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FISCAL IMPACT REPORT

ORIGINAL DATE 1-19-06

SPONSOR Lujan, A. LAST UPDATED _____ HB 154

SHORT TITLE NMSU Aerospace Engineering Programs SB _____

ANALYST Dearing

APPROPRIATION (dollars in thousands)

| Appropriation | | Recurring or Non-Rec | Fund Affected |
|---------------|---------|-------------------------|------------------|
| FY06 | FY07 | | |
| | \$600.0 | Recurring | General Fund |

(Parenthesis () Indicate Expenditure Decreases)

Duplicates SB38
Relates to Appropriation in HB2

SOURCES OF INFORMATION

LFC Files

Responses Received From

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

SUMMARY

Synopsis of Bill

House Bill 154, appropriates \$600,000 from the general fund to the New Mexico State University Board of Regents for FY07 for expenditure to develop and deliver a degree program in Aerospace Engineering. The Aerospace Engineering Program has been approved by the Board of Regents as major. The program is housed in and administered by the Department of Mechanical Engineering. The first aerospace engineering courses plan to be offered in the Fall 2006 semester. Any unexpended or unencumbered balance remaining at the end of FY07 shall revert to the general fund.

FISCAL IMPLICATIONS

The appropriation of \$600,000 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY07 shall revert to the general fund.

SIGNIFICANT ISSUES

The New Mexico Higher Education Department is committed to the adequate and equitable support of necessary instructional, student services, and academic support initiatives for all students in New Mexico. Activities to be funded in this proposal are currently recommended for funding through the Instruction and General (I&G) higher education funding formula within the General Appropriations Act. Funding of this program without the consideration of similar needs at all institutions could weaken the equitability and thus the integrity of the established I&G formula funding process.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

A similar proposal for a recurring appropriation of \$152,000 is included in the New Mexico Higher Education Department institutional funding requests for FY07 and is supported by Legislative Finance Committee recommendations. An enactment of this legislation would augment the appropriation of \$152,000 is provided in HB2.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

NMSU will not be able to support and offer the planned aerospace engineering program at the higher level. Potential consequences of not enacting this bill include minimized technical education and subsequently reduced economic development in the aerospace industry.

PD/mt