

1 HOUSE BILL 170

2 **52ND LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2015**

3 INTRODUCED BY

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10 AN ACT

11 RELATING TO HIGHER EDUCATION; CHANGING THE DISTRIBUTION PROCESS  
12 AND USES OF THE HIGHER EDUCATION ENDOWMENT FUND; CREATING THE  
13 HIGHER EDUCATION ENDOWMENT COMMITTEE; PRESCRIBING POWERS AND  
14 DUTIES; PROVIDING FOR MERIT-BASED AWARDS FROM THE HIGHER  
15 EDUCATION ENDOWMENT FUND; MAKING AN APPROPRIATION.

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

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

20 "21-1-27.1. HIGHER EDUCATION ENDOWMENT FUND CREATED.--

21 A. The "higher education endowment fund" is created  
22 in the state treasury. The fund shall consist of  
23 appropriations, income from investment of the fund, gifts,  
24 grants, donations and bequests.

25 B. The higher education endowment fund shall be

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

5 C. ~~[Money shall be disbursed from]~~ The higher  
6 education endowment fund shall be used only to establish  
7 endowments at public post-secondary educational institutions as  
8 provided in this section. An institution shall not receive a  
9 ~~[disbursement]~~ distribution for an endowment until that  
10 institution ~~[has notified]~~ provides documentation to the  
11 department that it has received or will receive matching funds  
12 pursuant to a written gift agreement for the endowment from  
13 other than governmental sources in ~~[the]~~ an amount ~~[specified~~  
14 ~~in this section]~~ equal to at least fifty percent of the  
15 requested award.

16 D. Money in the higher education endowment fund is  
17 appropriated to the department to be ~~[disbursed]~~ distributed to  
18 a public post-secondary educational institution following an  
19 award made pursuant to the provisions of Subsection E of this  
20 section for endowment purposes. ~~[including]~~ Endowment purposes  
21 include:

22 (1) establishing endowed chairs, lectureships,  
23 professorships, ~~[scholarships for students]~~ research positions,  
24 graduate assistantships and faculty development programs that  
25 will enhance the quality of public post-secondary education in

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1 New Mexico [~~The department, by rule, shall establish procedures~~  
2 ~~for disbursing money from the fund. Not less than five percent~~  
3 ~~of each institution's total endowment effort resulting from~~  
4 ~~amounts specified in this section shall address~~];

5 (2) addressing one or more of the governor's  
6 initiatives, including research and development; technology  
7 transfer; science, technology, engineering and mathematics;  
8 health; education; water; and agriculture initiatives; and

9 (3) making merit-based salary increases  
10 determined pursuant to criteria set forth by the public post-  
11 secondary educational institution in a proposal approved by the  
12 department.

13 E. The "higher education endowment committee" is  
14 created. The committee has sole authority to approve proposals  
15 for awards from the higher education endowment fund based on  
16 the merits of the proposals by public post-secondary  
17 educational institutions to support and advance endowment  
18 purposes. The committee is composed of the secretaries of  
19 higher education, economic development and finance and  
20 administration or their designees. The committee shall meet no  
21 more than twice per year to hear award proposals submitted by  
22 public post-secondary educational institutions.

23 [~~E. Appropriations to the higher education~~  
24 ~~endowment fund shall be disbursed to public post-secondary~~  
25 ~~educational institutions based on the following distribution~~

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1 ~~proportions and matching requirements:~~

2 ~~(1) the university of New Mexico shall be~~  
3 ~~entitled to draw eighteen percent of each appropriation and New~~  
4 ~~Mexico state university and the New Mexico institute of mining~~  
5 ~~and technology shall each be entitled to draw sixteen percent~~  
6 ~~of each appropriation; provided that no disbursement shall be~~  
7 ~~made pursuant to this paragraph until an institution has shown~~  
8 ~~to the satisfaction of the department that it has received~~  
9 ~~matching funds in an amount equal to at least fifty percent of~~  
10 ~~the disbursement;~~

11 ~~(2) the university of New Mexico health~~  
12 ~~sciences center shall be entitled to draw twelve percent of~~  
13 ~~each appropriation; provided that no disbursement shall be made~~  
14 ~~pursuant to this paragraph until the center has shown to the~~  
15 ~~satisfaction of the department that it has received matching~~  
16 ~~funds in an amount equal to at least fifty percent of the~~  
17 ~~disbursement;~~

18 ~~(3) New Mexico highlands university, eastern~~  
19 ~~New Mexico university, western New Mexico university and~~  
20 ~~northern New Mexico college shall each draw an equal share of a~~  
21 ~~total of eighteen percent of each appropriation; provided that~~  
22 ~~no disbursement shall be made pursuant to this paragraph until~~  
23 ~~an institution has shown to the satisfaction of the department~~  
24 ~~that it has received matching funds in an amount equal to at~~  
25 ~~least forty percent of the disbursement; and~~

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1                   ~~(4) the New Mexico military institute,~~  
2     ~~independent community colleges, branch community colleges and~~  
3     ~~technical and vocational institutes may draw a share of a total~~  
4     ~~of twenty percent of each appropriation using a distribution~~  
5     ~~formula approved by the higher education department; provided~~  
6     ~~that no disbursement shall be made pursuant to this paragraph~~  
7     ~~until an institution has shown to the satisfaction of the~~  
8     ~~department that it has received matching funds in an amount~~  
9     ~~equal to at least thirty percent of the disbursement.~~

10                   ~~F. Distributions from the higher education~~  
11     ~~endowment fund are made over a three-year cycle with unmatched~~  
12     ~~balances reverting to the general fund at the end of the third~~  
13     ~~fiscal year. The department shall notify each eligible~~  
14     ~~institution of the specific amount it may match during the~~  
15     ~~first two fiscal years of each three-year cycle. Allocations~~  
16     ~~not matched during the first two years of each cycle are made~~  
17     ~~available for supplemental or second round matching by other~~  
18     ~~eligible public post-secondary educational institutions during~~  
19     ~~the third fiscal year. Four-year public post-secondary~~  
20     ~~educational institutions may apply for supplemental matches to~~  
21     ~~amounts originally designated for other four-year institutions.~~  
22     ~~Two-year public post-secondary educational institutions may~~  
23     ~~apply for supplemental matches to amounts originally designated~~  
24     ~~for other two-year institutions. Successful submissions for~~  
25     ~~supplemental matches shall be determined by the department in a~~

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1 ~~manner that affords equitable participation over time based on~~  
2 ~~guidelines for supplemental distributions from the fund.~~

3 G.] F. The endowment funds of the institutions  
4 shall not be expended but shall be invested by the institutions  
5 in accordance with the Uniform Prudent Management of  
6 Institutional Funds Act and the provisions of Section 21-1-38  
7 NMSA 1978. The income from the investments shall be expended  
8 ~~[by the institutions in accordance with the Uniform Prudent~~  
9 ~~Management of Institutional Funds Act and the provisions of~~  
10 ~~Section 21-1-38 NMSA 1978 to provide funding for chairs,~~  
11 ~~lectureships, professorships, scholarships for students,~~  
12 ~~graduate assistantships and faculty development programs,~~  
13 ~~including paying all or a portion of the salary of the faculty~~  
14 ~~member or the expenses necessary to support associated academic~~  
15 ~~activities]~~ only for endowment purposes.

16 G. The department shall establish rules setting  
17 forth the procedures for distributing money from the higher  
18 education endowment fund pursuant to the provisions of this  
19 section.

20 H. The department shall report annually to the  
21 legislative finance committee on ~~[disbursements]~~ awards made  
22 pursuant to this section. The report shall include the amounts  
23 ~~[disbursed]~~ awarded to each institution, the amount of matching  
24 funds and their source and the purpose of the endowments and  
25 awards."

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