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LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS
56th Legislature, 2nd Session, 2024

Bill Number	<u>HB270/aH AFC</u>	Sponsor	<u>Sanchez, Joseph/Armstrong/Lujan/ De La Cruz/Dixon</u>
Tracking Number	<u>.227089.3</u>	Committee Referrals	<u>HRDLC/H AFC</u>
Short Title	<u>Higher Ed Tech Enhancement Fund Provisions</u>		
Analyst	<u>Bedeaux</u>	Original Date	<u>1/31/2024</u>
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BILL SUMMARY

Synopsis of H AFC Amendment

The House Appropriations and Finance Committee Amendment to House Bill 270 (HB270/aH AFC) removes the appropriation from the bill. The amendment also strikes language requiring technology enhancement fund project applications to justify how projects will improve “workforce education and training.”

Synopsis of Bill

House Bill 270 (HB270) amends the governing statutes for the technology enhancement fund (TEF) to require that money in the fund match federal or private grants to research institutions for technology-related research. Grants will be made available to research that advances knowledge or creates new products and processes in the fields of agriculture, biotechnology, biomedicine energy, materials science, microelectronics, water resources, aerospace, telecommunications, manufacturing science, and similar research areas.

The bill defines research institutions to include only Navajo Technical University (Navajo Tech), New Mexico State University (NMSU), New Mexico Institute of Mining and Technology (NM Tech) and the University of New Mexico (UNM).

The bill provides that research institutions may apply to grants from the TEF pursuant to rules promulgated by the Higher Education Department (HED), and that allocations from the TEF shall be based on a competitive process with applications reviewed by a panel of scientific and business experts established by the department. The review panel may determine new research areas, and shall judge grant proposals based on excellence in research design, possible innovation, and an assessment of cross-disciplinary and multi-campus collaboration and benefits for economic development, rural and tribal communities, and workforce education and training.

HB270 specifies that grants from the TEF shall not be used to supplant money for a previously received grant.

FISCAL IMPACT

Over the past two years, the Legislature has appropriated \$75 million to the TEF, including \$55 million in FY23 and \$20 million in FY22. A [Legislative Finance Committee \(LFC\) brief](#) from June 2023 notes that, of the \$75 million in the fund, only \$13.9 million had been awarded by the TEF committee. Table 1 below shows a summary of the first round of awards from the TEF. According to LFC’s [Volume 3](#) for the 2024 legislative session, the balance of the TEF in November 2023 was \$62.7 million.

Table 1. First Round of TEF Awards
As of June 2023, dollars in thousands

Institution	Total Amount of Awards	Number of Awards
University of New Mexico	\$6,487.4	13
New Mexico State University	\$5,375.0	3
New Mexico Tech	\$2,009.5	8
Navajo Tech	\$393.0	3
Statewide Total	\$13,871.9	27

Source: LFC

The LFC brief points out that a high fund balance and relatively low awards from the TEF may indicate research institutions have reached their capacity to spend existing funds. Large appropriations to the TEF may continue to go unspent until research institutions have the capacity to leverage existing funds.

The House Appropriations and Finance Committee substitute for House Bills 2 and 3 as amended by the House (HB2/HAFCS/aHF1#1) includes an appropriation of \$25 million to the TEF.

SUBSTANTIVE ISSUES

In general, the provisions of HB270/aHAFC appear to align the law with current practice for TEF distributions. Currently, applications for state matching funds from the TEF are reviewed by a panel of researchers, scientists, and business experts, then sent to the HED secretary for final approval. Applications for matching funds from the TEF are made only to projects which “advance knowledge” or “create new products and production processes.”

A new provision included in HB270/aHAFC would require TEF applications to contain an assessment of a project’s potential benefits for economic development, rural and tribal communities, and workforce education and training. Analysis from the Economic Development Department points out that the inclusion of this new provision could help the TEF review panel better prioritize projects that will contribute to technology commercialization or economic development.

The June 2023 LFC brief highlighted how the Legislature’s recent investments in the TEF have supported New Mexico’s research universities. A [presentation](#) to the LFC from UNM, NMSU, and NM Tech in June 2023 showed how the schools have used TEF grants to match federal grants on a number of technology projects. Grants from the TEF totaling \$13.9 million have matched \$127 million from federal and private sources. The LFC brief contains [a full list of TEF grants](#) and the projects they intend to support.

OTHER SIGNIFICANT ISSUES

HB270/aHAFC defines “research institutions” to include only Navajo Tech, NMSU, NM Tech, and UNM. In FY23, only these four institutions received funds from the TEF. However, rather than basing the definition on the particular qualities or standards of the institution that make it a research institution, the definition simply names a set of state institutions that would be eligible for receiving TEF grants. Currently, Chapter 21 NMSA 1978 does not contain any other definition for “research institution” or “research university.” The current definition would not allow any other institution to undergo a process to become a research institution; the Legislature would need to revisit this statute in the future if another state institution wishes to become a research institution.

SOURCES OF INFORMATION

- LESC Files
- Economic Development Department (EDD)
- New Mexico Institute of Mining and Technology (NMIMT)

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