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HOUSE BILL 79

51ST LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2014

INTRODUCED BY

Larry A. Larrañaga and Timothy M. Keller

AN ACT

RELATING TO HIGHER EDUCATION; CHANGING THE DISTRIBUTION PROCESS
AND USES OF THE HIGHER EDUCATION ENDOWMENT FUND; PRESCRIBING
POWERS AND DUTIES; PROVIDING FOR MERIT-BASED AWARDS FROM THE
HIGHER EDUCATION ENDOWMENT FUND; MAKING AN APPROPRIATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. Section 21-1-27.1 NMSA 1978 (being Laws 2002,
Chapter 31, Section 1, as amended) is amended to read:

"21-1-27.1. HIGHER EDUCATION ENDOWMENT FUND CREATED.--

A. The "higher education endowment fund" is created
in the state treasury. The fund shall consist of
appropriations, income from investment of the fund, gifts,
grants, donations and bequests.

B. The higher education endowment fund shall be
administered by the higher education department. Money shall

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1 be disbursed only on warrant of the secretary of finance and
2 administration upon voucher signed by the secretary of higher
3 education or the secretary's authorized representative.

4 C. ~~[Money shall be disbursed]~~ Awards from the
5 higher education endowment fund shall be used only to establish
6 endowments at public post-secondary educational institutions as
7 provided in this section. An institution shall not receive [~~a~~
8 ~~disbursement~~] an award for an endowment until that institution
9 has notified the department that it has received or will
10 receive matching funds pursuant to a written gift agreement for
11 the endowment from other than governmental sources in [~~the~~] an
12 amount [~~specified in this section~~] equal to at least fifty
13 percent of the requested award.

14 D. Money in the higher education endowment fund is
15 appropriated to the department to be [~~disbursed~~] awarded for
16 endowment purposes, including endowed chairs, lectureships,
17 professorships, [~~scholarships for students~~] researchers,
18 graduate assistantships and faculty development programs that
19 will enhance the quality of public post-secondary education in
20 New Mexico. The fund shall not be used to provide blanket
21 salary increases to professors or staff of a public post-
22 secondary educational institution, but may be used for targeted
23 salary increases that are part of an approved proposal. The
24 department, by rule, shall establish procedures for disbursing
25 money from the fund. [~~Not less than five percent of each~~

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1 ~~institution's total endowment effort resulting from amounts~~
2 ~~specified in this section]~~ Awards shall be used to address one
3 or more of the governor's initiatives, including but not
4 limited to research and development; technology transfer;
5 science, technology, engineering and mathematics; health;
6 education; water; and agriculture.

7 E. A committee composed of the secretaries of
8 higher education, economic development and finance and
9 administration shall approve awards. The committee shall meet
10 no more than twice a year to hear proposals submitted by public
11 post-secondary educational institutions for awards from the
12 higher education endowment fund.

13 F. Each proposal shall include documentation that
14 the applicant has or will receive matching funds pursuant to a
15 written gift agreement in an amount equal to at least fifty
16 percent of the requested award. The committee shall make
17 awards based on the merits of the proposals to further the
18 governor's initiatives.

19 ~~[E.—Appropriations to]~~ G. Income from the higher
20 education endowment fund shall be disbursed to public post-
21 secondary educational institutions based on [the following
22 distribution proportions and matching requirements:

23 ~~(1) the university of New Mexico shall be~~
24 ~~entitled to draw eighteen percent of each appropriation and New~~
25 ~~Mexico state university and the New Mexico institute of mining~~

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1 ~~and technology shall each be entitled to draw sixteen percent~~
2 ~~of each appropriation; provided that no disbursement shall be~~
3 ~~made pursuant to this paragraph until an institution has shown~~
4 ~~to the satisfaction of the department that it has received~~
5 ~~matching funds in an amount equal to at least fifty percent of~~
6 ~~the disbursement;~~

7 ~~(2) the university of New Mexico health~~
8 ~~sciences center shall be entitled to draw twelve percent of~~
9 ~~each appropriation; provided that no disbursement shall be made~~
10 ~~pursuant to this paragraph until the center has shown to the~~
11 ~~satisfaction of the department that it has received matching~~
12 ~~funds in an amount equal to at least fifty percent of the~~
13 ~~disbursement;~~

14 ~~(3) New Mexico highlands university, eastern~~
15 ~~New Mexico university, western New Mexico university and~~
16 ~~northern New Mexico college shall each draw an equal share of a~~
17 ~~total of eighteen percent of each appropriation; provided that~~
18 ~~no disbursement shall be made pursuant to this paragraph until~~
19 ~~an institution has shown to the satisfaction of the department~~
20 ~~that it has received matching funds in an amount equal to at~~
21 ~~least forty percent of the disbursement; and~~

22 ~~(4) the New Mexico military institute,~~
23 ~~independent community colleges, branch community colleges and~~
24 ~~technical and vocational institutes may draw a share of a total~~
25 ~~of twenty percent of each appropriation using a distribution~~

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1 ~~formula approved by the higher education department; provided~~
2 ~~that no disbursement shall be made pursuant to this paragraph~~
3 ~~until an institution has shown to the satisfaction of the~~
4 ~~department that it has received matching funds in an amount~~
5 ~~equal to at least thirty percent of the disbursement.~~

6 F. ~~Distributions from the higher education~~
7 ~~endowment fund are made over a three-year cycle with unmatched~~
8 ~~balances reverting to the general fund at the end of the third~~
9 ~~fiscal year. The department shall notify each eligible~~
10 ~~institution of the specific amount it may match during the~~
11 ~~first two fiscal years of each three-year cycle. Allocations~~
12 ~~not matched during the first two years of each cycle are made~~
13 ~~available for supplemental or second round matching by other~~
14 ~~eligible public post-secondary educational institutions during~~
15 ~~the third fiscal year. Four-year public post-secondary~~
16 ~~educational institutions may apply for supplemental matches to~~
17 ~~amounts originally designated for other four-year institutions.~~
18 ~~Two-year public post-secondary educational institutions may~~
19 ~~apply for supplemental matches to amounts originally designated~~
20 ~~for other two-year institutions. Successful submissions for~~
21 ~~supplemental matches shall be determined by the department in a~~
22 ~~manner that affords equitable participation over time based on~~
23 ~~guidelines for supplemental distributions from the fund]~~
24 approved proposals awarded by the committee.

25 [G.] H. The endowment funds of the institutions

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1 shall not be expended but shall be invested by the institutions
2 in accordance with the Uniform Prudent Management of
3 Institutional Funds Act and the provisions of Section 21-1-38
4 NMSA 1978. The income from the investments shall be expended
5 by the institutions in accordance with the Uniform Prudent
6 Management of Institutional Funds Act and the provisions of
7 Section 21-1-38 NMSA 1978 to provide funding for chairs,
8 lectureships, professorships, [~~scholarships for students~~]
9 researchers, graduate assistantships and faculty development
10 programs, including paying all or a portion of the salary of
11 [~~the~~] pertinent faculty [~~member~~] members or the expenses
12 necessary to support associated academic activities.

13 [~~H.~~] I. The department shall report annually to the
14 legislative finance committee on [~~disbursements~~] awards made
15 pursuant to this section. The report shall include the amounts
16 [~~disbursed~~] awarded to each institution, the amount of matching
17 funds and their source and the purpose of the endowments and
18 awards."

19 **SECTION 2. APPROPRIATION.**--Seven million five hundred
20 thousand dollars (\$7,500,000) is appropriated from the general
21 fund to the higher education endowment fund for expenditure in
22 fiscal year 2015 and subsequent fiscal years to carry out the
23 purposes of Section 21-1-27.1 NMSA 1978. Any unexpended or
24 unencumbered balance remaining at the end of a fiscal year
25 shall not revert to the general fund.

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SECTION 3. EFFECTIVE DATE.--The effective date of the provisions of this act is July 1, 2014.