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**AGENCY BILL ANALYSIS
2026 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}

Click all that apply:

Original **Amendment**
Correction **Substitute**

Date Prepared: 2026-01-30
Bill No: SB204

Sponsor: Soules, William P.
FUNDING FOR
Short Title: TERMINATED RESEARCH PROJECTS

Agency Name and Code NMHED
Number: _____
Person Writing: Gallegos, Brittany
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
N/A	\$100,000.0	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue	Recurring	Fund Affected

FY26	FY27	FY28	or Nonrecurring	
N/A	N/A	N/A	N/A	N/A

(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	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 204 (SB204) appropriates one hundred million dollars (\$100,000,000) from the General Fund to the New Mexico Higher Education Department (NMHED) for expenditure in FY27 and FY28. The funding is intended to supplement reduced or terminated federal funding for existing research projects at the University of New Mexico (UNM), New Mexico State University (NMSU), and the New Mexico Institute of Mining and Technology (NMIMT).

NMHED's analysis of this bill focuses on the higher education implications of the proposed legislation. Additional insight may be obtained from other agencies' analyses.

FISCAL IMPLICATIONS

SB204 appropriates one hundred million dollars (\$100,000,000) from the General Fund to NMHED for expenditure in FY27 and FY28 in order to supplement reduced or terminated federal funding for existing research projects at UNM, NMSU, and NMIMT. Any unexpended balance remaining at the end of FY28 shall revert to the General Fund.

SIGNIFICANT ISSUES

SB204's appropriation may be used only to supplement reduced or terminated federal funding for existing research projects that are otherwise feasible to complete but for the loss of federal funding.

SB204 limits eligibility to research projects at UNM, NMSU, and NMIMT. The funding does not apply to student services, institutional operations, or federally supported programs such as those that fall under Title III or Title V of the Higher Education Act of 1965, which serve students across many New Mexico higher education institutions (HEIs).

Implementation of SB204 would require NMHED to make several policy and administrative determinations that are not specified in the bill. Considerations may include:

- Whether there will be a limit on the amount of funding that may be awarded to a single research project
- Whether applications will be accepted on a rolling basis or through a defined application cycle
- Whether there will be a limit on the total amount of funding distributed in each fiscal year
- Whether and how projects will be prioritized, including consideration of statewide economic, workforce, or research benefits
- Whether institutions will be required to internally prioritize projects for submission, similar to the Research and Public Service Project (RPSP) application process
- What criteria NMHED should use to determine feasibility or if NMHED would need to define those criteria
- How to handle changes to project scope and if the funding would remain eligible for continued usage after changes

SB204 states that funding may be used for research projects that are feasibly able to be completed but for the reduction or termination of federal funding. Additional clarification may be needed on which project costs are eligible, including whether funding can support graduate research assistants, student stipends, or other personnel expenses necessary for project completion.

PERFORMANCE IMPLICATIONS

SB204 may require NMHED to develop administrative processes to determine institutional and project eligibility for these funds. This could include coordination between NMHED's Academic Affairs and Policy Division and Institutional Finance Division to review requests and distribute funding to eligible research projects at UNM, NMSU, and NMIMT.

ADMINISTRATIVE IMPLICATIONS

SB204 may increase administrative responsibilities for NMHED. NMHED will need to establish processes to determine institutional and project eligibility for these funds and coordinate the distribution of funds to eligible research projects at UNM, NMSU, and NMIMT.

Implementation could also include development of agreements such as memoranda of understanding along with monitoring or reporting related to use of funds.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

N/A

TECHNICAL ISSUES

N/A

OTHER SUBSTANTIVE ISSUES

N/A

ALTERNATIVES

As an alternative, the Legislature could consider expanding eligibility for these funds beyond research projects to include student service programs and other federally supported initiatives that experience funding reductions or terminations. This could include programs supported through Title III or Title V of the Higher Education Act of 1965, which provide institutional support and student services at many New Mexico HEIs.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If SB204 is not enacted, NMHED would not receive the appropriation of one hundred million dollars (\$100,000,000) to supplement reduced or terminated federal funding for eligible research projects at UNM, NMSU, and NMIMT.

AMENDMENTS

N/A