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FISCAL IMPACT REPORT

ORIGINAL DATE 1/19/06

SPONSOR Rawson LAST UPDATED _____ HB _____

SHORT TITLE New Mexico Space Grant Consortium SB 3

ANALYST Dearing

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	\$575.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates: HB140

Relates to:

- SB1 General Appropriation act of 2006
- SB38 NMSU Aerospace Engineering Programs
- SB119 NMSU Science, Math & Engineering Academy
- SB120 NMSU Aerospace Engineering Department
- SB 121 NMSU Space & Aerospace Research Program
- HB7 General Appropriation act of 2006
- HB154 NMSU Aerospace Engineering Program
- HB158 NMSU Science, Math & Aerospace Academy
- HB159 NMSU Space and Aerospace Research Program
- HB167 Create NMSU Aerospace Research Program

SOURCES OF INFORMATION

LFC Files

Responses Received From

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

SUMMARY

Synopsis of Bill

Senate Bill 3

SB3 – appropriates \$575,000 from the General Fund to the Board of Regents of New Mexico State University (NMSU) to provide matching funds for the New Mexico Space Grant Consortium (NMSGC).

FISCAL IMPLICATIONS

The \$575,000 proposed appropriation in SB3 is a recurring expense to the General Fund to support space related research, education, outreach, scholarships, fellowships, summer internships, and related opportunities to students and faculty throughout New Mexico. This appropriation matches federal funding sources, which are administered through NASA. 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. 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.

According to analysis performed by the Commission on Higher Education, NMSGC is a state-wide network of universities, colleges, industry, museums, and federal, state, and local agencies. NMSGC programs provide “hands-on” educational opportunities for students and faculty, kindergarten through graduate school. NMSGC programs directly fund students who enter science, technology, engineering, and mathematics careers where opportunities are expanding in the space industry in America. Requested funds will directly benefit students and faculty by allowing NMSGC to expand beyond the three research universities to all universities in the state and interested community colleges, tribal colleges, public school districts, and museums. Further, the grant requires 100 percent matching funds annually.

NMSU observes that the proposed program is compatible with all partner institutional missions that encourage the inclusion of all students in research and education programs. The program’s history of directly funding students and faculty is critical to assuring requested funds reach students in a timely fashion. Additionally, multiple paths are pursued for recruitment and retention of students in the fields of science, technology, engineering, and mathematics (STEM). Retention of women and minorities in the program throughout the state has led to recognition by NASA and the National Science Foundation as exemplary, as NMSGC scholarship recipients represent 67 percent under-represented minorities. This request does not appear on the list of research, public service, and special programs submitted by NMSU to the New Mexico Higher Education Department (NMHED) for review.

The State of New Mexico has a long successful history in space-based research and education. Assuring New Mexicans a role in the future benefits related to space commercialization, requires that we prepare the workforce in our public institutions including universities, public schools,

museums, and other educational venues.

ADMINISTRATIVE IMPLICATIONS

According to New Mexico Space Grant Consortium, there are no additional administrative costs incurred through the passage of this legislation.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Duplicates HB0140

Relates to:

<u>SB1</u>	<u>General Appropriation act of 2006</u>
<u>SB38</u>	<u>NMSU Aerospace Engineering Programs</u>
<u>SB119</u>	<u>NMSU Science, Math & Engineering Academy</u>
<u>SB120</u>	<u>NMSU Aerospace Engineering Department</u>
<u>SB 121</u>	<u>NMSU Space & Aerospace Research Program</u>
<u>HB7</u>	<u>General Appropriation act of 2006</u>
<u>HB154</u>	<u>NMSU Aerospace Engineering Program</u>
<u>HB158</u>	<u>NMSU Science, Math & Aerospace Academy</u>
<u>HB159</u>	<u>NMSU Space and Aerospace Research Program</u>
<u>HB167</u>	<u>Create NMSU Aerospace Research Program</u>

This legislation is duplicated by House Bill 140. Senate Bill 3 relates to the aforementioned list of proposed legislation. This list of related bills has in common the request to appropriate funding for programs that directly relate to: aerospace, aerospace engineering degree programs, NMSU technical, scientific, mathematics, and research programs. SB 3 is particularly related to research programs within the field of aerospace.

OTHER SUBSTANTIVE ISSUES

The promotion of Science, Technology, Engineering, and Mathematics (STEM) education programs within secondary institutions within New Mexico have recently been high-lighted as issues that are at the forefront of the New Mexico Federal Congressional Delegation's funding and legislative initiatives. This initiative is an effort to promote New Mexico's development of a technically proficient state population that is able to compete in attracting investment at both the national and global level in high-tech manufacturing, engineering and research.

There is an established correlation among STEM education programs and related research and incrementally higher rates of high-wage employment.

ALTERNATIVES

According to analysis performed by the Higher Education Department, 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 service 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. 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.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

While it is possible that NMSU could lose federal grant award monies if the \$575,000 appropriation is not fully matched, other sources of funding may establish the 100% match criteria related to the congressionally appropriated NASA funds.

POSSIBLE QUESTIONS

Can NASA federal funds be matched through institutional overhead funding?

Have other funding sources for this program been exhausted?

PD/nt