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FISCAL IMPACT REPORT

SPONSOR Heaton ORIGINAL DATE 1/18/2008
LAST UPDATED _____ HB 65
SHORT TITLE NMSU Carlsbad Manufacturing Development SB _____
ANALYST McOlash

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY08	FY09		
	\$181.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Higher Education Department (NMHED)

New Mexico State University (NMSU)

SUMMARY

Synopsis of Bill

House Bill 65 appropriates \$181,000 from the General Fund to the Board of Regents of NMSU for expenditure in FY09 to provide work force and vocational training through the Carlsbad Manufacturing Sector Development Program.

FISCAL IMPLICATIONS

The appropriation of \$181,000 contained in this bill is a recurring expense to the General Fund. Any unexpended or unencumbered balance remaining at the end of FY09 shall revert to the General Fund.

SIGNIFICANT ISSUES

According to the NMSU analysis, the Engineered Products Division of Washington TRU Solutions (the authorized contractor for the Waste Isolation Pilot Plant – WIPP in Carlsbad) is in dire need of highly trained welders to manufacture stainless steel waste drums and other nuclear-approved storage containers. It is estimated that EPD would hire an additional twenty welders

immediately with plans to hire an additional twenty to thirty over the next two years, assuming demand for EPD's products remain constant. EPD currently pays between \$18 & \$23 per hour for skilled welders. This expansion request, if funded, would secure two additional full-time welding instructors (certified by the American Welding Society as an AWS Welding Supervisor) and equipment needed to implement a specialized, high-level welding training program to meet the needs of EPD and its subcontractors.

This expansion request is for \$181,000 in addition to the annual appropriation of \$363,600. A request was submitted by NMSU Carlsbad in the amount of \$181,100 to the New Mexico Higher Education Department for review. The NMHED funding recommendation for FY09 is a continuance of FY08 recurring funding in the amount of \$363,600 and does not include the \$181,000 expansions request.

The HED's evaluation table of FY09 Research and Public Service Projects provided to the LFC classifies this project as a "would not oppose if funding available" project. 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.)

OTHER SUBSTANTIVE ISSUES

Newly employed welders at EPD do not typically have sufficient skill or training needed to produce the type of products that EPD offers; therefore, EPD has asked for assistance in creating a specialized training program to provide welding students with sufficient skills in the nuclear arena.

ALTERNATIVES

If this expansion request is not funded, NMSU Carlsbad will attempt to seek additional external grant sources to accommodate this workforce development request.

BMc/mt