

LFC Requester:	Connor Jorgensen
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**AGENCY BILL ANALYSIS
2025 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, EMAIL ANALYSIS TO:

LFC@NMLEGIS.GOV

and

DFA@STATE.NM.US

{Include the bill no. in the email subject line, e.g., HB2, and only attach one bill analysis and related documentation per email message}

SECTION I: GENERAL INFORMATION

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

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

Date _____
Bill No: HB 8

Sponsor: Anita Gonzales/ Dayan
Hochman-Vigil/ Nathan Small
Short Title: HIGHER EDUCATION
MAJOR PROJECTS FUND

Agency Name and Code
Number: New Mexico State University/
Person Writing Clayton Abbey
Phone: 505-239-8821 **Email** nmsufir@nmsu.edu

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
N/A	\$300,000,000	Non-Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	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

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

House Bill 8 establishes the Higher Education Major Projects Fund in New Mexico to finance capital outlay projects within the state's educational institutions. This legislation reflects a strategic approach to enhance educational infrastructure, addressing both immediate and long-term needs in higher education. Initial priorities are identified.

Section 1

First, the bill creates a non-reverting fund within the state treasury, which will be composed of various financial sources, including appropriations, income from investments, and donations. The fund will be administered by the Higher Education Department and authorized by the secretary of finance and administration. This ensures accountability and a clear chain of command for financial management. The fund is designated for major capital projects, primarily for four-year institutions. Additionally, it supports student housing and life projects for four-year and two-year institutions and athletic facilities for division 1 schools.

Second, the bill requires educational institutions to obtain a portion of their funding from non-state sources through a matching fund requirement. This stipulation encourages institutions to seek alternative funding through efforts such as institutional reserves, institutional bonds, property tax levies, federal or tribal support, student fees, or other applicable nonstate revenue such as private donations or partnerships. While this could lead to increased financial resources, it may require investment in outreach efforts to successfully secure the matching funds required.

The requirements differ based on the type of project and institution as outlined below:

SB124 - 4 Year Institution	Research Project	I & G Project	Student Housing/ Student Life Project	Athletics Project
Match Requirement				
Design	25%	25%	50%	50%
Construction	10%	10%	20%	50%
Minimum Cost Requirement	\$50,000,000	\$50,000,000	No minimum	\$50,000,000
Eligibility Requirements				
50% of Design Documents Completed	Yes	Yes	Yes	Yes
65% Graduation Rate/Improved Graduation Rate	No	No	No	Yes
Can the Match Requirement be waived?	Yes	Yes	Yes	No

This tiered matching structure not only incentivizes collaboration with private and public entities but also ensures that institutions are financially committed to their projects.

Third, the bill includes provisions for waiving match requirements under certain conditions, recognizing that some institutions may face financial constraints. This flexibility allows the Higher Education Department to assess institutional capacities and make informed decisions on funding eligibility. However, such waivers require legislative approval, maintaining a level of oversight and ensuring taxpayer funds are managed appropriately.

Fourth, athletic facilities projects are included with an additional requirement to provide data that shows that the most recent six-year graduation rate for first-time full-time freshman is 65% or higher or that the graduation rate for students in the most recent year is higher than the average rate of the previous three years.

Additionally, this bill includes a requirement for institutions to provide to the department and the legislative finance committee documentation showing historic on-campus student populations and the expected number of on-campus students to be served by a new facility.

Finally, the stipulation for compliance with space and design standards highlights a dedication to quality and functionality in construction. By requiring projects to meet these established benchmarks, the legislation seeks to guarantee that new facilities are not only effective but also efficient, thereby promoting best practices in educational infrastructure. Furthermore, institutions must submit comprehensive documentation on historical and projected student populations, along with evidence of adherence to space standards. This data-driven strategy facilitates informed decision-making and assessment of project feasibility.

Section 2

This section outlines the source (general fund) and amount (\$300,000,000) of the transfer.

Section 3

This section identifies initial priorities.

- A. \$150,000,000 to UNM for a new school of medicine..
- B. \$50,000,000 to NMSU for a multidisciplinary building.

C. \$100,000,000 for statewide student life and housing projects.

FISCAL IMPLICATIONS

Since this bill's focus is on major capital improvements, the operating implications are secondary; however, as with all new capital improvements or additions, the Plant Operations and Maintenance costs should be an important consideration in evaluating the long-term fiscal sustainability of any proposed project.

NMSU will benefit from the ability to apply for matching funds for student housing and student life improvements. These projects are ordinarily funded using student fees, which are often used to support capital improvement bonds. By providing a state match, this will ultimately reduce the burden on students to pay for student housing and student life improvements.

While this model works well for student housing and student life projects, matching for instructional projects does cause concern. Obtaining funding from alternative sources is more challenging for instruction focused buildings and the most significant revenue stream within Instruction and General is from the state, followed by tuition. Although there is a waiver process, it is cumbersome and would result in significant delays in the ability to get projects through the process. Suggested to strike the ten percent requirement.

Additionally, it would be helpful to get clarity on what can be eligible for match. Suggested language would be:

“E. Matching funds may be transferred or advanced on a non-recourse basis from donations, institutional reserves, institutional bonds in accordance with the Institutional Bond Act, property tax levies, federal or tribal support, student fees or other applicable non state revenue.”

While the project threshold of \$50,000,000 will benefit new projects, smaller renovation projects which would fall under that threshold will not benefit. Allowing a lower threshold for renovation projects would be very beneficial to NMSU. Suggested language would be:

“For renovation projects, a major project cost must cost more than \$25,000,000, and add no more than 10% gross square feet to the existing building's space”

If the intent is to not allow small dollar projects, amend to read:

“C. Eligible uses of the fund include: (1) for the four-year educational institutions, major capital outlay projects costing a minimum of fifty million dollars (\$50,000,000) for: (a) research and instruction and general purposes costing fifty million dollars (\$50,000,000) or more; and (b) student housing and student life projects.”

With targeted refinements, HB 8 can be a significant investment in New Mexico's higher education infrastructure, addressing critical needs through a structured funding mechanism. By establishing clear eligibility criteria, matching requirements, and oversight provisions, the legislation not only aims to enhance educational facilities but also encourages financial sustainability and institutional responsibility. The flexibility to waive matching requirements, combined with a strong emphasis on adherence to design standards, illustrates a considerate strategy that supports a thriving environment for student learning.

SIGNIFICANT ISSUES

PERFORMANCE IMPLICATIONS

While the graduation-rate requirement introduces an accountability dimension for athletics facilities, it may disadvantage institutions serving higher proportions of first-generation, transfer, or part-time students unless metrics are interpreted in context. The transfer portal has changed the academic landscape and the standard of obtaining funding should not be based on graduation. Instead, NCAA's Academic Progress Rate (APR) is the figure that funding should be based on because it is the more real time and accurate measurement of academic success. The following preferred language is recommended:

“To receive funding, a state university applying for division 1 athletic facilities shall provide data that shows that the NCAA Academic Progress Rate (APR) for the athletics department meets or exceeds 935 in the most recent reporting year.”

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS