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FISCAL IMPACT REPORT

SPONSOR: Picraux DATE TYPED: 2/5/03 HB 319
 SHORT TITLE: Expand UNM Manufacturing Engineering Program SB _____
 ANALYST: L. Baca

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
	\$320.0			Recurring	GF

(Parenthesis () Indicate Expenditure Decreases)

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
	Significant		Recurring	Federal

(Parenthesis () Indicate Revenue Decreases)

HB 319 is similar to SB 257

Relates to Appropriation for the University of New Mexico in the General Appropriation Act

SOURCES OF INFORMATION

Responses Received From
 Economic Development Department (EDD)
 Commission on Higher Education (CHE)

SUMMARY

Synopsis of Bill

House Bill 319 appropriates \$320.0 from the general fund to the Board of Regents of the University of New Mexico to expand the manufacturing engineering program (MEP).

Significant Issues

The EDD reports that this \$320,000 incremental appropriation request is for operational monies

to operate the significant infrastructure investments in the facility (often referred to as the cleanroom or MTTC). This facility was built with \$6 million from sources other than state appropriations and was equipped with \$6 million in equipment donations by private companies. The state legislature has made capital appropriations for a total of \$2.5 million in 1998, 2000, and 2002.

The EDD also reports that this facility provides a pipeline for a substantial number of high wage workers (200-300 per year) into the New Mexico economy to work in private companies in the state.

In addition, states the EDD analysis, the cleanroom needs to be completed as soon as possible to be a complete resource to the University of New Mexico and to local companies in the state's emerging high tech industry. This cleanroom is a major part of the region's technology business and industry development infrastructure to create high-tech, high-wage jobs in New Mexico. Sandia, Next Generation Economy, AED, Intel, and other organizations are very supportive of the facility.

This cleanroom proposal leverages significant federal dollars to match the state's dollars as well as significant private sector equipment donations as is demonstrated by a \$4.0 million of equipment donations pending from the private sector sometime in February, according to EDD.

Completing the facility will also enable UNM to provide greater assistance to the private sector and become more competitive for federal grants in micorsystems and biotechnology.

FISCAL IMPLICATIONS

The appropriation of \$320.0 is contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2004 shall revert to the general fund.

According to the CHE, the bill appropriates \$320,000 for expansion of the MEP. According to the proposal submitted to the CHE, the expenditures would be made according to the following breakdown (which is in addition to their base funding of \$425,800):

Salaries (1.0 FTE)	\$76,000
Fringe Benefits	18,200
Supplies	170,800
Travel	0
Equipment	55,000
Other: (specify)	0
TOTAL	\$320,000

RELATIONSHIP

HB 319 is essentially the same as SB 257; only the wording in the two bills differs.

OTHER SUBSTANTIVE ISSUES

According to the CHE, UNM submitted an expansion request of \$320,000 for the MEP. This request was ranked 3rd out of 12 research and public service expansion items submitted to the Commission on Higher Education (CHE) by UNM. This program was not recommended for expansion by the CHE.

AMENDMENTS

The CHE suggests the following language for all new recurring higher education programs and expansion of current programs (assuming that funding will continue beyond 2002-2003):

“The institution receiving the appropriation in this bill submit a program evaluation to the Legislative Finance Committee and the Commission on Higher Education by August 2005 detailing the benefits to the State of New Mexico from having implemented this program over a three period.”

LB/njw:sb