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FISCAL IMPACT REPORT

SPONSOR Marquardt DATE 02-20-05 TYPED HB 606

SHORT TITLE NMSU 1-M Telescope Operation SB _____

ANALYST Woods

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	\$126.0			Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to the appropriation for New Mexico State University in the General Appropriations Act.

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico State University (NMSU)

New Mexico Commission on Higher Education (CHE)

SUMMARY

Synopsis of Bill

House Bill 606 – Making an Appropriation to Operate New Mexico State University’s 1-M Telescope – appropriates \$126,000 from the general fund to the Board of Regents of New Mexico State University for expenditure in FY06 to pay the operating expenses of the 1-M telescope. Any unexpended or unencumbered balance remaining at the end of FY06 shall revert to the general fund.

Significant Issues

NMSU indicates that the Department of Astronomy operates New Mexico’s high profile Apache Point Observatory research facility for the Astrophysical Research Consortium (ARC). NMSU is one of the six members of the ARC consortium. An internationally recognized observatory, it provides research and training facilities for NMSU faculty scientists and students. NMSU’s astronomy program is recognized for its excellence in research and graduate education in part because of its association with Apache Point Observatory. NMSU must remain an active participant in this venture in order to compete for grant funding, attract the best scientific faculty and

graduate students, and maintain its leadership in these scientific endeavors.

NMSU pays for its share of the annual operations costs of the observatory and for the support of a separately maintained 1-meter telescope that NMSU operates at the site. NMSU indicates that the *Astronomy Fixed Program Charges* appropriations that have historically paid these costs are presently inadequate. This legislation seeks the means to offset the rising annual costs so as to enable NMSU to continue its participation in Apache Point Observatory operations and to support activities associated with its 3.5-meter and 1-meter telescopes.

CHE advises that this request was not in the list of priority projects submitted by New Mexico State University to the commission for review. Accordingly, the request was not included in the commission's funding recommendation for FY06.

PERFORMANCE IMPLICATIONS

NMSU indicates that the *Astronomy Program Fixed Charges* allocation, which supports some of NMSU's observatory operations, has not increased in over a decade in spite of inflation, generally rising costs, and the addition of new observatory facilities. In the last decade, the NMSU astronomy program has grown by about 70 percent, while its level of research funding has increased to some \$5 million per year. The astronomy department's participation in Apache Point Observatory has played a substantial role in these successes. Adequate funding to support observatory operations will ensure that this growth can continue.

FISCAL IMPLICATIONS

The appropriation of \$126,000 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY06 shall revert to the general fund.

ADMINISTRATIVE IMPLICATIONS

NMSU would retain oversight of the program and anticipates no expansion of program infrastructure as it notes that current administrative staff – operating within existing university administrative structures – are adequate and no additional administrative resources are required.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to the appropriation for New Mexico State University in the General Appropriations Act.

OTHER SUBSTANTIVE ISSUES

NMSU indicates that the Apache Point Observatory is located in the Sacramento Mountains of south-central New Mexico and includes facilities and infrastructure valued at nearly \$100 million. Observatory personnel are employees of New Mexico State University. Annual observatory operating costs are in excess of \$2 million, of which most is invested in the local economy.

CHE observes that higher education institutions receive indirect cost revenues from federal contracts and grants. This money is unrestricted in the sense that the governing board of the institution has the flexibility to choose which projects are supported with these funds. A great deal of

this money is used as seed money to develop new research and public services projects at institutions. A portion of the indirect cost revenue, and earned overhead, is used to support items such as the salaries of the accountants responsible for monitoring the contract and grants, or for paying utilities and other expenses required to maintain the space where the contract and grant activities are housed. Further, that the higher education funding formula allows institutions to retain 100 percent of this indirect cost revenue. One of the purposes of retaining these funds is to provide seed money and matching funds for projects such as the one proposed in this bill.

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