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HOUSE BILL 468

48TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2008

INTRODUCED BY

Henry 'Kiki' Saavedra

AN ACT

RELATING TO HIGHER EDUCATION; CHANGING THE NAME OF AN ENDOWMENT FUND; CLARIFYING THE APPROPRIATE USES OF MONEY IN THE FUND; MAKING AN APPROPRIATION FOR ENDOWMENT PURPOSES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 21-1-27.1 NMSA 1978 (being Laws 2002, Chapter 31, Section 1, as amended) is amended to read:

"21-1-27.1. ~~[FACULTY]~~ HIGHER EDUCATION ENDOWMENT FUND CREATED.--

A. The "~~[faculty]~~ higher education endowment fund" is created in the state treasury. The fund shall consist of appropriations, income from investment of the fund, gifts, grants, donations and bequests.

B. The ~~[faculty]~~ higher education endowment fund shall be administered by the higher education department.

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1 Money shall be disbursed only on warrant of the secretary of
2 finance and administration upon voucher signed by the secretary
3 of higher education or the secretary's authorized
4 representative.

5 C. Money shall be disbursed from the [~~faculty~~]
6 higher education endowment fund only to establish endowments at
7 public post-secondary educational institutions as provided in
8 this section. An institution shall not receive a disbursement
9 for an endowment until that institution has notified the
10 department that it has received matching funds for the
11 endowment from other than governmental sources in the amount
12 specified in this section.

13 D. Money in the [~~faculty~~] higher education
14 endowment fund is appropriated to the department to be
15 disbursed for endowment purposes, including endowed chairs,
16 lectureships, professorships, scholarships for students,
17 graduate assistantships, faculty and development programs that
18 will enhance the quality of public post-secondary education in
19 New Mexico. The department, by rule, shall establish
20 procedures for disbursing money from the fund. Not less than
21 five percent of each institution's total endowment effort
22 resulting from amounts specified in this section shall address
23 one or more of the governor's initiatives.

24 E. Unless otherwise provided by law, until June 30,
25 2010, the following institutions shall be eligible for the

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1 following disbursements from the fund:

2 (1) two million dollars (\$2,000,000) each for
3 the university of New Mexico, New Mexico state university and
4 the New Mexico institute of mining and technology and one
5 million five hundred thousand dollars (\$1,500,000) for the
6 university of New Mexico school of medicine; provided that no
7 disbursement shall be made pursuant to this paragraph until the
8 institution has shown to the satisfaction of the department
9 that it has received matching funds in an amount equal to at
10 least fifty percent of the disbursement;

11 (2) five hundred thousand dollars (\$500,000)
12 each for New Mexico highlands university, eastern New Mexico
13 university, western New Mexico university and northern New
14 Mexico state school; provided that no disbursement shall be
15 made pursuant to this paragraph until the institution has shown
16 to the satisfaction of the department that it has received
17 matching funds in an amount equal to at least forty percent of
18 the disbursement; and

19 (3) for the total endowments at the New Mexico
20 military institute, community colleges, branch community
21 colleges and technical and vocational institutes, two million
22 five hundred thousand dollars (\$2,500,000), provided that:

23 (a) the total amount shall be
24 distributed pursuant to rules of distribution promulgated by
25 the department that ensure each eligible institution an

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1 opportunity to receive an equitable share of the total amount
2 to be distributed; and

3 (b) no disbursement shall be made
4 pursuant to this paragraph until the institution has shown to
5 the satisfaction of the department that it has received
6 matching funds in an amount equal to at least thirty percent of
7 the disbursement.

8 F. Effective July 1, 2010, funds remaining in the
9 [~~faculty~~] higher education endowment fund may be matched by any
10 public post-secondary educational institution in this section
11 for the purposes stated in this section in accordance with the
12 rules established by the department.

13 G. The endowment funds of the institutions shall
14 not be expended but shall be invested by the institutions in
15 accordance with the prudent investor rule, and in accordance
16 with the provisions of Section 21-1-38 NMSA 1978. The income
17 from the investments shall be used by the institutions to
18 provide funding for chairs, lectureships, professorships,
19 scholarships for students, graduate assistantships and faculty
20 development programs, including paying all or a portion of the
21 salary of the faculty member or the expenses necessary to
22 support associated academic activities.

23 H. No later than July 1 of 2008, 2009 and 2010, the
24 department shall report to the legislative finance committee on
25 disbursements made pursuant to this section. The report shall

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1 include the amounts disbursed to each institution, the amount
2 of matching funds and their source and the purpose of the
3 endowments."

4 Section 2. APPROPRIATION.--Five million dollars
5 (\$5,000,000) is appropriated from the general fund to the
6 higher education endowment fund to be expended in fiscal year
7 2009 and subsequent fiscal years for endowment purposes. Any
8 unexpended or unencumbered balance remaining at the end of a
9 fiscal year shall not revert to the general fund. The
10 appropriation shall be disbursed from the higher education
11 endowment fund pursuant to the provisions of Section 21-1-27.1
12 NMSA 1978 except that, in lieu of the disbursements in
13 Subsection E of that section, the appropriation shall be
14 disbursed as follows:

15 A. one million dollars (\$1,000,000) each for the
16 university of New Mexico, the university of New Mexico health
17 sciences center, New Mexico state university and the New Mexico
18 institute of mining and technology; provided that no
19 disbursement shall be made pursuant to this subsection until
20 the institution has shown to the satisfaction of the higher
21 education department that it has received matching funds in an
22 amount equal to at least fifty percent of the disbursement;

23 B. one hundred twenty-five thousand dollars
24 (\$125,000) each for New Mexico highlands university, eastern
25 New Mexico university, western New Mexico university and

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1 northern New Mexico state school; provided that no disbursement
2 shall be made pursuant to this subsection until the institution
3 has shown to the satisfaction of the higher education
4 department that it has received matching funds in an amount
5 equal to at least forty percent of the disbursement; and

6 C. for the total endowments at the New Mexico
7 military institute, community colleges, branch community
8 colleges and technical and vocational institutes, five hundred
9 thousand dollars (\$500,000), provided that:

10 (1) the total amount shall be distributed
11 pursuant to rules of distribution promulgated by the higher
12 education department that ensure each eligible institution an
13 opportunity to receive an equitable share of the total amount
14 to be distributed; and

15 (2) no disbursement shall be made pursuant to
16 this subsection until the institution has shown to the
17 satisfaction of the higher education department that it has
18 received matching funds in an amount equal to at least thirty
19 percent of the disbursement.