

LFC Requester:	Jorgensen
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AGENCY BILL ANALYSIS - 2026 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO
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(Analysis must be uploaded as a PDF)

SECTION I: GENERAL INFORMATION

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

Date Prepared: January 26, 2026 *Check all that apply:*
Bill Number: SB 124 Original Correction
 Amendment Substitute

Sponsor: <u>Campos</u>	Agency Name and Code Number: <u>NM Independent Community Colleges 994</u>
Short Title: <u>Higher Ed. Major Projects Fund</u>	Person Writing: <u>Vanessa K. Hawker</u>
Title: _____	Phone: _____ Email: <u>vhawker@hawkerhynson.com</u>

SECTION II: FISCAL IMPACT

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

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

(Parenthesis () Indicate Expenditure Decreases)

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: Senate Bill 124 (SB 124) creates the higher education major project fund. This fund is to be administered by the higher education department with money in the fund subject to appropriation by the legislature.

The higher education major project fund can be used for 4-year institutions for instruction and general and research purposes for projects costing \$50 million or more and by 2-year and 4-year institutions for nonacademic purposes that enhance students' college experiences. Universities participating in division 1 athletics who are in good standing with the national collegiate athletic association

Four-year educational institution is defined as those universities enumerated in Article 12, Section 11 of New Mexico's constitution. Two-year education institution includes community colleges, branch community colleges, Northern New Mexico College, the New 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. SB 124 allows for match waivers.

FISCAL IMPLICATIONS

SB 124 does not contain an appropriation. Funding for approved capital projects must be appropriated.

SIGNIFICANT ISSUES

The only significant capital outlay vehicle New Mexico’s public higher education institutions is the general obligation bond. With the bond being sized so as to not increase taxes, the capacity is limited – large higher education projects have not been split so as to not take a significant amount of capacity on one project. SB 124 creates a new vehicle for funding large instruction related higher education projects.

Additionally, SB 124 creates a vehicle for projects which have not been eligible for funding consideration in general obligation bonds – student housing and student life projects. For those institutions with student housing, this is significant. Institutions, such as San Juan College, that have student housing which is fully subscribed, SB 124 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’.

SB 124 excludes 2-year institutions from the 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 SB 124:

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	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. SB 124 allows institutions to request a waiver of the match. The 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.

TECHNICAL ISSUES

Page 2, lines 9 – 12, the definition of “two-year institution” is sufficiently broad it could include private institutions.