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

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

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

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

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

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

(1) the university of New Mexico shall be
entitled to draw eighteen percent of each appropriation and New
Mexico state university and the New Mexico institute of mining
and technology shall each be entitled to draw sixteen percent of each appropriation; provided that no disbursement shall be made pursuant to this paragraph until an 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) the university of New Mexico health sciences center shall be entitled to draw twelve percent of each appropriation; provided that no disbursement shall be made pursuant to this paragraph until the center 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;

(3) New Mexico Highlands University, Eastern New Mexico University, Western New Mexico University and northern New Mexico College shall each draw an equal share of a total of eighteen percent of each appropriation; provided that no disbursement shall be made pursuant to this paragraph until an 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

(4) the New Mexico Military Institute, independent community colleges, branch community colleges and technical and vocational institutes may draw a share of a total of twenty percent of each appropriation using a distribution
formula approved by the higher education department; provided
that no disbursement shall be made pursuant to this paragraph
until an 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. Distributions from the higher education
endowment fund are made over a three-year cycle with unmatched
balances reverting to the general fund at the end of the third
fiscal year. The department shall notify each eligible
institution of the specific amount it may match during the
first two fiscal years of each three-year cycle. Allocations
not matched during the first two years of each cycle are made
available for supplemental or second round matching by other
eligible public post-secondary educational institutions during
the third fiscal year. Four-year public post-secondary
educational institutions may apply for supplemental matches to
amounts originally designated for other four-year institutions.
Two-year public post-secondary educational institutions may
apply for supplemental matches to amounts originally designated
for other two-year institutions. Successful submissions for
supplemental matches shall be determined by the department in a
manner that affords equitable participation over time based on
guidelines for supplemental distributions from the fund]
approved proposals awarded by the committee.

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

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

SECTION 2. APPROPRIATION.--Seven million five hundred thousand dollars ($7,500,000) is appropriated from the general fund to the higher education endowment fund for expenditure in fiscal year 2015 and subsequent fiscal years to carry out the purposes of Section 21-1-27.1 NMSA 1978. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund.
SECTION 3. EFFECTIVE DATE.--The effective date of the provisions of this act is July 1, 2014.