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FISCAL IMPACT REPORT

SPONSOR Leavell ORIGINAL DATE 1/30/09
LAST UPDATED _____ HB _____
SHORT TITLE Soil & Water Federal Funding Match SB 236
ANALYST Haug

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	\$600.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Higher Education Department (HED)

New Mexico State University (NMSU)

Energy, Minerals and Natural Resources Department (EMNRD)

SUMMARY

Synopsis of Bill

Senate Bill 236 appropriates \$600.0 from the general fund to the Board of Regents of New Mexico State University to match federal funds for the soil and water conservation districts to provide water conservation and natural resource restoration technical assistance pursuant to an agreement with the United States department of agriculture's natural resources conservation service.

FISCAL IMPLICATIONS

The appropriation of \$600.0 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of Fiscal Year 2010 shall revert to the general fund.

SIGNIFICANT ISSUES

The LFC Appropriation Recommendations, Volume II, pages 364-365 states:

The committee has concerns about the growth of research and public service projects within the higher education budget, as well as the alignment of these projects with state goals and strategic plans. The committee also continues to have significant concerns about accountability and performance outcomes for these projects.

The committee recommendation reduces funding included in the HED request by varying levels from FY09 funding amounts for research projects, public service projects and P-20 pipeline projects focusing on students.

With respect to special projects, higher education institutions advanced 114 proposals for new projects and expansions at a total general fund cost of \$54 million during the HED budget request process in fall 2008.

According to the December 2008 revenue estimate, FY10 recurring revenue will only support a base expenditure level that is \$293 million, or 2.6 percent, less than the FY09 appropriation. All appropriations outside of the general appropriation act will be viewed in this declining revenue context.

The Executive Budget in Brief notes that over the years more than 300 RPSPs have been created, accounting for a large portion of institution budgets. The current RPSPs were reviewed while considering the relevance of the project to the core mission of the institution, the community benefit and the outcomes associated with each project. (Budget in Brief and Policy Highlights, P 9-10.)

NMSU states:

The funds provide matching dollars to hire personnel to assist with USDA Farm Bill conservation programs, which are valued at over \$22 million dollars for New Mexico annually. Up to 30 individuals are employed through this program.

This program has been administered through contribution agreement between the USDA, New Mexico Department of Agriculture (NMDA), and New Mexico Soil and Water Conservation Commission since 2003. The New Mexico Association of Conservation Districts (NMACD) was the successful bidder in 2007 on the NMDA's request for proposals to assist with carrying out the mission of Farm Bill conservation programs.

NMDA provides assistance and administrative support to the SWCDs and the soil and water conservation commission. It provides fiscal oversight and maintains responsibility for various elements of program oversight including but not limited to performance measures and outcomes, budget adherence, reporting requirements, etc

The consequence of not enacting SB236 would be the existing program will cease and matching federal funds will not be used to implement the substantial federal Farm Bill dollars available to New Mexico; New Mexico would lose the benefit of the federal matching funds.

The EMNRD states:

The matching funds will enable the districts to qualify for additional federal funds the NRCS has set aside. The state's 47 soil and water conservation districts control and prevent erosion, prevent sediment damage after floods and encourage water conservation, as well as conduct forest thinning projects around communities that are at risk from wildland fire in New Mexico.

Since 2001, EMNRD, Forestry Division has provided funds to some of the soil and water conservation districts to improve forest health, conduct community wildfire protection planning and hazardous fuel reduction thinning projects around communities and individual homes to reduce local fire danger. Although the appropriation indicated in this bill is not specifically identified as match for the projects on private property, the districts' capacity to conduct forest health and hazardous fuel reduction work may be enhanced.

GH/mt