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**AGENCY BILL ANALYSIS  
2026 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 Prepared:** 2026-01-23  
**Bill No:** SB124

**Sponsor:** Campos, Pete  
HIGHER ED. MAJOR PROJECTS FUND

**Agency Name and Code** NMHED  
**Number:** \_\_\_\_\_  
**Person Writing:** Chavez, Nina  
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**Short Title:** \_\_\_\_\_

**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
N/A	N/A	N/A	N/A

(Parenthesis ( ) Indicate Expenditure Decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue	Recurring	Fund Affected

<b>FY26</b>	<b>FY27</b>	<b>FY28</b>	<b>or Nonrecurring</b>	
N/A	N/A	N/A	N/A	N/A

(Parenthesis ( ) Indicate Expenditure Decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	<b>FY26</b>	<b>FY27</b>	<b>FY28</b>	<b>3 Year Total Cost</b>	<b>Recurring or Nonrecurring</b>	<b>Fund Affected</b>
<b>Total</b>	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:

**SECTION III: NARRATIVE**

**BILL SUMMARY**

Senate Bill 124 (SB124) creates the Higher Education Major Projects Fund as a nonreverting fund in the state treasury and establishes eligibility, match requirements, and conditions for the use of the fund to support large-scale higher education capital projects. The bill authorizes the fund to support projects requiring multi-year, multi-source financing, including major instructional, research, student housing, and student life facilities.

SB124 does not appropriate funding to the fund. Any capitalization of the fund would occur through separate legislative action.

The New Mexico Higher Education Department’s (NMHED) analysis focuses on how the proposed fund structure interacts with the state’s existing higher education capital outlay framework and long-term capital planning processes.

**FISCAL IMPLICATIONS**

SB124 establishes a statutory mechanism to support major higher education capital projects but does not provide a dedicated or recurring revenue source to capitalize the fund. Any deposits to the Higher Education Major Projects Fund would be contingent on future legislative appropriations, such as through the General Appropriation Act or other capital funding measures.

The absence of a dedicated funding source distinguishes this fund from other capital financing mechanisms that rely on statutory or structural allocations designed to provide more predictable, year-

over-year support for large-scale infrastructure investments. Establishing a sustainable capitalization strategy would be important to ensure the long-term viability of the fund and its ability to support both academic and auxiliary capital projects across multiple funding cycles.

In contrast, other state capital financing mechanisms utilize statutory or structural allocations to provide more predictable, year-over-year support for large-scale infrastructure investments. For example, supplemental severance tax bond programs include statutory carve-outs or dedicated revenue streams that ensure funding continuity across fiscal years. Establishing a comparable, dedicated funding approach for the Higher Education Major Projects Fund would be critical to ensuring the long-term viability of the fund and its ability to support both major academic and auxiliary capital projects over multiple funding cycles.

## SIGNIFICANT ISSUES

NMHED recognizes that higher education capital projects exceeding fifty million dollars (\$50,000,000) particularly at four-year institutions without access to local mill levy authority or other mechanisms to diversify capital funding, often exceed the scale that can be reasonably supported through the annual Capital Projects Division (CPD) recommendation process alone. These projects typically require coordinated, multi-year financing strategies that integrate multiple state and non-state funding sources. Projects exceeding fifty million dollars (\$50,000,000) often require coordinated, multi-year financing strategies.

Additionally, NMHED recognizes that New Mexico's higher education institutions are increasingly facing capital needs that exceed the scale, timing, and funding capacity of the annual Capital Projects Division (CPD) recommendation process. Many four-year institutions manage academic, research, and student support facilities that are more than 50-years old and require comprehensive replacement or major modernization to remain competitive, meet accreditation and workforce demands, and support current instructional models. These conditions have resulted in a growing number of extraordinary capital requests that exceed fifty million dollars (\$50,000,000) and require multi-year, multi-source financing strategies. As a result, these requests exceed traditional funding thresholds.

The University of New Mexico School of Medicine (UNM SOM) facility exemplifies this emerging category of projects. The proposed project aligns squarely with CPD's academic and workforce-focused criteria, addressing instructional capacity, research needs, and statewide health workforce development. However, the scale of the request, exceeding half a billion dollars places it beyond the practical capacity of the CPD annual recommendation process to fund through traditional phased appropriations alone. As a result, the project necessitates a coordinated financing strategy that integrates general obligation bonds, severance tax bonds, institutional match, and General Fund support.

SB124 provides a mechanism to address projects of this magnitude by establishing the Higher Education Major Projects Fund. In addition to scale, the fund is designed to authorize funding for student housing and student life projects, including recreation, dining, athletic facilities for Division I institutions in good standing, and other campus amenities facilities, broader categories not currently evaluated through the CPD annual recommendation process. Student housing represents a particularly acute auxiliary capital need across New Mexico's higher education institutions. Many campuses rely on residence halls constructed several decades ago that no longer meet modern standards for safety, accessibility, energy efficiency, or student expectations. Large-scale renovation or replacement of these facilities often exceeds the scope and funding thresholds of the annual CPD recommendation process. By explicitly authorizing student housing and related auxiliary facilities, the Higher Education Major Projects Fund acknowledges the role these investments play in student recruitment, retention, and institutional competitiveness, while providing a mechanism to address housing needs that cannot be feasibly funded

through existing capital pathways. At the same time, it introduces new considerations regarding how such projects are prioritized, reviewed, and integrated into the state's broader capital planning framework.

Because the UNM SOM facility represents the first major project anticipated to rely on this fund, SB124 effectively establishes both the precedent and initial structure for how the fund may be used in future cycles. While this underscores the immediate value of the fund, it also highlights the importance of long-term planning to ensure that the fund remains flexible, sustainable, and responsive to future major capital needs across institutions. Without a clearly articulated framework for ongoing capitalization, eligibility, and coordination with existing capital processes, there is a risk that the fund could become closely associated with a single project in its initial use, despite the expectation that the fund will be needed to support multiple large-scale projects across institutions over time.

At the time of this analysis, additional projects that may ultimately rely on this fund have not been formally identified or evaluated through NMHED's capital planning processes. The fund's long-term effectiveness will depend on how the fund is capitalized and integrated into existing capital planning processes. Without a sustainable capitalization strategy and clear coordination with capital recommendations or frameworks, there is a risk that the fund's initial use could shape expectations for future allocations before a broader statewide prioritization process is established.

## PERFORMANCE IMPLICATIONS

SB124 does not establish performance measures or project selection criteria for the Higher Education Major Projects Fund. If enacted, NMHED would need to work with institutions and policymakers to develop transparent criteria for project eligibility, prioritization, waiver review and timeliness in relation to the capital recommendation and session process, and outcomes to ensure alignment with statewide higher education goals and capital planning standards.

NMHED's Capital Projects Division (CPD) already reviews a significant volume of capital requests each year that exceeds available funding capacity.

Across the four most recent general obligation bond cycles between 2018 to 2025, institutions submitted an average of approximately sixty-one (61) capital requests totaling six hundred seventy million dollars (\$670,300,000), of which CPD recommended approximately thirty-six (36) projects totaling two hundred forty million seven hundred thousand dollars (\$240,700,000) representing approximately thirty-five-point nine percent (35.9%) of requested projects funded annually on average.

A similar pattern exists in non-general obligation bond years during the same timeframe where institutions submitted an average of approximately sixty-three (63) capital requests totaling three hundred seventy-four million dollars (\$374,000,000), of which CPD recommended approximately thirty-eight (38) projects totaling ninety-four million dollars (\$94,000,000), representing approximately twenty-five-point one percent (25.1%) of requested projects funded annual on average.

This demonstrates that CPD's existing process is already capacity-constrained and primarily focused on instructional and general (I&G) facilities. Without a dedicated funding mechanism for major capital and auxiliary projects, the department would be required to further divide a limited pool of capital funding between I&G facilities and auxiliary infrastructure, which would likely accelerate deferred maintenance backlogs and delay critical academic investments across New Mexico's colleges and universities.

The Major Projects Fund provides a structural alternative to address extraordinary academic and auxiliary capital needs without placing additional strain on the existing CPD recommendation process.

## ADMINISTRATIVE IMPLICATIONS

SB124 would require NMHED to assume new administrative responsibilities related to the oversight and coordination of a dedicated major projects fund. These responsibilities may include:

- Development of eligibility and allocation criteria;
- Integration of the fund into NMHED Capital Projects Division (CPD) summer hearings and year-round capital review processes;
- Coordination with institutions on eligible uses and project sequencing particularly when reviewing design centric funding requests versus construction requests;
- Monitoring of expenditures and alignment with appropriated purposes; and
- Coordination with the Legislature regarding any waiver or special approval processes associated with major project funding.

The creation of a standalone fund outside the traditional capital outlay process increases administrative complexity by introducing an additional funding pathway that must be coordinated alongside general obligation bonds, severance tax bonds, and other state funding mechanisms now.

## CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

SB124 relates to capital appropriations included in the General Appropriation Act (House Bill 2 / HB133), NMHED's higher education capital outlay recommendation, and other statewide capital funding mechanisms, including general obligation bonds and other state funds supporting major higher education projects.

SB124 also relates to SB6 which proposes full funding for UNM SOM facility, as both measures address financing strategies for this large-scale higher education capital project.

The Higher Education Major Projects Fund is intended to support projects—generally exceeding fifty million dollars (\$50,000,000) that are difficult to accommodate within the NMHED CPD annual capital recommendation process, and therefore intersects with, rather than replaces, the existing capital outlay framework.

The Major Projects Fund is intended to intersect with, rather than replace, the existing higher education capital outlay funding procedures.

## TECHNICAL ISSUES

The bill does not specify long-term replenishment mechanisms or sunset provisions for the fund, which may create uncertainty regarding its role in future capital planning cycles.

## OTHER SUBSTANTIVE ISSUES

NMHED notes that implementation of a major projects fund will require continued coordination across multiple capital financing mechanisms to ensure equitable support for higher education capital needs statewide.

## ALTERNATIVES

N/A

## WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If SB124 is not enacted, higher education capital projects would continue to rely on phased, multi-year appropriations, potentially leading to project delays, cost escalation, and limited capacity to address critical student housing and auxiliary infrastructure needs. Institutions would remain constrained in funding large-scale academic and student life projects essential to recruitment and retention.

Additionally, failure to enact SB124 would invalidate the proposed fund transfer and one-time appropriation for the UNM SOM, creating a significant funding gap and placing project timelines and scope at risk.

## AMENDMENTS

N/A