



N/A	N/A	N/A	N/A	N/A

(Parenthesis ( ) Indicate Expenditure Decreases)

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

	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	N/A	\$36.00	N/A	\$36.00	Nonrecurring	General Fund

(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**

HM54 requests a study be conducted by the New Mexico Higher Education Department (NMHED) that examines and review all public institutions of higher education expenditures, procurement policies and travel policies made under the Procurement Code and Institutional Travel Codes and those expenditures made by universities and colleges that are exempt from the Procurement Code and Travel Codes.

HM54 also cites media attention on Western New Mexico University (WNMU) and its spending. The thirty-two separate public boards of various colleges, universities, special schools, and tribal schools that exist within higher education in New Mexico and expenditure of taxpayer funds by these institutions. The memorial also cites Higher Education Institution (HEI) engagement in travel and international travel, their procurement policies and travel policies, and exceptions to the Procurement Code and Travel Code by constitutionally established universities and colleges.

The New Mexico Higher Education Department's (NMHED) 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**

HM54 does not include an appropriation. The New Mexico Higher Education Department (NMHED) only has one staff member within the Institutional Finance Division, External Audit Manager, who would be assigned this study. Unfortunately, this is not feasible with current workload, which includes the monitoring of Higher Education Institutions (HEIs) currently on the departments Enhanced Fiscal Oversight Program. In order for the department to complete the study, the department would need to procure the services of an outside firm. The average cost for services provided by an Independent Public Accounting Firm ranges from \$200 to \$250 per hour. The department conservatively estimates that a study of this type would cost approximately one hundred thousand dollars (\$100,000). The department would not be able to complete this study using our existing operating budget. Additional funding to support the study would be needed.

## SIGNIFICANT ISSUES

The New Mexico Higher Education Department (NMHED) does not have the staffing to complete this study. Each public Higher Education Institution (HEI) in New Mexico is governed by their own governing board. Each of these boards has the authority to develop their own Procurement and Travel policies. There is the likelihood that there are many different Procurement and Travel policies in place. Another component of this study involves the different funding sources used for procurement and travel at each institution. The willingness of Higher Education Institutions (HEIs) to share information related to donor funds or other non-state funds maintained by foundations and used for procurements or travel could also impact the outcomes of the study.

## PERFORMANCE IMPLICATIONS

The New Mexico Higher Education Department (NMHED) monitors and assesses concerns of fiscal health at public Higher Education Institutions (HEIs). Within the last year, the NMHED has performed five site visits to institutions to evaluate their internal policies and procedures. The NMHED has also issued formal site visit reports for each of these visits outlining concerns noted and recommended actions to be taken by the institution.

In the case of Western New Mexico University (WNMU), the NMHED issued formal correspondence to WNMU leadership once allegations of inappropriate expenditures and lavish spending were reported. The department requested documentation from WNMU related to these allegations, including receipts, approvals, and related policies and procedures governing these activities. Our review of these documents prompted formal correspondence to WNMU leadership requesting their review of internal policies and procedures and a pause on international travel until such time that a cost-benefit analysis could be completed. WNMU's response to the department is under review.

The NMHED, as outlined in the fiscal implications section of this Fiscal Impact Report (FIR), has limited staff to address reported concerns. We have and will continue to prioritize concerns related to finance, however more staff would be needed in order to develop a proactive approach to assessing if higher education institution policies and procedures are 1) being followed and 2) whether those policies and procedures comply with federal and state law.

## ADMINISTRATIVE IMPLICATIONS

N/A

## CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

N/A

## TECHNICAL ISSUES

N/A

## OTHER SUBSTANTIVE ISSUES

N/A

## ALTERNATIVES

N/A

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

The New Mexico Higher Education Department (NMHED) will continue to monitor the fiscal health of Higher Education Institutions (HEIs). When financial concerns are raised, the NMHED will assess the concerns and develop the appropriate measures to monitor the institution. This includes placement of an institution on Enhanced Fiscal Oversight (EFOP), performance of a site visit to assess policies and procedures and report on recommended actions to be taken by the institution, and performance of special audits. All of these have been done in the past on several occasions and will continue to be common practice by the NMHED moving forward.

## AMENDMENTS

The New Mexico Higher Education Department (NMHED) requests the addition of an appropriation of one hundred thousand dollars (\$100,000) to complete the study.