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FISCAL IMPACT REPORT

SPONSOR <u>Soules</u>	LAST UPDATED _____
	ORIGINAL DATE <u>2/7/2023</u>
SHORT TITLE <u>University Faculty Research Grant Act</u>	BILL NUMBER <u>Senate Bill 236</u>
	ANALYST <u>Jorgensen</u>

APPROPRIATION* (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY23	FY24		
	\$5,000.0	Recurring	General Fund

Parentheses () indicate expenditure decreases.
*Amounts reflect most recent analysis of this legislation.

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
HED		Minimal	Minimal	Minimal	Recurring	General Fund

Parentheses () indicate expenditure decreases.
*Amounts reflect most recent analysis of this legislation.

Relates to appropriation in the General Appropriation Act

Sources of Information

LFC Files

Responses Received From
Higher Education Department (HED)
New Mexico State University (NMSU)
University of New Mexico (UNM)

SUMMARY

Synopsis of Senate Bill 236

Senate Bill 236 creates a University Research Grant Program at the Higher Education Department (HED). Under the proposal, HED will set guidelines and procedures for universities to apply for grants. HED will review applications, make awards, and monitor spending. The grants to universities support faculty research and provide funding for laboratory equipment and any other necessary items to assist in faculty research. SB236 creates the university faculty research grant fund which consists of appropriations, gifts, grants and donations, and investment income.

SB236 appropriates \$5 million from the general fund to HED for distribution to higher education institutions to provide grants to support research activities. The appropriation shall not revert to the general fund.

This bill does not contain an effective date and, as a result, would go into effect June 16, 2023, (90 days after the Legislature adjourns) if signed into law.

FISCAL IMPLICATIONS

The appropriation of \$5 million contained in this bill is recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund.

HED would be required to administer the new grant program. There is no appropriation contained in SB236 to defray the costs to HED of administering a new grant program so that any additional cost of staff time would be absorbed in the existing operating budget.

SIGNIFICANT ISSUES

State research funding can be matched with other grant funding creating a multiplying effect for grant matching funds. According to data gathered by the National Science Foundation, New Mexico research universities spent \$471.9 million on research and development activities in fiscal year 2021, of which \$331.8 million was from federal sources.

Institution	All R&D	Federal Funds
UNM	\$332,556	\$242,212
NMSU	\$110,580	\$64,699
NM Tech	\$28,745	\$24,900
Total	\$471,881	\$331,811

ADMINISTRATIVE IMPLICATIONS

HED would be required to administer the new grant program. There is no appropriation contained in SB236 to defray the costs to HED of administering a new grant program so that any additional cost of staff time would be absorbed in the existing operating budget.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

The 2022 General Appropriation Act contained \$40 million to provide state matching funds to secure additional research grants and the LFC recommendation for the 2023 GAA includes an additional \$40 million for this purpose. Funds appropriated under SB236 would come in addition to the research matching funds already appropriated or recommended for appropriation.