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**AGENCY BILL ANALYSIS
2024 REGULAR SESSION**

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SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Click all that apply:
Original **Amendment**
Correction **Substitute**

Date 2024-01-30
Bill No: HB270

Sponsor: Sanchez, Joshua A **Agency Name and Code** NMHED
Short HIGHER ED TECH **Number:** _____
Title: ENHANCEMENT FUND **Person Writing** Hoehne, Gerald
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		
N/A	\$70,000.00	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		

N/A	\$70,000.00	N/A	Technology Enhancement Fund	Technology Enhancement Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	N/A	N/A	N/A	N/A	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:

Duplicates/Relates to Appropriation in the General Appropriation Act:

HAFC HB2 Page 207 line 15

SECTION III: NARRATIVE

BILL SUMMARY

HB270 amends provisions governing the Technology Enhancement Fund (TEF), requires assessments of benefits for economic development, rural and tribal communities, and workforce education and training, and makes an appropriation.

The amendments proposed in HB270 are as follows:

Section 1A updates the administrator of the TEF from the Commission on Higher Education to the New Mexico Higher Education Department (NMHED), clarifies how money in the fund shall be used to provide matching funds for federal or private grants to research institutions, and updates the language indicating the Executive Director of the Commission on Higher Education to the Secretary of NMHED.

Section 1B outlines who grants from the fund are available to. HB270 strikes state research universities that are conducting collaborative research with corporate and nonprofit organizations and replaces it with research institutions. It also strikes state research university and replaces it with research institution. Similar language edits found in Section 1A are made to remove Commission on Higher Education, replacing it with NMHED. New language is added noting the review panel shall judge grant proposals using an assessment of proposals' projected benefits for economic development, rural and tribal communities, and workforce education and training.

Section 1C strikes state research university and replaces it with an applicant and adds new language that a grant from the TEF shall not be used to supplant matching money that an applicant has expended or encumbered for a previously received grant.

Section 1D adds the following new language: As used in this section, "research institution?" means Navajo Technical University, New Mexico State University, the New Mexico Institute of Mining and Technology, or the University of New Mexico.

Section two provides an appropriation of seventy million dollars (\$70,000,000) from the General Fund to the TEF for expenditure in FY25 and subsequent fiscal years for the purposes of the fund. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the General Fund.

FISCAL IMPLICATIONS

HB270 provides an appropriation of seventy million dollars (\$70,000,000) from the General Fund to the Technology Enhancement Fund (TEF) for expenditure in FY25 and subsequent fiscal years for the purposes of the fund. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the General Fund.

This funding as currently appropriated would only authorize the transfer of funding from the General Fund to the TEF. In order for the New Mexico Higher Education Department (NMHED) to distribute the funding, a separate appropriation would need to be made from the TEF to NMHED for distribution to eligible higher education institutions (HEIs) for the purposes defined in Section 21-1-27.2 NMSA 1978. The current version of the General Appropriation Act (GAA) adopted by the House Appropriations and Finance Committee appropriates ten million dollars (\$10,000,000) from the General Fund and fifteen million dollars (\$15,000,000) from the TEF to NMHED.

Should this legislation pass, the appropriation would transfer seventy million dollars (\$70,000,000) from the General Fund to the TEF. That funding would remain within the TEF until such time that the legislature authorizes a transfer from the TEF to NMHED.

It is important to note that forty-five million dollars (\$45,000,000) was transferred from General Fund to the TEF in FY23. Twenty million dollars (\$20,000,000) was appropriated in FY23 from the TEF to NMHED, leaving a balance of twenty-five million dollars (\$25,000,000) in the TEF. In FY24, twenty-five million dollars (\$25,000,000) was appropriated from the TEF to NMHED, leaving a zero balance in the fund. If the appropriated TEF funds are not fully utilized, they will revert back to the TEF for appropriation by the legislature in future years.

SIGNIFICANT ISSUES

N/A

PERFORMANCE IMPLICATIONS

HB270 adds several new sections of language to the existing legislation.

Section 1B adds an assessment of proposals' projected benefits for economic development, rural and tribal communities, and workforce education and training.

Section 1C adds language requiring that a grant from the Technology Enhancement Fund (TEF) shall not be used to supplant matching money that an applicant has expended or encumbered for a previously received grant.

Section 1D defines a research institution as Navajo Technical University, New Mexico State University, the New Mexico Institute of Mining and Technology, or the University of New Mexico.

The New Mexico Higher Education Department (NMHED) promulgated rules on October 25, 2022, to outline the distribution of monies in the TEF. These rules were codified as 5.3.14 New Mexico Administrative Code (NMAC) Technology Enhancement Fund. NMHED, in partnership with the Technology Enhancement Committee, also developed a scoring rubric that scores each proposal pursuant to the requirements as outlined in 5.3.14.10 NMAC.

NMHED does not foresee any impact to the current NMAC. However, there may be a need to update the scoring rubric to incorporate the new language added in Sections 1B and 1C.

ADMINISTRATIVE IMPLICATIONS

The New Mexico Higher Education Department (NMHED) promulgated rules on October 25, 2022, to outline the distribution of monies in the Technology Enhancement Fund (TEF). This process includes a committee composed of a panel of scientific and business experts represented by:

- The Vice Presidents for Research from the New Mexico Institute of Mining and Technology, New Mexico State University (NMSU), and the University of New Mexico (UNM), or their designates
- A representative from the research community of the Health Sciences Center at the UNM
- A representative from the appropriate entities at the New Mexico Institute of Mining and Technology, NMSU, and UNM that have expertise in economic development
- A representative from the New Mexico Economic Development Department

The committee meets on a quarterly basis to review proposals and make recommendations to NMHED for funding.

NMHED does not foresee any administrative implications with the proposed legislation.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB270 provides an appropriation of seventy million dollars (\$70,000,000) from the General Fund to the Technology Enhancement Fund (TEF) for expenditure in FY25 and subsequent

fiscal years for the purposes of the fund. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the General Fund.

The current version of the General Appropriation Act (GAA) adopted by the House Appropriations and Finance Committee appropriates ten million dollars (\$10,000,000) from the General Fund and fifteen million dollars (\$15,000,000) from the TEF to NMHED.

TECHNICAL ISSUES

N/A

OTHER SUBSTANTIVE ISSUES

N/A

ALTERNATIVES

N/A

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If HB270 is not enacted, the New Mexico Higher Education Department (NMHED) will continue to administer the Technology Enhancement Fund (TEF) using existing rules.

AMENDMENTS

N/A