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FISCAL IMPACT REPORT

ORIGINAL DATE 1/19/08
 LAST UPDATED 1/26/08 HB 36

SPONSOR Gutierrez

SHORT TITLE NMSU Economic Development Doctorate SB _____

ANALYST Haug

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY08	FY09		
	\$155.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Higher Education Department (HED)
 New Mexico State University (NMSU)

SUMMARY

Synopsis of Bill

House Bill 36 appropriates \$155.0 from the General Fund to the Board of Regents of New Mexico State University to establish a new degree program for a doctorate in economic development.

FISCAL IMPLICATIONS

The appropriation of \$155.0 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2009 shall revert to the general fund.

HED states that this request was submitted and presented by NMSU to the New Mexico Higher Education Department for review, but it is not included in the Department's Executive funding recommendation for FY09.

The HED's evaluation table of FY09 Research and Public Service Projects provided to the LFC classifies this project as a "breach" of the Higher Education Formula. Reasons for this classification decision are not provided. (LFC Report 07-20, Higher Education Department

Review of Selected Research and Public Service Projects, January 12, 2008, Table 4, p74.)

The appropriation request is NMSU's 1st priority out of 29 research and public service projects submitted in their budget request.

SIGNIFICANT ISSUES

According to NMSU analysis, the bill provides basic funding so that two NMSU departments, the Department of Agricultural Economics and Agricultural Business and the Department of Economics and International Business, can begin to offer a professional doctorate in economic development. The sponsoring departments expect to selectively admit 15-17 students per year and expect the program to grow to a mature size of approximately 40 students. The Higher Education Department adds that while there are master's degree and certificate programs in economic development, there are no existing doctoral programs of this type in New Mexico.

According to NMSU analysis, approximately 2/3 of the funds will be used to fund graduate assistant stipends. This approach assists students by providing partial funding for their education and makes them available to participate actively in economic development projects, teaching, and related activities under the supervision of and in cooperation with faculty members and entities supporting economic development. It is possible that entities otherwise unable to afford analytical work on their economic development projects will be able to use supervised student workers help them on their projects.

Further, NMSU states that the Doctor of Economic Development is a new program developed largely in response to the need for economic development in New Mexico but also in other regions of the nation and world. In the proposal stage the program received extensive, statewide support. Now the program has been designed and needs only funds for implementation. If the Doctor of Economic Development is successful, economic development professionals across the state will have the opportunity to increase their understanding of economic development and analyze economic development opportunities to assure that the state of New Mexico, its counties, and its cities, make the most out of their economic development efforts. In the long term, better success at economic development will potentially lead to higher incomes (and tax revenues) across the state.

GH/mt