

AN ACT

RELATING TO HIGHER EDUCATION; CHANGING PROVISIONS AND DISTRIBUTIONS OF THE FACULTY ENDOWMENT FUND; RECONCILING CONFLICTING AMENDMENTS TO THE SAME SECTION OF LAWS BY REPEALING LAWS 2003, CHAPTER 379, SECTION 1; 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 by Laws 2003, Chapter 379, Section 1 and by Laws 2003, Chapter 392, Section 1) is amended to read:

"21-1-27.1. FACULTY ENDOWMENT FUND CREATED.--

A. The "faculty 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 faculty endowment fund shall be administered by the higher education department. Money shall be disbursed only on warrant of the secretary of finance and administration upon voucher signed by the secretary of higher education or the secretary's authorized representative.

C. Money shall be disbursed from the faculty endowment fund only to establish endowments at public post-secondary educational institutions as provided in this

section. An institution shall not receive a disbursement for an endowment until that institution has notified the department that it has received matching funds for the endowment from other than governmental sources in the amount specified in this section.

D. Money in the faculty endowment fund is appropriated to the department to be disbursed for endowment purposes, including endowed chairs, lectureships, professorships, scholarships, graduate assistantships, faculty and development programs that will enhance the quality of public post-secondary education in New Mexico. The department, by rule, shall establish procedures for disbursing money from the fund. Not less than five percent of each institution's total endowment effort resulting from amounts specified in this section shall address one or more of the governor's initiatives.

E. Until June 30, 2010, the following institutions shall be eligible for the following disbursements from the fund:

(1) two million dollars (\$2,000,000) each for the university of New Mexico, New Mexico state university and the New Mexico institute of mining and technology and one million five hundred thousand dollars (\$1,500,000) for the university of New Mexico school of medicine; provided that no disbursement shall be made pursuant to this paragraph until

the institution has shown to the satisfaction of the department that it has received matching funds in an amount equal to at least fifty percent of the disbursement;

(2) five hundred thousand dollars (\$500,000) each for New Mexico highlands university, eastern New Mexico university, western New Mexico university and northern New Mexico state school; provided that no disbursement shall be made pursuant to this paragraph until the institution has shown to the satisfaction of the department that it has received matching funds in an amount equal to at least forty percent of the disbursement; and

(3) for the total endowments at the New Mexico military institute, community colleges, branch community colleges and technical and vocational institutes, two million five hundred thousand dollars (\$2,500,000), provided that:

(a) the total amount shall be distributed pursuant to rules of distribution promulgated by the department that ensure each eligible institution an opportunity to receive an equitable share of the total amount to be distributed; and

(b) no disbursement shall be made pursuant to this paragraph until the institution has shown to the satisfaction of the department that it has received matching funds in an amount equal to at least thirty percent

of the disbursement.

F. Effective July 1, 2010, funds remaining in the faculty endowment fund may be matched by any public post-secondary institution in this section for the purposes stated in this section in accordance with the rules established by the department.

G. The endowment funds of the institutions shall not be expended but shall be invested by the institutions in accordance with the prudent investor rule, and in accordance with the provisions of Section 21-1-38 NMSA 1978. The income from the investments shall be used by the institutions to provide funding for chairs, lectureships, professorships, scholarships, graduate assistantships and faculty development programs, including paying all or a portion of the salary of the faculty member or the expenses necessary to support associated academic activities.

H. No later than July 1 of 2008, 2009 and 2010, the department shall report to the legislative finance committee on disbursements made pursuant to this section. The report shall include the amounts disbursed to each institution, the amount of matching funds and their source and the purpose of the endowments."

Section 2. APPROPRIATION.--Twelve million dollars (\$12,000,000) is appropriated from the general fund to the faculty endowment fund for expenditure in ~~fiscal year 2007 and~~

subsequent fiscal years for the purpose of making disbursements for endowments pursuant to Section 21-1-27.1 NMSA 1978. Any unexpended or unencumbered balance remaining at the end of fiscal year 2012 shall revert to the general fund.

Section 3. REPEAL.--Laws 2003, Chapter 379, Section 1 is repealed.
