

HOUSE EDUCATION COMMITTEE SUBSTITUTE FOR  
HOUSE BILL 170

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

AN ACT

RELATING TO HIGHER EDUCATION; CHANGING THE DISTRIBUTION PROCESS  
AND USES OF THE HIGHER EDUCATION ENDOWMENT FUND; CREATING THE  
HIGHER EDUCATION ENDOWMENT COMMITTEE AND PRESCRIBING DUTIES;  
MAKING AN APPROPRIATION.

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

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underscored material = new  
[bracketed material] = delete

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

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

12 ~~D.]~~ C. Money in the higher education endowment fund  
13 is appropriated to the department ~~[to be disbursed]~~ for  
14 distribution to the public post-secondary educational  
15 institutions listed in Subsection D of this section that submit  
16 proposals and receive award determinations from the department  
17 to establish endowments at the institutions for endowment  
18 purposes. ~~[including]~~ Endowment purposes shall include:

19 (1) establishing endowed chairs, lectureships,  
20 professorships, ~~[scholarships for students]~~ research positions,  
21 graduate assistantships and faculty development programs that  
22 will enhance the quality of public post-secondary education in  
23 New Mexico ~~[The department, by rule, shall establish procedures~~  
24 ~~for disbursing money from the fund. Not less than five percent~~  
25 ~~of each institution's total endowment effort resulting from~~

1 ~~amounts specified in this section shall address~~]; and

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

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

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

21 ~~(2) the university of New Mexico health~~  
22 ~~sciences center shall be entitled to draw twelve percent of~~  
23 ~~each appropriation; provided that no disbursement shall be made~~  
24 ~~pursuant to this paragraph until the center has shown to the~~  
25 ~~satisfaction of the department that it has received matching~~

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1 ~~funds in an amount equal to at least fifty percent of the~~  
2 ~~disbursement;~~

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

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

20 D. Appropriations to the higher education endowment  
21 fund shall be distributed to public post-secondary educational  
22 institutions as awards made by the department or the higher  
23 education endowment committee pursuant to competitive proposals  
24 submitted by institutions, as follows:

25 (1) sixty-two percent of the total amount to

1 be distributed may be awarded to the university of New Mexico,  
 2 the university of New Mexico health sciences center, New Mexico  
 3 state university and the New Mexico institute of mining and  
 4 technology;

5 (2) twenty percent of the total amount to be  
 6 distributed may be awarded to the New Mexico military institute  
 7 and any independent community college, branch community college  
 8 and technical and vocational institute; and

9 (3) eighteen percent of the total amount to be  
 10 distributed may be awarded to New Mexico highlands university,  
 11 eastern New Mexico university, western New Mexico university  
 12 and northern New Mexico college.

13 E. Following an award determination, a public post-  
 14 secondary educational institution shall not receive a  
 15 distribution until that institution provides documentation to  
 16 the department that it has received or will receive matching  
 17 funds, pursuant to a written gift agreement, for the endowment  
 18 from nongovernmental sources in an amount equal to at least  
 19 fifty percent of the award amount. [F.] Distributions from the  
 20 higher education endowment fund are made over a [three-year]  
 21 two-year cycle with unmatched balances reverting to the general  
 22 fund at the end of the [third] second fiscal year. [The  
 23 department shall notify each eligible institution of the  
 24 specific amount it may match during the first two fiscal years  
 25 of each three-year cycle.] Allocations not matched during the

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1 first ~~[two years]~~ year of ~~[each]~~ a cycle are made available  
2 during the second year of a cycle for supplemental or second  
3 round matching by ~~[other eligible public post-secondary~~  
4 ~~educational institutions during the third fiscal year. Four-~~  
5 ~~year public post-secondary educational institutions may apply~~  
6 ~~for supplemental matches to amounts originally designated for~~  
7 ~~other four-year institutions. Two-year public post-secondary~~  
8 ~~educational institutions may apply for supplemental matches to~~  
9 ~~amounts originally designated for other two-year institutions.~~  
10 ~~Successful submissions for supplemental matches shall be~~  
11 ~~determined by the department in a manner that affords equitable~~  
12 ~~participation over time based on guidelines for supplemental~~  
13 ~~distributions from the fund] any institution listed in~~  
14 Subsection D of this section.

15 ~~[G.]~~ F. The endowment funds of the institutions  
16 shall not be expended but shall be invested by the institutions  
17 in accordance with the Uniform Prudent Management of  
18 Institutional Funds Act and the provisions of Section 21-1-38  
19 NMSA 1978. The income from the investments shall be expended  
20 ~~[by the institutions in accordance with the Uniform Prudent~~  
21 ~~Management of Institutional Funds Act and the provisions of~~  
22 ~~Section 21-1-38 NMSA 1978 to provide funding for chairs,~~  
23 ~~lectureships, professorships, scholarships for students,~~  
24 ~~graduate assistantships and faculty development programs,~~  
25 ~~including paying all or a portion of the salary of the faculty~~

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1 ~~member or the expenses necessary to support associated academic~~  
2 ~~activities]~~ only for endowment purposes.

3 G. The "higher education endowment committee" is  
4 created. The committee is composed of the secretaries of  
5 higher education, economic development and finance and  
6 administration or their designees. The committee shall meet no  
7 less than twice per year to review proposals and award  
8 determinations to:

9 (1) determine whether the proposals and award  
10 determinations meet endowment purposes;

11 (2) determine whether the endowment funds are  
12 being distributed pursuant to the provisions of this section;  
13 and

14 (3) recommend ways to support or change the  
15 endowment purposes award and distribution processes.

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

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

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