

FACT SHEET – KNOWLES SCHOLARSHIP

PURPOSE

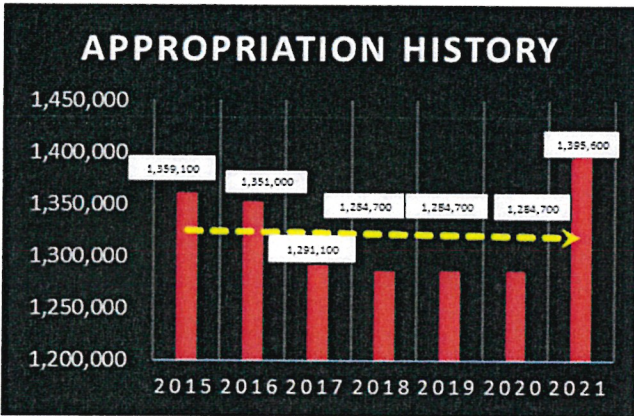
NMMI is requesting an additional \$250,000 to increase the General Richard T. Knowles Legislator Scholarship program appropriation to a total of **\$1,645,000**.

HISTORY

In 1989 the New Mexico Legislature enacted NMSA 21-12-11 which states “the purpose of this program is to increase the number of New Mexico residents attending the New Mexico Military Institute and to increase the opportunity for promising young people who might not otherwise have the opportunity to participate in a military education and environment.”

OPPORTUNITY

Each of New Mexico’s 112 Legislators may nominate a student from their district for scholarship consideration to the Institute. The program can contribute up to a maximum of 448 scholarship awards for New Mexico Military Institute cadets. The scholarships fund an average of 200 eligible New Mexico cadets each year. If a Legislator has no applicant from his or her district, that Senator or Representative may choose to nominate an applicant from a Senate or Representative district contiguous to his or her own, thus maintaining geographical diversity in the corps of cadets while affording a greater opportunity for more New Mexicans to receive a scholarship. In the event no applicant is available by July 1 of each year from either the Legislator’s district or a contiguous district, the scholarship may be awarded to any of the qualified nominees from any state legislative district. Each eligible nominee selected will receive a scholarship to help offset the cost of attendance at the New Mexico Military Institute.



THE PROBLEM

The appropriation increased by 2% for the first time in fiscal year 2021 since it was fully funded by Legislature in 2015. Before this increase the funding continually decreased by 5%. The cost of living has inversely increased over this same timeframe. NMMI’s goal is to fund a minimum of 50% of a cadet’s cost of attendance, which ranges from \$13,191 to \$16,166.

The cost of living in fees such as, housing, meals, laptop and uniforms for New Mexico Military Institute cadets has increased continually. In order to continue to award 50% of the cost of attendance, NMMI is requesting an increase in the General Richard T. Knowles Legislator Scholarship program appropriation. The scholarship may be automatically renewed for a total of 4 years if the cadet maintains the minimum established criteria.

WHAT WILL IT TAKE

NMMI estimates \$1,645,000 is needed to continue to honor the intent of the program. This is a \$250,000 increase from the current appropriation.

EXPECTED OUTCOME

The Legislative Scholarship provides a tremendous educational opportunity for New Mexico students. For the majority of students that are offered this scholarship, this award is the determining factor as to whether or not they will choose to attend the Institute, and as such this scholarship has a great impact on the Institute. Without the ability to provide this funding, NMMI would lose a great number of young scholars from throughout the state, which would affect the school, as well as the region, negatively.

PROPOSED LEGISLATIVE LANGUAGE

\$1,645,000 to New Mexico Military Institute’s Board of Regents for Knowles Scholarships at the New Mexico Military Institute.



FACT SHEET – ATHLETIC TRANSPORTATION REQUEST

PURPOSE

NMMI seeks an additional \$525,000 in legislative funding to address athletic transportation expense shortfalls. NMMI currently receives \$323,200 in legislative funding for athletic transportation. A total amount of \$850,000 is being Requested to fully fund NMMI athletic transportation costs to continue providing NMMI cadets the safest transportation to athletic events.

HISTORY

NMMI currently has 24 athletic teams: eight at the junior college level and 16 at the high school level. Our athletic department presently receives an appropriation of \$323,200 for the purpose of travel. The last year that indicates the most appropriate Team travel expenditures is FY 2019 in the amount of \$544,398. In fiscal years 2020 and 2021 athletic travel was restricted due to COVID-19. Our travel budget currently is underfunded by \$289,266.

OPPORTUNITY

With the support of legislative funding, NMMI would be able to augment its travel budget and bring spending levels up to meet our current travel needs. This will enable our teams to have greater flexibility in making travel arrangements, so as to best fit the needs of our cadet student athletes. Presently our college football team lacks the flexibility to extend travel days despite having the most arduous travel schedule in the conference. Our high school basketball and baseball teams would also gain the flexibility to add pre-district tournaments to their schedule. In addition, several of our teams are consistent qualifiers to either national or state championship events, which incurs additional travel costs.

WHAT'S BEEN DONE SO FAR

In order to help mitigate the increasing costs of travel, NMMI has made changes to our transportation providers and, when possible, increased use of vehicles in our own fleet.

WHAT NEEDS TO BE DONE

NMMI requires additional funding to procure to meet the travel needs of our junior college and high school teams in order to keep pace with rising transportation costs. This will serve to meet present challenges and NJCAA conference obligations that are a result of NMMI's geographic isolation in comparison to other junior college teams in our conference. At the high school level, it will help NMMI deal with any NMAA reclassifications which might increase travel distances or require more travel, due to an increased number of teams competing within the new class/district. Such reclassifications have resulted in changes to NMMI's class in each of the last four two-year cycles.

WHAT WILL IT TAKE

The estimated cost of athletic travel for FY 2023 is \$850,000. An additional appropriation of \$525,000 would fully fund the NMMI Athletics travel budget for next fiscal year

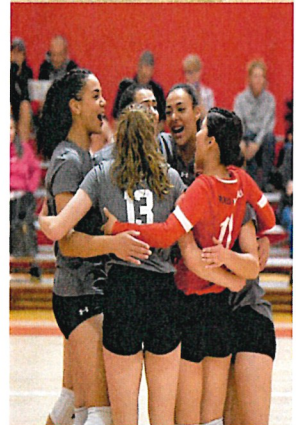
EXPECTED OUTCOME

With appropriate funding levels, NMMI will have greater flexibility in scheduling travel, to best suit the educational needs of our cadet student athletes.

PROPOSED LEGISLATIVE LANGUAGE

\$850,000 to New Mexico Military Institute's Board of Regents for the transportation needs of the 24 athletic teams at the New Mexico Military Institute.

Thank You





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Stephanie M. Rodriguez
Cabinet Secretary
2044 Galisteo Street, Suite 4
Santa Fe, NM 87505

Secretary Rodriguez,

I am sending this letter to one, inform you if you are not aware, and two, to protest the determination of your department in the matter of presenting documentation for the Higher Education Department's support of capital projects for the General Obligation bond.

I am referencing **NMAC Title 5 – Post Secondary Education, Chapter 3 – Post-Secondary Institution Finances, Part 9 – Capital Budgets – Planning and Funding Recommendations**, attached.

Under **5.3.9.6, Objective**, it states, "...to establish a process by which the higher education department will review capital outlay funding recommendation packages developed by institutions and present those to the higher education department and submit those to the legislature annually."

5.3.9.8, Criteria, establishes the reviewing and recommendation criteria for the projects being considered. Auxiliary spaces are defined under 5.3.9.8 (3)

Section "E" under **5.3.9.8** provides for "Exceptions (of the criteria) for two-year colleges." In particular, Section E states, "Space for certain functions that are ineligible for state funding at four-year institutions, such as bookstore operations, food services, community services, and student social, cultural, recreational activities, may be included as a portion of capital projects submitted by two-year colleges." Furthermore, the rationale is stated therein as, "...two-year colleges usually do not have large-scale auxiliary enterprises which can provide an adequate revenue stream for financing auxiliary facilities."

NMMI has provided from time to time, projects, approved by the NMMI Governing Board of Regents to meet the primary objectives of 5.3.9.8. That is, projects which are:

- (1) projects which are **strongly related to instructional programs and which support an institutions mission** and particular role;
- (2) projects to **provide high quality educational settings** which represent up-to-date technologies;
- (3) projects which are necessary to **accommodate enrollment growth**;
- (4) projects to **address major health and safety problems** and elimination of physical barriers to handicapped persons;



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- (5) projects resulting from unforeseen **conditions that if uncorrected would result in major property deterioration**;
- (6) projects to **renovate facilities or to make wise use of other existing resources** whenever feasible and economical;
- (7) projects to **improve utilities systems** or building energy efficiency that will result in rapid capitalization of initial costs and long-term reduction of energy costs;
- (8) projects for which there is **no other available or more appropriate funding source**, such as building renewal and replacement funds, local bonds, revenue bonds, auxiliary revenues, or research revenues.

This year, NMMI initially presented two priority projects, Barracks Sink Room Renovations Phase II and Women's Softball Capital Development which included Locker rooms, Field and outbuildings. NMMI withdrew and replaced these two projects upon advisement from HED staff that neither would be recommended by HED. NMMI was advised by HED staff that such auxiliaries could not be supported and recommended by HED due to the constraints of NMAC 5.5.9.8. It was further stated that NMMI had requested a waiver previously and HED had previously declined to grant the waiver.

NMMI has not requested a waiver of HED for the NMAC in question, nor does NMMI believe HED has the authority to grant a waiver for the NMAC. 5.3.9.8 provides the criteria for and the limitations to projects which may be considered. 5.3.9.8 (E) defines an exception to the criteria. NMMI's interpretation of HED's decision to not recommend projects submitted due to the criteria of 5.3.9.8, is in our opinion ignoring the exceptions clause.

NMMI finds this determination unfortunate and leaves NMMI and potentially other two-year institutions scrambling to find other resources to provide funding for projects which are indeed allowed under 5.3.9.8 and certainly meet the intent of subparagraphs (1) through (8) therein.

You are likely aware, NMMI is not a taxing authority, and thus only has revenue bonds outside of General Obligation bonds to afford such large capital projects.

We would ask that you review the decision by staff to not recommend the projects initially submitted by NMMI and reconsider a determination for or against such recommendations based upon the entire criteria including subparagraph (E).

Respectfully;

A handwritten signature in black ink, appearing to read "Jerry W. Grizzle".

Jerry W. Grizzle, PhD

Major General, USA, Retired

President and Superintendent

NEW MEXICO MILITARY INSTITUTE
History of Capital Projects Completed Since 2009

PROJECT	TOTAL COST	AMOUNT OF FUNDING	SOURCE OF FUNDING	STATE FUNDING CONTRIBUTION	NMMI FUNDING CONTRIBUTION
Dow Hall Project	\$4,500,000	\$3,400,000	G.O. Bond	3,400,000	
		\$1,100,000	NMMI Fund Balances		1,100,000
NE Corner Sign Development	\$64,433	\$85,952	NMMI Fund Balances		64,433
Hagerman Barracks Re-roof	\$348,334	\$348,334	BRR Infrastructure	348,334	
Toles/ VMV/ Bates Roofing Project	\$83,741	\$83,741	BRR Infrastructure	83,741	
Godfrey Pool Mechanical, Phase I of IV	\$197,000	\$65,000	Legislative Allocation	65,000	
		\$132,000	NMMI Fund Balances		132,000
Godfrey Chiller Replacement	\$99,000	\$99,000	NMMI Fund Balances		99,000
Campus Gas Line Replacement	\$245,000	\$245,000	NMMI Fund Balances		245,000
Rappel Tower	\$125,000	\$125,000	NMMI Fund Balances		125,000
Campus Potable Water Line Reline	\$2,200,000	\$2,200,000	Legislative Allocation	2,200,000	
Pearson Auditorium Renovation	\$7,900,000	\$500,000	Legislative Allocation - Design	500,000	
		\$5,000,000	G.O. Bond/ NMMI fund balances	5,000,000	
		\$2,400,000	NMMI fund balances		2,400,000
Lusk Hall Renovation	\$9,000,000	\$5,000,000	GO Bond	5,000,000	
		\$4,000,000	NMMI Fund Balances		4,000,000
Boiler / Chiller replacement project		\$1,200,000	Legislative Allocation	1,200,000	
VMV Boiler	\$140,000				
Y-Room Chiller	\$660,000				
Hagerman East Boiler	\$400,000				
Tennis Court Renovation	\$800,000	\$800,000	NMMI Fund Balances		800,000
Saunders Barracks Re-roof	\$333,000	\$333,000	BRR Infrastructure	333,000	
Golf Course Parking Lot	\$97,362	\$97,362	NMMI Fund Balances		97,362
Telescoping Bleachers at Cahoon	\$266,335	\$266,335	NMMI Fund Balances		266,335
Acoustical Panels for GAC Gymnasium	\$103,341	\$103,341	NMMI Fund Balances		103,341
Renovations to the JRT Game Room	\$312,972	\$325,000	NMMI Fund Balances		120,000
			SODEXO		205,000
Bates Hall Renovation	\$9,820,000	\$10,000,000	NMMI Revenue Bond		10,000,000
Renovations to the Baseball Field	\$600,000	\$153,000	Legislative Allocation	153,000	

PROJECT	TOTAL COST	AMOUNT OF FUNDING	SOURCE OF FUNDING	STATE FUNDING CONTRIBUTION	NMMI FUNDING CONTRIBUTION
		\$446,800	NMMI Fund Balances		446,800
Renovations to the Science Labs	\$1,500,000	\$1,500,000	Legislative Allocation	1,500,000	
Stapp Field Review Stand	\$238,000	\$238,000	Legislative Allocation	238,000	
Renovations to the Chapel Art Glass	\$350,000	\$350,000	Patterson Foundation		350,000
Barracks Stairs & Stoops	\$222,309	\$221,332	Legislative Allocation	220,000	
Renovations of Marshall Hall	\$5,343,811	\$4,800,000	GO Bond	4,800,000	
		\$543,811	NMMI Fund Balances		543,811
Y Room Domestic HW Storage Tanks	\$83,623	\$83,623	NMMI Fund Balances		83,623
Saunders Domestic HW Storage Tanks	\$65,335	\$65,335	NMMI Fund Balances		65,335
Renovations to the Barracks Sink Rooms	\$4,500,000	4,500,000	2018 GO Bond SB0094	4,500,000	
Renovations to JRT/VMV/Hinkle Hall	\$3,750,000	3,750,000	2018 GO Bond SB0094	3,750,000	
Renovations to Cahoon Armory	\$17,500,000	4,856,200	2016 GO Bond	4,856,200	
		12,643,800	NMMI Revenue Bond & Fund Balances		12,643,800 72.25%
Energy Performance Project	\$6,877,153	6,877,153	NMMI Revenue Bond		6,877,153 100.00%
Total Funded Projects	\$78,725,748			State Funding NMMI Funding	38,147,275 40,767,993 51.78%



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PROJECT SUMMARY

A. EXPANSION OF BATES DINING HALL

Estimated Cost	\$4,000,000
HED Recommendation	\$3,000,000
NMMI Matching	\$1,000,000

B. FACILITIES BUILDING

Estimated Cost	\$6,000,000
HED Rejected	\$0
NMMI Requirement	\$6,000,000

C. WOMAN'S SOFTBALL AND ATHLETIC TRAINING CENTER

Estimated Cost	\$5,250,000
HED Refused to Consider	\$0
NMMI Requirement	\$5,250,000

D. BARRACKS SINK ROOMS (LATRINES)

Estimated Cost	\$8,250,000
HED Refused to Consider	\$0
NMMI Requirement	\$8,250,000

Total Project Cost	\$23,500,000
NMMI Matching for GO Bond	\$1,000,000
NMMI Legislative Request	\$22,500,000

The Current Fund as of FY21 is earmarked as follows:

Regent Reserve Policy	\$	5,000,000
Reserved for Capital Projects/Debt Service	\$	3,288,631
Restricted for Knowles Scholarships	\$	1,033,702
Earmarked for third party contract services	\$	5,035,526
Operational Reserves for Instruction and General	\$	722,084
Current Fund Balance 6/30/2021 per Return of Actuals	\$	<u>15,079,943</u>

NMMI's robust Fund Balance is imperative to offset credit challenges specifically inherent to the New Mexico Military Institute, which include the Institute's elevated unfunded pension liability, a narrow market niche and susceptibility to investment volatility. NMMI purposefully budgets and leverages all resources including our own debt capacity in order to provide an education that is affordable and accessible which is true to our constitutional mission and for the students of New Mexico as well as adhering to our accreditation standards and third party credit agencies.