LFC Requester:

Jorgensen

AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

<u>AgencyAnalysis.nmlegis.gov</u> and email to <u>billanalysis@dfa.nm.gov</u> (Analysis must be uploaded as a PDF)

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Date Prepared:	19 February 2025	Check all that apply:	
Bill Number:	HB449	Original _x	Correction
		Amendment	Substitute

Sponsor: Lente		Agency Name and Code Number:	NM Independent Community Colleges 994	
Short Title	Higher Education Major Projects Fund	Person Writing	Vanessa K. Hawker	
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SECTION II: FISCAL IMPACT

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(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

<u>Synopsis:</u> House Bill 449 (HB449) creates the higher education major project fund. This fund is to be administered by the higher education department with money in the fund subject to appropriation by the legislature.

The major project fund created by HB449 can be used for 4-year institutions for instruction and general and research purposes for projects costing \$50 million or more and by 2-year and 4-year institutions for student housing and student life projects.

Constitutional special schools (New Mexico Military Institute, New Mexico School for the Deaf, New Mexico School for the Blind and Visually Impaired) are ineligible to apply.

Institutions can apply to the fund for design phase funding and construction phase funding,

the required amount of institutional matching funds varies by phase and institutional type. Matching funds must be from non-state sources. HB449 allows for match waivers.

FISCAL IMPLICATIONS

There is no appropriation in HB449. Funding for approved capital projects must be appropriated.

SIGNIFICANT ISSUES

The only significant capital outlay vehicle New Mexico's public higher education institutions is the general obligation bond. With the bond being sized so as to not increase taxes, the capacity is limited – large higher education projects have not been split so as to not take a significant amount of capacity on one project. HB449 creates a new vehicle for funding large instruction related higher education projects.

HB449 creates a vehicle for projects which have not been eligible for consideration in general obligation bonds – student housing and student life projects. For those institutions with student housing, this is significant. Institutions, such as San Juan College, that have student housing which is fully subscribed, HB449 is a valuable tool. The inclusion of student life projects will allow institutions to consider other ways to support their on-campus students beyond the strict interpretation of 'student services'

HB449 excludes 2-year institutions from the instruction and general and research funding. While most capital projects at New Mexico's public community colleges are under the \$50 million threshold, a few projects do exceed \$50 million. NMICC requests the construction funding program be opened to 2-year institutions.

As the New Mexico Military Institute is currently not able to seek funding via the public-school capital outlay process, NMICC requests the Military Institute be allow to participate in the capital outlay funding opportunities created by HB449.

For our community colleges that are in economically distressed areas, securing matching funds can be extremely difficult. HB449 allows institutions to request a waiver of the match. The ability to receive a waiver is of critical importance. While the details of applying for and receiving a waiver are not included in HB449, it is assumed the higher education department will be responsible for developing the process.

TECHNICAL ISSUES

Page 1, line 21, to avoid confusion, NMICC suggests "capital" be added to the name of the fund, to read – "higher education major capital projects fund".

Page 2, lines 23-25 & page 3, lines 1 - 8: this section is confusing and unclear. It can be read as for construction phase funding institutions must have a 10% match **and also** a 50% match from 2-year institutions/ 20% match from 4-year institutions. Is the intent of HB449 to require in the <u>construction phase</u> a 10% match for instruction and general and research purposes from 4-year institutions and to require a 50% match from 2-year institutions/20% match from 4-year

institutions for student housing and student life projects?

Page 4, lines 19 - 21, the definition of "two-year institution" is sufficiently broad it could include private institutions. The section of New Mexico statutes that authorize community colleges, both independents and branches should be cited.

It would be helpful to include definitions of:

- "instruction and general and research"
- "student life"
- "design phase"