_\_\_\_

ANALYST Williams

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	\$7,900.0			Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates House Bill 184  
 Relates to Senate Bill 169, House Bill 128

#### SOURCES OF INFORMATION

LFC Files  
 Economic Development Department  
 Commission on Higher Education

No Response Received From  
 Council of University Presidents

#### SUMMARY

Endorsed by the Economic and Rural Development and Telecommunications Committee

#### Synopsis of Bill

House Bill 129 appropriates \$7.9 million from the general fund to the board of regents of New Mexico Institute of Mining and Technology for a technology research collaborative to establish advanced technology centers. The appropriation would be allocated as follows:

- \$2 million for medical technologies
- \$750 thousand for sustainable natural resources
- \$2 million for optics
- \$750 thousand for security technologies
- \$500 thousand for digital media and visualization
- \$1.5 million for alternative fuels
- \$400 for funding and management oversight.

### Significant Issues

The appropriation in the bill relates to Senate Bill 128 which establishes the Technology Research Collaborative governed by an eleven-member board. New Mexico Institute of Mining and Technology would serve as the fiscal agent for the statutorily created Technology Research Collaborative.

### **PERFORMANCE IMPLICATIONS**

The bill does not place an emphasis on linking the initiative to the state's strategic plans for economic development and higher education and does not include performance accountability components, such as a strategic plan for the initiative and outcomes-oriented performance measures.

### **FISCAL IMPLICATIONS**

The appropriation of \$7.9 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY06 would ***not*** revert to the general fund.

### **ADMINISTRATIVE IMPLICATIONS**

The appropriation addresses administrative costs in the amount of \$400 thousand, representing approximately 5 percent of the total appropriation.

### **OTHER SUBSTANTIVE ISSUES**

This request for funding was not submitted to the Commission on Higher Education (CHE) by the Board of Regents of NMSU, and, accordingly, was not reviewed by the CHE.

### **ALTERNATIVES**

In 2003, the legislature established the technology enhancement fund, administered by the commission on higher education, to support innovative, applied research to enhance the state's economic growth pursuant to the recommendations of the blue ribbon task force on the higher education funding formula. House Bill 391 (Chapter 367) identified specific research areas including agriculture, biotechnology, biomedicine, energy, materials science, microelectronics, water resources, aerospace, telecommunications and manufacturing science.

Grants from the technology enhancement fund are to be made available to the state's research universities collaborating with corporate and nonprofit organizations. The commission on higher education is directed to award grant funds on a competitive basis with review by a panel of scientific and business experts. The award process would consider excellence in research design and innovation in cross-disciplinary, multi-campus and higher education-industry research collaboration. The university must have matching funds from non-state sources. To date, monies have not been appropriated to the fund.

Higher education institutions receive indirect cost revenues from federal contracts and grants. Further, this money is unrestricted in the sense that the governing board of the institution has the

flexibility to choose which projects are supported with these funds. One of the purposes of retaining these funds is to provide seed money and matching funds for projects such as those proposed in this bill.

**POSSIBLE QUESTIONS**

1. How is this program related to existing state government and university initiatives?
2. How were the specific research areas addressed in this bill identified?
3. Does the proposal incorporate best practices evident for economic development initiatives in other states? What examples can be provided?
4. How would funding be allocated?
5. How would planning and accountability be addressed? How would progress and outcomes be measured?
6. How would the proposed program impact the New Mexico economy? What is the time frame for specific, achievable results?
7. How would rural communities benefit?
8. Should a non-state funds matching requirement be included in the bill?

**AW/lg**