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FISCAL IMPACT REPORT

SPONSOR Cervantes **ORIGINAL DATE** 02/02/14
LAST UPDATED _____ **HB** _____

SHORT TITLE NMSU Arrowhead Center **SB** 210

ANALYST Hartzler-Toon

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY14	FY15		
	\$145.6	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY14	FY15	FY16	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		\$145.6		\$145.6	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act: Section 4J Higher Education, New Mexico State University, Arrowhead Center

SOURCES OF INFORMATION

LFC Files

Responses Received From

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

SUMMARY

Synopsis of Bill

Senate Bill 210 (SB 210) appropriates \$145.6 thousand from the general fund to the regents of New Mexico State University (NMSU) to increase and expand the economic development mission of the Arrowhead Center for Business Development (Center).

FISCAL IMPLICATIONS

The appropriation of \$145.6 thousand contained in this bill is a recurring expense to the general fund. While the bill states any unexpended or unencumbered balance remaining at the end of FY15 shall revert to the general fund, if SB 210 or any appropriation for this program is added to the program's existing appropriation in the General Appropriation Act (GAA), the funds will be designated nonreverting unless explicitly stated. (The FIR tables for this bill reflect a recurring appropriation.)

For FY14, the Center received \$154.4 thousand in general fund revenues, an increase of more than \$50 thousand over FY13 levels. For FY15, the Executive recommended a general fund appropriation of \$156.3 thousand, a slight increase of funding for this program to fund a scheduled retirement contribution increase pursuant to Section 22-11-21 NMSA 1978. The LFC recommended \$232.1 thousand in general fund support for the Center, a base increase of \$75 thousand and an additional amount for the scheduled retirement increase. If the LFC recommendation is adopted and SB 210 is enacted, the Center's general fund support would increase by 94 percent to nearly \$388 thousand.

SIGNIFICANT ISSUES

Dr. Kevin Boberg, Arrowhead Center director, reports that

New Mexico has significant high-tech assets, including national laboratories; research universities; research, development, test and evaluation government facilities for defense and space; medical research centers; and high-tech companies. These assets support development and delivery of applied research by providing opportunities for innovation, technology commercialization, and business creation. Realizing the potential of these assets requires focused work in a variety of aspects of economic development.

[The Center] provides services for inventors, researchers, students, entrepreneurs, policy-makers, and start-up businesses. Arrowhead moves innovative technologies to commercial markets, teaches and trains upcoming entrepreneurs, conducts vital economic and policy analysis studies, and helps small businesses start and grow with services, resources, and connections. Arrowhead works with students, providing hands-on learning opportunities and skills to make them more marketable as they seek employment after graduation. Arrowhead also serves as an engine for job creation, assisting the start-up and small businesses that drive new jobs.

An increase in general fund support will help [the Center] accomplish the following in New Mexico:

- Foster the startup of innovation-based businesses;
- Transition the discoveries and innovations of NMSU researchers into the marketplace;
- Serve as an innovation hub for New Mexico and the region; and
- Perform public policy analysis, economic research and workforce analysis for industry, government, and small businesses

PERFORMANCE IMPLICATIONS

The Center currently provides performance reports as part of its annual budget submission. In its FY15 budget submission, the Center reported it accelerated the growth of six startup businesses, engaged nearly 200 middle and high school students across the state in innovation and business plan projects, awarded three patents with six provisional patents filed on promising work development, increased the number of businesses in the Arrowhead Technology Incubator by 57 percent, and completed 32 business research projects aiding New Mexico businesses.”

RELATIONSHIP

SB 210 relates to a line-appropriation in the General Appropriation Act, Section 4, New Mexico State University, Arrowhead Center.

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