

SENATE EDUCATION COMMITTEE SUBSTITUTE FOR
SENATE BILL 260

48TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2007

AN ACT

RELATING TO HIGHER EDUCATION; CHANGING PROVISIONS AND
DISTRIBUTIONS OF THE FACULTY ENDOWMENT FUND; RECONCILING
CONFLICTING AMENDMENTS TO THE SAME SECTION OF LAWS BY REPEALING
LAWS 2003, CHAPTER 379, SECTION 1.

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 by Laws 2003, Chapter 379,
Section 1 and by Laws 2003, Chapter 392, Section 1) is amended
to read:

"21-1-27.1. FACULTY ENDOWMENT FUND CREATED.--

A. The "faculty 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. ~~[Money in the fund shall not revert at the end~~

.166989.1

underscored material = new
[bracketed material] = delete

1 ~~of any fiscal year.]~~

2 B. The faculty endowment fund shall be administered
3 by the ~~[commission on]~~ higher education ~~[Except as provided in~~
4 ~~Subsection J of this section]~~ department. Money shall be
5 disbursed only on warrant of the secretary of finance and
6 administration upon voucher signed by the ~~[executive director~~
7 ~~of the commission on]~~ secretary of higher education or ~~[his]~~
8 the secretary's authorized representative.

9 C. Money shall be disbursed from the faculty
10 endowment fund only to establish endowments ~~[for chairs,~~
11 ~~professorships and faculty development programs at four-year]~~
12 at public post-secondary educational institutions as provided
13 in this section. ~~[Except as provided in Subsection J of this~~
14 ~~section]~~ An institution shall not receive a disbursement for an
15 endowment until that institution has notified the ~~[commission~~
16 ~~on higher education]~~ department that it has received matching
17 funds for the endowment from other than governmental sources in
18 ~~[an amount that is equal to or greater than the amount~~
19 ~~authorized by this section to be disbursed for the endowment]~~
20 the amount specified in this section.

21 D. ~~[Except as provided in Subsection J of this~~
22 ~~section]~~ Money in the faculty endowment fund is appropriated to
23 the ~~[commission on higher education]~~ department to be disbursed
24 for ~~[the following endowment purposes in the following amounts:~~

25 ~~(1) for endowed chairs, five hundred thousand~~

.166989.1

underscored material = new
[bracketed material] = delete

1 ~~dollars (\$500,000) for each endowed chair;~~

2 ~~(2) for endowed professorships, two hundred~~
 3 ~~thousand dollars (\$200,000) for each endowed professorship; and~~

4 ~~(3) for endowed faculty development programs,~~
 5 ~~to include lectureships, graduate fellowships and other faculty~~
 6 ~~support programs, thirty-seven thousand five hundred dollars~~
 7 ~~(\$37,500) for each endowed faculty development program]~~

8 endowment purposes, including endowed chairs, lectureships,
 9 professorships, scholarships, graduate assistantships, faculty
 10 development programs and other purposes that will enhance the
 11 quality of public post-secondary education in New Mexico. The
 12 department, by rule, shall establish procedures for disbursing
 13 money from the fund. Not less than five percent of each
 14 institution's total endowment effort resulting from amounts
 15 specified in this section shall address one or more of the
 16 governor's initiatives in film, energy, aerospace or education.

17 E. [~~Except as provided in Subsection J of this~~
 18 ~~section]~~ Until June 30, [2005] 2010, the following institutions
 19 shall be eligible for the following disbursements from the
 20 fund:

21 [~~(1) the university of New Mexico for four~~
 22 ~~endowed chairs;~~

23 ~~(2) New Mexico state university for four~~
 24 ~~endowed chairs;~~

25 ~~(3) New Mexico institute of mining and~~

.166989.1

1 ~~technology for two endowed chairs;~~

2 ~~(4) the university of New Mexico for two~~
3 ~~endowed chairs at the university of New Mexico medical center;~~
4 ~~and~~

5 ~~(5) the university of New Mexico, New Mexico~~
6 ~~state university, New Mexico highlands university, New Mexico~~
7 ~~institute of mining and technology, western New Mexico~~
8 ~~university and eastern New Mexico university for endowed~~
9 ~~professorships and endowed faculty development programs. The~~
10 ~~number of endowed professorships and endowed faculty~~
11 ~~development programs allocated to each of the named~~
12 ~~institutions shall be in the same ratio to the total number of~~
13 ~~endowed professorships and endowed faculty development programs~~
14 ~~allocated to all of the named institutions as the main campus~~
15 ~~full-time-equivalent enrollment of the institution bears to the~~
16 ~~total main campus full-time-equivalent enrollment of all of the~~
17 ~~named institutions. For purposes of this paragraph, the main~~
18 ~~campus full-time-equivalent enrollment of each institution~~
19 ~~shall be based on enrollment figures for the second semester of~~
20 ~~the 2001-2002 school year.~~

21 ~~F. On or after July 1, 2005, money remaining in the~~
22 ~~faculty endowment fund shall be available for additional~~
23 ~~disbursements by the commission on higher education to any of~~
24 ~~the institutions named in this section, subject to receipt of~~
25 ~~matching funds. Disbursements may be made based on the date~~

.166989.1

1 ~~requests for additional disbursement are received by the~~
2 ~~commission.]~~

3 (1) two million dollars (\$2,000,000) each for
4 the university of New Mexico, New Mexico state university and
5 the New Mexico institute of mining and technology and one
6 million five hundred thousand dollars (\$1,500,000) for the
7 university of New Mexico school of medicine; provided that no
8 disbursement shall be made pursuant to this paragraph until the
9 institution has shown to the satisfaction of the department
10 that it has received matching funds in an amount equal to at
11 least fifty percent of the disbursement;

12 (2) five hundred thousand dollars (\$500,000)
13 each for New Mexico highlands university, eastern New Mexico
14 university, western New Mexico university and northern New
15 Mexico state school; provided that no disbursement shall be
16 made pursuant to this paragraph until the institution has shown
17 to the satisfaction of the department that it has received
18 matching funds in an amount equal to at least forty percent of
19 the disbursement; and

20 (3) for the total endowments at the New Mexico
21 military institute, community colleges, branch community
22 colleges and technical and vocational institutes, two million
23 five hundred thousand dollars (\$2,500,000), provided that:

24 (a) the total amount shall be
25 distributed pursuant to rules of distribution promulgated by

.166989.1

1 the department that ensure each eligible institution an
2 opportunity to receive an equitable share of the total amount
3 to be distributed; and

4 (b) no disbursement shall be made
5 pursuant to this paragraph until the institution has shown to
6 the satisfaction of the department that it has received
7 matching funds in an amount equal to at least thirty percent of
8 the disbursement.

9 F. Effective July 1, 2010, funds remaining in the
10 faculty endowment fund may be matched by any public post-
11 secondary institution in this section for the purposes stated
12 in this section in accordance with the rules established by the
13 department.

14 G. The endowment funds of the institutions shall
15 not be expended but shall be invested by the institutions in
16 accordance with the prudent ~~man~~ investor rule, and in
17 accordance with the provisions of Section 21-1-38 NMSA 1978.
18 The income from the investments shall be used by the
19 institutions to provide funding for chairs, lectureships,
20 professorships, scholarships, graduate assistantships and
21 faculty development programs and other purposes, including
22 paying all or a portion of the salary of the faculty member or
23 the expenses necessary to support associated academic
24 activities.

25 ~~[H. Except as provided in Subsection J of this~~

1 ~~section, disbursements of the faculty endowment fund by the~~
2 ~~commission on higher education shall be allocated as follows:~~

3 ~~(1) fifty percent of the disbursements shall~~
4 ~~be for endowed chairs;~~

5 ~~(2) thirty-five percent of the disbursements~~
6 ~~shall be for endowed professorships; and~~

7 ~~(3) fifteen percent of the disbursements shall~~
8 ~~be for endowed faculty development programs.~~

9 ~~I. If the disbursements allocated for endowed~~
10 ~~chairs are not sufficient to fund the number of positions~~
11 ~~specified in Paragraphs (1) through (4) of Subsection E of this~~
12 ~~section, the number of endowed chairs for each of those four~~
13 ~~institutions shall be proportioned by the commission on higher~~
14 ~~education in the same manner as endowed professorships and~~
15 ~~endowed faculty development programs are proportioned in~~
16 ~~Paragraph (5) of Subsection E of this section, except that each~~
17 ~~of the four institutions shall be allocated at least one~~
18 ~~endowed chair.~~

19 ~~J. Up to three million dollars (\$3,000,000) of~~
20 ~~the faculty endowment fund may be disbursed after July 1,~~
21 ~~2003 to the commission on higher education to endow and~~
22 ~~disburse the money for one endowed chair each to the~~
23 ~~university of New Mexico, New Mexico state university and the~~
24 ~~New Mexico institute of mining and technology. Each endowed~~
25 ~~chair shall be eligible for one million dollars (\$1,000,000)~~

.166989.1

~~upon notification by the institution that it has received
matching funds for the endowment from other than state
sources in an amount equal to or greater than five hundred
thousand dollars (\$500,000) for establishment of an endowed
chair that is directly related to the economic development of
the state.]~~

H. No later than July 1 of 2008, 2009 and 2010,
the department shall report to the legislative finance
committee on disbursements made pursuant to this section.
The report shall include the amounts disbursed to each
institution, the amount of matching funds and their source
and the purpose of the endowments."

Section 2. APPROPRIATION.--Twelve million dollars
(\$12,000,000) is appropriated from the general fund to the
faculty endowment fund for expenditure in fiscal year 2007
and subsequent fiscal years for the purpose of making
disbursements for endowments pursuant to Section 21-1-27.1
NMSA 1978. Any unexpended or unencumbered balance remaining
at the end of fiscal year 2012 shall revert to the general
fund.

Section 3. REPEAL.--Laws 2003, Chapter 379, Section 1
is repealed.