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F I S C A L I M P A C T R E P O R T



SPONSOR: Beam DATE TYPED: 01/17/02 HB 22

SHORT TITLE: Faculty Endowment Fund SB _____

ANALYST: Fernandez

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY02	FY03	FY02	FY03		
11,987.5				Non-Rec	General Fund

(Parenthesis () Indicate Expenditure Decreases)_____

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of Bill

House Bill 22 appropriates \$11,987.5 from the general fund to the Commission on Higher Education (CHE) for the purpose of establishing endowments for chairs, professorships and faculty development programs at four-year public post-secondary institutions.

Significant Issues

The following institutions are eligible for disbursements from the fund for endowed chairs at \$500.0 each:

University of New Mexico (UNM)	4
New Mexico State (NMSU)	4
New Mexico Institute for Mining and Technology (NMIMT)	2
University of New Mexico - Medical Center	2

The University of New Mexico, New Mexico State University, New Mexico Highlands University, New Mexico Institute of Mining and Technology, Western New Mexico University and Eastern New Mexico University are eligible for endowed professorships and endowed faculty development programs. The number of endowed professorships and endowed faculty development programs al-

located to each institution shall be in the same ratio as the main campus full-time equivalent enrollment of an institution as to all main campus full-time equivalent enrollments.

FISCAL IMPLICATIONS

The appropriation of \$11,987.5 contained in this bill is appropriated from the general fund to the faculty endowment fund for expenditure in fiscal year 2002 and succeeding fiscal years. The appropriation shall not revert to the general fund.

The funds are appropriated as follows:

\$6,000.0	Endowed Chairs (\$500.0 each)
\$4,600.0	Endowed Professorships (\$200.0 each)
\$1,387.5	Endowed Faculty Development Programs (\$37.5 each)

Institutions shall receive disbursements for an endowment only when the institution has notified the CHE that it has received matching funds from a source other than a governmental entity, in an amount that is equal to or greater than the amount authorized in the act.

Any money remaining in the faculty endowment fund on or after July 1, 2005 shall be disbursed by CHE to the institutions provided the matching fund requirement is satisfied. Disbursements may be made based on the date requests are received by the commission.

This bill carries an emergency clause.

ADMINISTRATIVE IMPLICATIONS

The faculty endowment fund will be administered by the CHE.

The endowment funds of the institutions shall not be expended but shall be invested by the institutions in accordance with the prudent man rule. The income from the investments shall be used for the purpose of providing funds for chairs, professorships and faculty development programs.

OTHER SUBSTANTIVE ISSUES

Peer comparisons by institution indicate that the UNM, NMSU and NMIMT lag behind their peers in terms of endowed chairs and endowed professorships. Endowed faculty positions enable an institution to attract and retain outstanding faculty and significantly contribute to the quality of teaching, research and public service programs.

CTF/njw:ar