

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 196** HLS 22RS 215

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 13, 2022	7:59 AM	Author: NELSON
Dept./Agy.: Higher Education		Analyst: Tim Mathis
Subject: Creates fund for awarding grants to support research		

HIGHER EDUCATION OR -\$150,000,000 GF RV See Note Page 1 of 1
 Creates the Stimulating More Advanced Research and Technology (SMART) Program and the SMART Fund for the purpose of awarding grants to support research at public postsecondary education institutions
 Proposed law creates the Stimulating More Advanced Research and Technology (SMART) program and for the purpose of awarding grants to support research in the fields of science, technology, engineering, and mathematics (STEM) at public postsecondary education institutions. Provides for program administration by the Board of Regents (BOR). Grants awarded through the program shall be awarded on a competitive basis for the following: (1) matching research grants from federal agencies and other sources; (2) awarding hiring bonuses and startup packages to attract distinguished faculty; (3) construction, improvement, or procurement of research facilities, laboratories, equipment, and supplies; and (4) scholarships and stipends for graduate students. At least 20% of grants shall be awarded to institutions outside of the Baton Rouge and New Orleans metropolitan regions; no more than 3% may be used for administrative costs. Creates the SMART fund within the state treasury. Beginning July 1, 2026, the state treasurer is authorized and directed to transfer \$150 million state general fund at the beginning of each fiscal year. Provides for reporting requirements.

EXPENDITURES	2022-23	2023-24	2024-25	2025-26	2026-27	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	SEE BELOW	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	INCREASE	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0		\$0

REVENUES	2022-23	2023-24	2024-25	2025-26	2026-27	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	(\$150,000,000)	(\$150,000,000)
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$150,000,000	\$150,000,000
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

Although not an appropriation instrument, the proposed legislation directs the state treasurer to deposit \$150 M from the state general fund (SGF) into the newly created SMART fund, beginning in July 1, 2026 (FY 27) and at the beginning of each fiscal year. SGF expenditures will decrease by \$150 M as a result of the proposed legislation; the anticipated impact by agency will vary based on legislative appropriations. Public postsecondary education institutions will experience increases in statutory dedications expenditures to the extent they are recipients of grant awards through the SMART fund; however, actual amounts by institution will vary by award and are indeterminable.

The Board of Regents (BOR) may utilize up to 3% of SMART funds for costs associated with administering the program (equivalent to \$4.5 M out of the \$150 M). The BOR estimates costs at \$854,800 to include the following: \$553,800 for at least six (6) positions, including one Program Administrator (\$85,000 salary and \$35,700 related benefits), one Auditor (\$60,000 salary and \$25,200 related benefits), three Program and Grants Coordinators (each \$60,000 salary and \$25,200 related benefits), and one Fiscal Administrator (\$65,000 salary and \$27,300 related benefits). Other costs may include \$200,000 for professional services such as legal and auditing, \$76,000 for operational services, such as travel, supplies, and technology purchases, and \$25,000 for other charges expenditures such as statewide costs and other agency expenses.

REVENUE EXPLANATION

Proposed law directs the state treasurer to deposit \$150 M from the state general fund into the newly created SMART fund, beginning in July 1, 2026 (FY 27) and at the beginning of each fiscal year. Monies in the SMART fund shall be subject to appropriation by the legislature and shall be available exclusively for the use by the Board of Regents for purposes of the SMART program.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Evan Brasseaux
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Interim Deputy Fiscal Officer