

Mexico Military Institute for its junior college program, and tribal colleges located wholly within New Mexico.

Institutions can apply to the fund for design phase funding and construction phase funding; the required amount of institutional matching funds varies by phase and institutional type. Matching funds must be from non-state sources. HB 8 allows match waivers. The waivers require legislative approval.

HB 8 transfers \$300 million from the general fund to the higher education major projects fund.

Subject to appropriation by the legislature:

- up to \$150 million is appropriated to plan, design, construct, equip, and furnish a new school of medicine at the university of New Mexico.
- Up to \$50 million is appropriated to plan, design, construct, equip, and furnish a multidisciplinary building at New Mexico state university.
- Up to \$100 million is appropriated to plan, design, construct, equip, and furnish student life and housing projects in New Mexico.

FISCAL IMPLICATIONS

HB 8 appropriates \$300 million to the newly created higher education major projects fund.

The temporary provision establishes initial priorities for the higher education major projects fund, subject to appropriation by the legislature.

SIGNIFICANT ISSUES

The only significant capital outlay vehicle New Mexico's public higher education institutions have is the general obligation bond (GOB). With the bond being sized so as to not increase taxes, the capacity is limited – large higher education projects have been split so as to not take a significant amount of GOB capacity. HB 8 creates a new vehicle for funding university large instruction related higher education projects.

Additionally, HB 8 creates a vehicle for projects which have not been eligible for funding consideration in GOBs – student housing/student life projects, and athletic projects for NCAA D1 universities in good standing with NCAA. For those institutions with student housing, HB 8 is significant. Institutions, such as San Juan College, that have student housing which is fully subscribed with a waiting list, HB 8 is a valuable tool as we serve our students. The inclusion of student life projects will allow institutions to consider other ways to support their on-campus students beyond the strict interpretation of 'student services'.

HB 8 excludes 2-year institutions from instruction and general and research capital funding. Currently most capital projects at New Mexico's public community colleges are under the \$50 million threshold, however, a few projects do exceed \$50 million. NMICC requests this construction funding program be opened to 2-year institutions.

Institutions must provide to the higher education department and the legislative finance committee historic on-campus student populations and the expected number of on-campus students to be served documentation. Compliance documentation demonstrating the new facility's compliance with existing institutional space standards and policies is also required.

Match Requirements

The following match requirements are established in HB 8:

Minimum Institution Match		
Design Phase		
4-Year	Instruction & General	25.0%
4-Year	Research	25.0%
4-Year	Student Housing/Student Life	50.0%
2-Year	Student Housing/Student Life	50.0%
Construction Phase		
4-Year	Instruction & General	10.0%
4-Year	Research	10.0%
4-Year	Student Housing/Student Life	20.0%
4-Year	Athletics (minimum \$50M total project cost)	50.0% (not waivable)
2-Year	Student Housing/Student Life	50.0%

Requesting a Match Waiver

Depending upon an institution's revenue stream, securing matching funds can be extremely difficult. HB 8 allows institutions to request a waiver of the match – this ability to receive a waiver is of critical importance. In order to receive a waiver the higher education department must find the institution cannot provide the required match with balances, institutional bonds, mill levy, federal or tribal support, student fees, or other applicable nonstate revenue. The higher education department must promulgate rules that specify the requirements and procedures for waivers.

Upon finding a waiver is appropriate, by November 1 the secretary of higher education is to notify the secretary of the department of finance administration and the director of the legislative finance committee of the need for a waiver and the funding amount required to cover the waiver.

Match waivers must be approved by the legislature prior to being granted by the higher education department.

Construction Phase

Funds shall not be appropriated for the construction phase until at least 50% of the design phase is completed and the design documents submitted to the higher education department and the legislative finance committee.

Athletic Program

State universities applying for division 1 athletic facilities must demonstrate their 6-year graduation rate for first-time full-time freshmen is 65% or higher. Alternatively, the state universities can demonstrate the graduation rate for the most recent year is higher than the average graduation rate of the previous three years.

HB 8 appropriates \$300 million from the general fund to the higher education major projects fund. Additionally it establishes initial priorities for expenditure.

TECHNICAL ISSUES

Page 2, lines 11 – 14, the definition of “two-year institution” is sufficiently broad it could include private institutions.