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## FISCAL IMPACT REPORT

SPONSOR A. Lujan ORIGINAL DATE 1/21/2007  
LAST UPDATED \_\_\_\_\_ HB 79  
SHORT TITLE NMSU AEROSPACE ENGINEERING PROGRAM SB \_\_\_\_\_  
ANALYST McOlash

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
\$1,000.0		Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates Senate Bill 8.

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

New Mexico Higher Education Department (HED)

New Mexico State University (NMSU)

### SUMMARY

#### Synopsis of Bill

House Bill 79 appropriates \$1,000,000 from the General Fund to the Board of Regents of New Mexico State University (NMSU) for expenditure in FY 2007 through FY 2010 to hire faculty and implement undergraduate- and graduate-level degree programs in Aerospace Engineering (AE).

### FISCAL IMPLICATIONS

This bill would appropriate \$1,000,000 from the General Fund to the Board of Regents of NMSU to hire faculty and to develop Aerospace Engineering programs at the BS, MS, and PhD level.

The NMSU analysis indicates:

The requested recurring funds of *\$1,000,000 per year* [emphasis added] will be used during the 5-6 year period of program development. After 5-6 years the program will have attained its capacity, and student credit hour production will generate program sustaining revenue (approx. \$700,000 per year) from the I&G Higher Education Funding Formula.

The appropriation of \$1,000,000, for expenditure in a three-year period, contained in this bill is a recurring expense to the General Fund. Any unexpended or unencumbered balance remaining at the end of FY 2010 shall revert to the General Fund.

## **SIGNIFICANT ISSUES**

This proposal was submitted to the New NMHED by New Mexico State University but was not included in the Department's funding recommendation for FY08.

Significant aspects of NMSU-AE program will be implemented at no additional expense: existing ME courses for AE students in the freshman and sophomore years will be used, along with ME laboratories and infrastructure, for both teaching and research.

In Fall 2006 NMSU and NMT collaborated, via distance education, in teaching the first undergraduate aerospace engineering course. Planned: each year courses originating at NMSU and at NMT will be available to students at both universities.

### NMSU Analysis

Aerospace engineering is a 2008 NMSU legislative funding priority. The requested recurring funds of \$1,000,000 per year will be used during the 5-6 year period of program development. After 5-6 years the program will have attained its capacity, and student credit hour production will generate program sustaining revenue (approx. \$700,000 per year) from the I&G Higher Education Funding Formula.

Obtaining accreditation of the undergraduate program is essential. This requires at least four faculty. Offering graduate degree programs is also essential; without graduate programs potential faculty of high quality will not be interested. The need to hire six new aerospace engineering faculty to ensure both undergraduate accreditation and viability of graduate programs has dictated the budgeting for this project.

## **PERFORMANCE IMPLICATIONS**

The New Mexico Higher Education Department recommends that NMSU should submit a plan for program evaluation, including specific program goals and criteria for assessing program effectiveness to the Legislative Finance Committee and HED by August 1, 2007. The institution shall also submit a program evaluation to the Legislative Finance Committee and HED by June 30, 2010 detailing the benefits to the State of New Mexico from having this program implemented for a three-year period.

**ADMINISTRATIVE IMPLICATIONS**

The Aerospace Engineering program will be developed by and initially administered by NMSU Department of Mechanical Engineering. This department will become the “Department of Mechanical and Aerospace Engineering” (name change approved by NMSU).

**DUPLICATION**

House Bill 79 duplicates the wording, but not the line structure, of SB 8.

**OTHER SUBSTANTIVE ISSUES**

This analysis and the analyses by NMSU and HED classify the appropriation as recurring. The HED narrative notes that it “is a non-recurring appropriation that would support salaries . . .” while NMSU indicates the program will require an annual \$1.0 million appropriation.

**POSSIBLE QUESTIONS**

1. Is this a one-time appropriation or does NMSU intend to request annual, and therefore recurring, appropriations?

BM/nt