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HOUSE BILL 766

49TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2009

INTRODUCED BY

Henry 'Kiki' Saavedra

AN ACT

RELATING TO HIGHER EDUCATION; CHANGING THE DISTRIBUTION OF THE
HIGHER EDUCATION ENDOWMENT FUND.

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. HIGHER EDUCATION ENDOWMENT FUND CREATED.--

A. The "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 higher education endowment fund shall be
administered by the higher education department. Money shall
be disbursed only on warrant of the secretary of finance and
administration upon voucher signed by the secretary of higher

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1 education or the secretary's authorized representative.

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

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

21 ~~[E. Unless otherwise provided by law, until June~~
22 ~~30, 2010, the following institutions shall be eligible for the~~
23 ~~following disbursements from the fund:~~

24 ~~(1) two million dollars (\$2,000,000) each for~~
25 ~~the university of New Mexico, New Mexico state university and~~

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

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

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

20 ~~(a) the total amount shall be~~
21 ~~distributed pursuant to rules of distribution promulgated by~~
22 ~~the department that ensure each eligible institution an~~
23 ~~opportunity to receive an equitable share of the total amount~~
24 ~~to be distributed; and~~

25 ~~(b) no disbursement shall be made~~

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1 ~~pursuant to this paragraph until the institution has shown to~~
2 ~~the satisfaction of the department that it has received~~
3 ~~matching funds in an amount equal to at least thirty percent of~~
4 ~~the disbursement.~~

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

10 E. Appropriations to the higher education endowment
11 fund shall be disbursed to public post-secondary educational
12 institutions based on the following distribution proportions
13 and matching requirements:

14 (1) the university of New Mexico shall be
15 entitled to draw eighteen percent of each appropriation and New
16 Mexico state university and the New Mexico institute of mining
17 and technology shall each be entitled to draw sixteen percent
18 of each appropriation; provided that no disbursement shall be
19 made pursuant to this paragraph until an institution has shown
20 to the satisfaction of the department that it has received
21 matching funds in an amount equal to at least fifty percent of
22 the disbursement;

23 (2) the university of New Mexico health
24 sciences center shall be entitled to draw twelve percent of
25 each appropriation; provided that no disbursement shall be made

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1 pursuant to this paragraph until the center has shown to the
2 satisfaction of the department that it has received matching
3 funds in an amount equal to at least fifty percent of the
4 disbursement;

5 (3) New Mexico highlands university, eastern
6 New Mexico university, western New Mexico university and
7 northern New Mexico college shall each draw an equal share of a
8 total of eighteen percent of each appropriation; provided that
9 no disbursement shall be made pursuant to this paragraph until
10 an institution has shown to the satisfaction of the department
11 that it has received matching funds in an amount equal to at
12 least forty percent of the disbursement; and

13 (4) the New Mexico military institute,
14 independent community colleges, branch community colleges and
15 technical and vocational institutes may draw a share of a total
16 of twenty percent of each appropriation using a distribution
17 formula approved by the higher education department; provided
18 that no disbursement shall be made pursuant to this paragraph
19 until an institution has shown to the satisfaction of the
20 department that it has received matching funds in an amount
21 equal to at least thirty percent of the disbursement.

22 F. Distributions from the higher education
23 endowment fund are made over a three-year cycle with unmatched
24 balances reverting to the general fund at the end of the third
25 fiscal year. The department shall notify each eligible

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1 institution of the specific amount it may match during the
2 first two fiscal years of each three-year cycle. Allocations
3 not matched during the first two years of each cycle are made
4 available for supplemental or second round matching by other
5 eligible public post-secondary educational institutions during
6 the third fiscal year. Four-year public post-secondary
7 educational institutions may apply for supplemental matches to
8 amounts originally designated for other four-year institutions.
9 Two-year public post-secondary educational institutions may
10 apply for supplemental matches to amounts originally designated
11 for other two-year institutions. Successful submissions for
12 supplemental matches shall be determined by the department in a
13 manner that affords equitable participation over time based on
14 guidelines for supplemental distributions from the fund.

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

25 H. [~~No later than July 1 of 2008, 2009 and 2010~~]

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1 The department shall report annually to the legislative finance
2 committee on disbursements made pursuant to this section. The
3 report shall include the amounts disbursed to each institution,
4 the amount of matching funds and their source and the purpose
5 of the endowments."

6 Section 2. APPLICABILITY.--The provisions of Section 1 of
7 this act apply to appropriations and distributions for fiscal
8 year 2010 and subsequent fiscal years.

9 Section 3. EFFECTIVE DATE.--The effective date of the
10 provisions of this act is July 1, 2009.

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