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FISCAL IMPACT REPORT

ORIGINAL DATE 02/09/06
 SPONSOR Robinson LAST UPDATED 2/10/06 HB _____
 SHORT TITLE UNM Art, Research, Tech and Science Laboratory SB 433
 ANALYST Williams

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	\$500.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to SB 2, HB 51, HB 127, HB 313

SOURCES OF INFORMATION

LFC Files

Responses Received From

Higher Education Department (HED)
 University of New Mexico ARTS Lab (UNM)
 Economic Development Department (EDD)

SUMMARY

Synopsis of Bill

Senate Bill 433 appropriates \$500.0 thousand from the general fund to the board of regents at the university of New Mexico for the purpose of creating the art, research, technology and science laboratory special project.

FISCAL IMPLICATIONS

The appropriation of \$500.0 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 2007 shall revert to the general fund.

SIGNIFICANT ISSUES

This center is also known as ARTS Lab. According to HED, "ARTS Lab is an innovative inter-

disciplinary center for developing creative relationships connecting art, science, business, and technology in New Mexico's unique environment. . . . ARTS Lab seeks to support innovation and growth in areas such as film, new media, simulation, telehealth, game technology, image processing, scientific visualization, national security applications, and new markets for content.”

HED notes the proposal was submitted through Research, Public Service and Special Program Requests to the NMHED at \$500.0 thousand.

“The NM Media Industries Strategy Project (MISP) strategic plan targeted UNM to develop a multidisciplinary media research and teaching center. MISP was a 2004 Executive initiative to establish NM a leading center for media arts and sciences and all of the corollary applications. UNM was awarded \$3 million in FY04 from the Film and Media Training and Education Capital Fund to form the Art, Research, Technology and Science Laboratory (ARTS Lab). The ARTS Lab is seeking operating funds of \$500,000 to maintain faculty, staff and student positions and programs. ”

PERFORMANCE IMPLICATIONS

The bill does not specifically 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 outcomes-oriented performance measures.

OTHER SUBSTANTIVE ISSUES

Note this center has already been established.

ALTERNATIVES

In 2003, the legislation 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.

Also in 2003, the legislature established the higher education program development enhancement fund to address critical state issues, including work force and professional training, instructional program enhancements and development of mission-specific instructional programs (Senate Bill 370 (Chapter 389)). This fund is a mechanism to address the educational component of this project.

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.

Further, Laws of 2005, Chapter 81 (Senate Bill 169) authorized in state statute the Technology Research Collaborative (TRC), with the New Mexico Institute of Mining and Technology acting as fiscal agent. The TRC was formed in 2003. TRC members include the state's national laboratories, major research institutes and three research universities: University of New Mexico, New Mexico State University and New Mexico Institute of Mining and Technology. General purposes of the collaborative are:

- Establishing advanced technology centers
- Developing, creating and commercializing new intellectual property
- Encouraging new opportunities for business and increased jobs
- Creation of a workforce to support new enterprises based on intellectual property

According to www.nm-trc.org, the TRC identified six advanced technology centers from which advanced technologies will create opportunities for private sector companies, research institutions, investors and entrepreneurs. These include the ARTS Lab.

Per staff at ARTS Lab, the entity will no longer be part of TRC.

POSSIBLE QUESTIONS

1. What were the performance outcomes and economic impacts of the \$30.9 million of state funds previously provided to the state's Centers of Excellence?
2. Is this program related to existing state government and university initiatives?
3. How does this program compare/contrast with the Technology Research Collaborative and the BioTeP initiative task force?
4. Does the proposal incorporate best practices evident for economic development initiatives in other states? What examples can be provided?
5. How would the proposed program impact the New Mexico economy? What is the time frame for specific, achievable results?
6. How would rural communities benefit?
7. What is the total estimated cost of the initiative and the state's share?
8. What percentage of funding would be used for administrative costs overall?
9. How would planning and accountability be addressed? How would progress and outcomes be measured and promulgated?

AW/mt