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FISCAL IMPACT REPORT

SPONSOR Picraux **DATE TYPED** 02/01/05 **HB** 184

SHORT TITLE Program to Stimulate Competitive Research **SB** _____

ANALYST Woods

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	3,000.0			Non-Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to the appropriation for the Commission on Higher Education in the General Appropriations Act.

Relates to SB331

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Economic Development Department (EDD)
Commission on Higher Education (CHE)

SUMMARY

Synopsis of Bill

House Bill 184 – Making an Appropriation to Provide Matching Funds for New Mexico’s Experimental Program to Stimulate Competitive research – appropriates \$3 million from the general fund to the Commission on Higher Education for expenditure in FY06 to match federal funds for New Mexico's experimental program to stimulate competitive research. Any unexpended or unencumbered balance remaining at the end of FY06 shall revert to the general fund.

Significant Issues

While CHE suggests that the commission has not adopted a formal position on this particular issue, it advises that the Experimental Program to Stimulate Competitive Research (EPSCoR) is a financial assistance opportunity provided by the U.S. Department of Energy. The purpose of the program is to enhance the capability of designated states to conduct nationally competitive energy-related research and to develop science and engineering manpower in energy-related areas to meet current and future needs. Grant applications are presently being accepted by the Department of Energy and have a deadline of July 6, 2005.

FISCAL IMPLICATIONS

CHE notes that the \$3 million appropriation in HB184 is a non-recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY06 shall revert to the general fund.

ADMINISTRATIVE IMPLICATIONS

CHE will retain oversight of this program.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB184 relates to the appropriation for the CHE in the General Appropriations Act.

HB184 also relates to SB331 in that SB331 seeks to appropriate \$5 million from the general fund to the CHE for expenditure in fiscal years 2006 and 2007 to provide support for competitive research at the New Mexico Institute of Mining and Technology, New Mexico State University and the University of New Mexico. The money shall be divided between the three universities at an equal percentage rate up to one percent of a university's annual aggregate awards for competitive research.

OTHER SUBSTANTIVE ISSUES

CHE indicates that higher education institutions receive indirect cost revenues from federal contracts and grants. 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. A great deal of this money is used as seed money to develop new research and public services projects at institutions. A portion of the indirect cost revenue, and earned overhead, is used to support items such as the salaries of the accountants responsible for monitoring the contract and grants, or for paying utilities and other expenses required to maintain the space where the contract and grant activities are housed.

CHE additionally observes that the higher education funding formula allows institutions to retain 100 percent of this indirect cost revenue. One of the purposes of retaining these funds is to provide seed money and matching funds for projects such as the one proposed in this bill.